



LUXKING GROUP HOLDINGS LIMITED

(Incorporated in Bermuda)

HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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

	Group		
	6 months ended 31 December		
	2024	2023	+ / (-)
	RMB'000	RMB'000	%
Revenue	304,783	290,661	4.9%
Cost of sales	(261,491)	(241,349)	8.3%
Gross profit	43,292	49,312	(12.2%)
Other income	653	253	158.1%
Selling and distribution costs	(14,086)	(12,207)	15.4%
Administrative expenses	(22,440)	(19,098)	17.5%
Other operating expenses	(212)	(631)	(66.4%)
Finance costs	(1,851)	(2,115)	(12.5%)
Profit before income tax	5,356	15,514	(65.5%)
Income tax expense	(2,054)	(1,871)	9.8%
Profit for the period	3,302	13,643	(75.8%)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations	59	(246)	n/m
Total comprehensive income attributable to the owners of the Company	3,361	13,397	(74.9%)
Earnings per share for (loss)/profit attributable to the owners of the Company during the period			
- Basic and diluted (RMB)	0.2610	1.0785	(75.8%)

n/m: not meaningful

B. Interim statements of financial position

	Group		Company	
	As at	As at	As at	As at
	31.12.2024	30.6.2024	31.12.2024	30.6.2024
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	72,153	78,745	-	-
Right-of-use assets	23,423	25,162	-	-
Interests in subsidiaries	-	-	85,703	84,472
Deposits for acquisition of property, plant and equipment	7,090	746	-	-
	102,666	104,653	85,703	84,472
Current assets				
Inventories	88,609	94,607	-	-
Trade receivables	100,265	91,311	-	-
Prepayments, deposits and other receivables	19,080	21,414	-	10
Restricted bank deposits	600	2,602	-	-
Cash and bank balances	25,076	32,115	-	-
	233,630	242,049	-	10
TOTAL ASSETS	336,296	346,702	85,703	84,482
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	133,557	133,557	133,557	133,557
Reserves	3,021	(340)	(52,317)	(50,397)
Total equity	136,578	133,217	81,240	83,160
Current liabilities				
Trade payables	52,280	48,240	-	-
Accrued expenses and other payables	19,317	18,344	4,463	1,322
Lease liabilities	2,932	3,039	-	-
Bank borrowings, secured	108,538	124,298	-	-
Income tax payables	2,227	3,554	-	-
	185,294	197,475	4,463	1,322
Non-current liabilities				
Lease liabilities	2,910	4,368	-	-
Deferred income	11,514	11,642	-	-
	14,424	16,010	-	-
Total liabilities	199,718	213,485	4,463	1,322
TOTAL EQUITY AND LIABILITIES	336,296	346,702	85,703	84,482

C. Interim statements of changes in equity

	Group					
	Share capital	Share premium*	Other reserves*	Exchange reserve*	Accumulated losses*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1.7.2023	133,557	33,961	15,327	(15,536)	(44,129)	123,180
Profit for the period	-	-	-	-	13,643	13,643
Other comprehensive income, net of income tax						
- Exchange loss on translation of financial statements of foreign operations	-	-	-	(246)	-	(246)
Total comprehensive income for the period	-	-	-	(246)	13,643	13,397
At 31.12.2023	133,557	33,961	15,327	(15,782)	(30,486)	136,577
at 1.7.2024	133,557	33,961	16,569	(15,829)	(35,041)	133,217
Profit for the period	-	-	-	-	3,302	3,302
Other comprehensive income, net of income tax						
- Exchange gain on translation of financial statements of foreign operations	-	-	-	59	-	59
Total comprehensive income for the period	-	-	-	59	3,302	3,361
At 31.12.2024	133,557	33,961	16,569	(15,770)	(31,739)	136,578

* These reserve accounts comprise the consolidated reserves approximately RMB3,021,000 (30.6.2024: RMB340,000) in the consolidated statement of the financial position.

C. Interim statements of changes in equity

	Company				
	Share capital	Share premium*	Exchange reserve*	Accumulated losses*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1.7.2023	133,557	33,961	(26,535)	(51,470)	89,513
Loss for the period	-	-	-	(2,713)	(2,713)
Other comprehensive income, net of income tax					
- Exchange loss on translation of the Company's financial statements to RMB	-	-	(1,506)	-	(1,506)
Total comprehensive income for the period	-	-	(1,506)	(2,713)	(4,219)
At 31.12.2023	133,557	33,961	(28,041)	(54,183)	85,294
at 1.7.2024	133,557	33,961	(27,443)	(56,915)	83,160
Loss for the period	-	-	-	(3,092)	(3,092)
Other comprehensive income, net of income tax					
- Exchange gain on translation of the Company's financial statements to RMB	-	-	1,172	-	1,172
Total comprehensive income for the period	-	-	1,172	(3,092)	(1,920)
At 31.12.2024	133,557	33,961	(26,271)	(60,007)	81,240

* These reserve accounts comprise Company's reserves of a deficit of approximately RMB52,317,000 (30.6.2024: RMB50,397,000) in the consolidated statement of the financial position.

D. Consolidated interim statement of cash flows

	Group	
	6 months ended	6 months ended
	31.12.2024	31.12.2023
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	5,356	15,514
Adjustments for:		
Interest income	(44)	(28)
Interest expenses	1,851	2,115
Depreciation of property, plant and equipment	8,163	5,848
Depreciation of right-of-use assets	1,783	1,757
Government grants	(128)	(129)
Impairment loss on trade receivables	-	631
Impairment loss of inventories	1,035	1,030
Operating profit before working capital changes	18,016	26,738
Decrease/(increase) in inventories	4,963	(160)
Increase in trade receivables	(8,802)	(18,880)
Decrease in prepayments, deposits and other receivables	2,334	2,306
Increase in trade payables	4,034	10,117
Increase in accrued expenses and other payables	967	2,156
Cash generated from operations	21,512	22,277
Interest received	44	28
Income taxes paid	(3,384)	(757)
Net cash generated from operating activities	18,172	21,548
Cash flows from investing activities		
Decrease/(increase) in restricted bank deposits	2,002	(493)
Deposits paid for acquisition of property, plant and equipment	(6,344)	(1,469)
Purchases of property, plant and equipment	(1,571)	(10,665)
Net cash used in investing activities	(5,913)	(12,627)
Cash flows from financing activities		
Interest paid on bank borrowings	(1,733)	(2,083)
Net repayments of bank borrowings	(15,760)	(9,846)
Repayments of principal portion of lease liabilities	(1,565)	(1,648)
Interest paid on lease liabilities	(118)	(32)
Net cash used in financing activities	(19,176)	(13,609)
Net decrease in cash and cash equivalents	(6,917)	(4,688)
Cash and cash equivalents at beginning of period	32,115	24,012
Effect of foreign exchange rate changes, net	(122)	(81)
Cash and cash equivalents at end of period	25,076	19,243
Analysis of balances of cash and cash equivalents		
Cash and bank balances	25,076	19,243

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

1. Corporate Information

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

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

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

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2024 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standard Board. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited financial statements for the financial year ended 30 June 2024.

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

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

2.1 New and amended standards adopted by the Group

During the period, the Group has adopted all the new and amended IFRSs which are effective for the reporting period and relevant to the Group. The new or amended IFRSs that are effective from 1 July 2024 did not have any significant impact on the Group’s accounting policies.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the financial year ended 30 June 2024. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

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

4. Segmental reporting

The Group has identified the following reportable segments:

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

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

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

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

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

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

	Manufacture of			Trading of		Group RMB'000
	General tapes RMB'000	IS tapes RMB'000	BOPP films RMB'000	tapes RMB'000	Eliminations RMB'000	
6 months ended 31.12.2024						
Revenue from external customers	83,529	96,871	97,196	27,187	-	304,783
Inter-segment sales	19,117	5,502	-	-	(24,619)	-
Reportable segment revenue	102,646	102,373	97,196	27,187	(24,619)	304,783
Reportable segment profit	3,311	3,302	3,079	2,153	-	11,845
Reportable segment assets	120,745	107,361	70,960	10,773	-	309,839
Corporate assets:						
Cash and bank balances						25,076
Restricted bank deposits						600
Other financial assets						781
Consolidated total assets						336,296
Additions to non-current segment assets						
Property, plant and equipment	530	528	501	-	-	1,559
	530	528	501	-	-	1,559
Reportable segment liabilities	30,113	30,033	28,514	-	-	88,660
Corporate liabilities:						
Bank borrowings						108,538
Other financial liabilities						293
Income tax payables						2,227
Consolidated total liabilities						199,718

	Manufacture of			Trading of		Group
	General tapes	IS tapes	BOPP films	tapes	Eliminations	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
6 months ended 31.12.2023						
Revenue from external customers	62,874	92,890	103,307	31,590	-	290,661
Inter-segment sales	23,208	6,738	-	-	(29,946)	-
Reportable segment revenue	86,082	99,628	103,307	31,590	(29,946)	290,661
Reportable segment profit	5,466	6,326	6,560	1,418	-	19,770
Reportable segment assets	90,727	111,033	77,499	9,161	-	288,420
Corporate assets:						
Cash and bank balances						19,736
Other financial assets						1,351
Consolidated total assets						309,507
Additions to non-current segment assets						
Property, plant and equipment	3,177	3,677	3,811	-	-	10,665
	3,177	3,677	3,811	-	-	10,665
Reportable segment liabilities	22,615	26,174	27,140	-	-	75,929
Corporate liabilities:						
Bank borrowings						94,962
Other financial liabilities						412
Income tax payables						1,627
Consolidated total liabilities						172,930

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

	6 months ended 31 December	
	2024	2023
	RMB'000	RMB'000
Reportable segment profit	11,845	19,770
Interest income	44	28
Unallocated corporate expenses	(4,682)	(2,169)
Finance costs	(1,851)	(2,115)
Profit before income tax	5,356	15,514

- (iii) 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	
	6 months ended 31 December		6 months ended 31 December	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	272,122	255,801	99,575	87,045
Hong Kong	1,212	1,066	3,091	3,130
Other countries	31,449	33,794	-	-
	304,783	290,661	102,666	90,175

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.

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

There is no single customer that contributed to 10% or more of the Group's revenue for the 6 months ended 31 December 2024 (6 months ended 31 December 2023: nil).

- (v) A breakdown of sales and operating profit after tax:

	Group		
	6 months ended 31 December		
	2024	2023	+ / (-)
	RMB'000	RMB'000	%
(a) Sales reported for the 1st half year	304,783	290,661	4.9%
(b) Operating profit after tax for the 1st half year	3,302	13,643	(75.8%)

5. Other income

	Group	
	6 months ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest income	44	28
Net gain on disposal of property, plant and equipment	20	-
Net gain on sales of raw materials	195	-
Government grants and subsidies	368	142
Net foreign exchange gain	-	69
Others	26	14

6. Profit before income tax

	Group	
	6 months ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	8,163	5,848
Depreciation of right-of-use assets	1,783	1,757
Impairment loss of trade receivables	-	631
Inventories write-down	1,035	1,030
Interest on bank borrowings	1,733	2,083
Interest paid on lease liabilities	118	32
Government grants and subsidies	(368)	(142)
Net foreign exchange gain	-	(69)

Taxation

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

	Group	
	6 months ended 31 December	
	2024	2023
	RMB'000	RMB'000
The PRC		
Current Tax	2,048	1,871
	2,048	1,871
Hong Kong		
Current Tax	6	-
	6	-
Total income tax expense	2,054	1,871

7. Dividends

The directors do not recommend the payment of a dividend for the periods ended 31 December 2024 and 31 December 2023.

8. Earnings per share

The calculation of basic earnings per share for the 6 months ended 31 December 2024 is based on the profit attributable to owners of the Company of approximately RMB3,302,000 (6 months ended 31 December 2023: RMB13,643,000) divided by 12,650,000 (6 months ended 31 December 2023: 12,650,000) ordinary shares in issue during the period.

Diluted earnings per share for the 6 months ended 31 December 2024 and 2023 is the same as basic earnings per share, as the Group has no dilutive potential shares during the current and prior period.

9. Net asset value

Net assets value per ordinary share is calculated based on the issued ordinary shares of 12,650,000 ordinary shares as at 31 December 2024 and 2023.

	Group		Company	
	As at	As at	As at	As at
	31.12.2024	30.6.2024	31.12.2024	30.6.2024
	RMB	RMB	RMB	RMB
Net assets value per ordinary share	10.80	10.53	6.42	6.57

10. Property, plant and equipment

During the 6 months ended 31 December 2024, the Group acquired assets amounting to RMB7,915,000 (6 months ended 31 December 2023: RMB12,134,000).

As at 31 December 2023, the Group has capital commitments of RMB10,000,000 (as at 30 June 2024: RMB9,460,000) which is contracted but not provided for in respect of property, plant and equipment.

11. Bank borrowings, secured

Amount repayable in one year or less, or on demand

As at 31.12.2024		As at 30.6.2024	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
108,538	-	124,298	-

Details of any collateral

The Group's bank borrowings of RMB108,538,000 represent: -

- (i) bank loans granted by Bank of Communications, Bank of China and China Resource Bank in the PRC;
- (ii) invoice finance granted by China Construction Bank and Bank of China in the PRC.

As at 31 December 2024, the Group's bank borrowings were secured by the pledge of certain of the Group's property, plant and equipment, right-of-use assets and the land use rights of the Company's substantial shareholder.

As at 31 December 2024, these bank borrowings bear fixed interest rates ranging from 3.25% to 3.6% per annum.

12. Share capital – Group and Company

	31.12.2024		30.6.2024	
	HK\$'000	RMB'000	HK\$'000	HK\$'000
Authorised:				
50,000,000 ordinary shares of HK\$10.00 each	500,000	530,000	500,000	530,000
Issued and full paid:				
12,650,000 ordinary shares of HK\$10.00 each	126,500	133,557	126,500	133,557

(There were no treasury shares)

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

13. Subsequent events

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

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The interim statement of financial position of Luxking Group Holdings Limited and its subsidiaries as at 31 December 2024 and the related condensed interim consolidated profit or loss and other comprehensive income for the six-month period then ended, the consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the six months ended 31 December 2024 and certain explanatory notes have not been audited or reviewed.

Review of performance of the Group

HY2025 vs HY2024

Group Revenue

The Group's revenue increased 4.9% from RMB 290.7 million in HY2024 to RMB 304.8 million in HY2025. This was despite subdued market demand as a result of weak domestic and global economic conditions. The Group managed to implement sales and marketing strategies to achieve this growth.

The biaxially oriented polypropylene films ("BOPP films") segment registered a 5.9% decline from RMB 103.3 million in HY2024 to RMB 97.2 million in HY2025 due to a drop in volume. In addition, to stay competitive, the Group adjusted its sales mix to include a higher proportion of standard BOPP films, which has a lower price point.

Sales of industrial specialty tapes ("IS tapes") rose 3.0% from RMB 100.0 million in HY2024 to RMB 102.9 million in HY2025, supported by a modest growth in sales volume.

The general purpose tapes ("General tapes") segment posted a 19.8% jump in sales from RMB 87.4 million in HY2024 to RMB 104.7 million in HY2025, driven by higher sales volume from expanded production capacity and targeted sales and marketing efforts.

As a result, the General tapes segment's revenue contribution widened to 34.3% in HY2025 (30.1% in HY2024). The BOPP films segment accounted for a lower 31.9% of total sales in HY2025 (35.5% in HY2024), while revenue contribution from the IS tapes segment moderated to 33.8% of total sales in HY2025 (34.4% in HY2024).

In terms of revenue by geographical markets, sales in the domestic market climbed 6.4% from RMB 255.8 million in HY2024 to RMB 272.1 million in HY2025 as enhanced sales and marketing initiatives contributed to higher sales of General tapes and IS tapes. Sales to overseas markets dipped 6.3% from RMB 34.9 million in HY2024 to RMB 32.7 million in HY2025. As a result, the domestic market accounted for 89.3% of Group revenue in HY2025 (88.0% in HY2024), and the remaining 10.7% of revenue derived from overseas markets (12.0% in HY2024).

Group Gross Profit and Gross Profit Margin

The Group posted gross profit of RMB 43.3 million in HY2025, down 12.2% from RMB 49.3 million in HY2024. Gross profit margin narrowed to 14.2% in HY2025 from 17.0% in HY2024. This margin drop was in line with the second half of the financial year ended 30 June 2024 ("2HFY2024"). The drop was due mainly to higher raw materials and production costs for the IS tapes and General tapes segments.

Other Income

Other income increased from RMB 0.3 million in HY2024 to RMB 0.7 million in HY2025, due mainly to an increase in net gain on sales of raw materials and higher government subsidies.

Selling and Distribution Costs, Administrative and Other Operating Expenses

Selling and distribution costs increased 15.4% from RMB 12.2 million in HY2024 to RMB 14.1 million in HY2025 due to higher staff costs, travelling and entertainment expenses. Administrative expenses rose 17.5% from RMB 19.1

million in HY2024 to RMB 22.4 million in HY2025. This was attributed to an increase in R&D expenses for the plant in Hubei Province (“Hubei plant”), as well as higher staff-related expenses and professional fees. Other operating expenses fell from RMB 0.6 million in HY2024 to RMB 0.2 million in HY2025 as there was no need to set aside a provision for expected credit loss of trade receivables.

Finance Costs

Finance costs declined 12.5% from RMB 2.1 million in HY2024 to RMB 1.9 million in HY2025 due to a decrease in bank borrowings and lower interest rates.

Income Tax

Income tax expense increased 9.8% from RMB 1.9 million in HY2024 to RMB 2.1 million in HY2025, as a greater proportion of taxable income.

Group Net Profit

As a result of the above, the Group’s net profit declined 75.8% from RMB 13.6 million in HY2024 to RMB 3.3 million in HY2025.

Review of Financial Position as at 31 December 2024

Non-current assets decreased slightly from RMB 104.7 million as at 30 June 2024 to RMB 102.7 million as at 31 December 2024. This was due mainly to depreciation expenses and reduction in right-of-use assets, offset by an increase in deposits for acquisition of property, plant and equipment for the Hubei plant and the Group’s factory at Zhongshan in Guangdong Province (“Zhongshan factory”).

Inventories declined from RMB 94.6 million as at 30 June 2024 to RMB 88.6 million as at 31 December 2024 due to higher inventory turnover and inventory impairment.

Trade receivables increased from RMB 91.3 million as at 30 June 2024 to RMB 100.3 million as at 31 December 2024 in tandem with higher sales. Debtor turnover remained stable at 60 days for both HY2025 and FY2024.

Prepayments, deposits and other receivables fell from RMB 21.4 million as at 30 June 2024 to RMB 19.1 million as at 31 December 2024, due mainly to a decrease in advance payments to suppliers.

Cash and bank balances decreased from RMB 32.1 million as at 30 June 2024 to RMB 25.1 million as at 31 December 2024, due mainly to purchases of property, plant and equipment and net repayment of bank borrowings. Total borrowings dropped from RMB 124.3 million as at 30 June 2024 to RMB 108.5 million as at 31 December 2024 as a result of repayments of borrowings.

Trade payables increased from RMB 48.2 million as at 30 June 2024 to RMB 52.3 million as at 31 December 2024 due to higher purchases, which was in line with the increase in sales.

Accrued expenses and other payables climbed from RMB 18.3 million as at 30 June 2024 to RMB 19.3 million as at 31 December 2024 due mainly to higher commission payables.

The Group recognised lease liabilities of RMB 5.8 million as at 31 December 2024 compared to RMB 7.4 million as at 30 June 2024 due to a reduction in right-of-use assets and repayment of lease liabilities.

Income tax payables declined from RMB 3.6 million as at 30 June 2024 to RMB 2.2 million as at 31 December 2024. Deferred income stood at RMB 11.5 million as at 31 December 2024, which arose from a local government grant for the Group’s Hubei plant.

Group Cash Flows

Net cash generated from operating activities during HY2025 amounted to RMB 18.2 million. This was derived mainly from operating profit before working capital changes of RMB 18.0 million and net working capital inflows of RMB 3.5 million, offset partially by income taxes paid of RMB 3.4 million. Net cash used in investing activities amounted to RMB 5.9 million in HY2025, attributed to an increase in deposits and purchases related to property, plant and equipment of RMB 7.9 million, offset by a decrease of restricted deposits of RMB 2.0 million. Net cash used in financing activities in HY2025 was RMB 19.2 million, due mainly to interest payments, net repayment of bank borrowings and repayment of lease liabilities.

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

The Group's financial results for the six months ended 31 December 2024 are in line with the profit guidance announcement released on 27 January 2025.

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

For the second half of financial year ended 30 June 2025 ("2HFY2025"), the Group expects the business climate to remain challenging due to ongoing operational and production cost pressures, fluctuating raw materials prices and USD/RMB exchange rate volatility. The implementation of additional tariffs by the USA has heightened economic uncertainties.

The Group maintains a cautious outlook and continues to prioritise long-term growth by focusing on these strategies:

- Leverage R&D capabilities to maintain competitiveness by developing new products that address market needs and tailoring products according to customers' requirements;
- Invest in upgrading equipment and machinery to improve production efficiency and optimise operational costs;
- Scale up sales teams to strengthen relationships with existing customers and pursue opportunities with new customers to widen our customer base; and
- Participate in local and overseas trade shows to stay ahead of industry trends, gain market insights and better understand customer needs.

For the BOPP films segment, the Group expects demand to remain soft, with stiff competition particularly in the packaging markets. The Group will continue to adjust its sales mix of standard and high-end BOPP films based on prevailing market demand.

With respect to the Group's IS tapes and General tapes businesses, market sentiment in 2HFY2025 is expected to be similar to HY2025. The Group will continue to adapt its sales mix and marketing strategies to navigate challenging market conditions. Despite keen competition, the Group sees growth potential in customised products.

The Group sees opportunities for IS tapes and plans to focus R&D efforts towards the automotive sector to make further inroads into this market. To maintain its competitive edge in the smartphone and home appliances industries, which are its major customer segments, the Group will build on its existing strong customer relationships to offer customised products. The Group will also continue to expand its sales team and attend trade shows to attract new customers.

For the General tapes business, the Group will continue to drive improvements in cost efficiency to boost product competitiveness.

The Group will continue to develop its Hubei plant, while enhancing the production systems and equipment at its Zhongshan factory to improve production efficiency.

At the Hubei plant, the Group commenced trial production of high-end IS tapes at its new IS tapes facilities in HY2025. Progress remains on track. Due to the advanced specifications of these offerings, customers require an extended

evaluation period for quality assessment. This will delay revenue realisation and may extend the timeline before meaningful sales volume materialise.

In HY2025, the Group incurred a capital expenditure of RMB 5.2 million for the construction of new warehouses and peripheral facilities in its Hubei plant. For its Zhongshan factory, the Group recorded RMB 2.7 million capital expenditure to enhance the production system and other equipment. The installation of two new adhesive-coating machines in 2HFY2024 has already contributed positively to the overall production capacity and efficiency of IS tapes and General tapes.

4. Dividend information

- (a) Current financial period reported on
No dividend has been declared or recommended for the current financial period reported on.
- (b) Corresponding period of the immediate preceding financial year
No dividend has been declared or recommended for the corresponding period of the immediate preceding financial year.
- (c) Date payable
Not applicable
- (d) Book closure date
Not applicable
- (e) If no dividend has been declared (recommended), a statement to that effect and the reasons for the decision.
No dividend has been declared or recommended for the six months ended 31 December 2024 as the Group wants to conserve fund for working capital purpose during this challenging business conditions.

5. Interested person transactions

There was no IPT and no mandate was sought under Rule 920(1)(a)(ii) for the six months ended 31 December 2024.

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

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

7. Negative assurance confirmation on the interim financial results under Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial results of the Group as at 31 December 2024 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lisa Cheng
Company Secretary

11 February 2025