



LUXKING GROUP HOLDINGS LIMITED

(Incorporated in Bermuda)

UNAUDITED FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023

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

	Group			Group		
	6 months ended 30 June			12 months ended 30 June		
	2023	2022	+ / (-)	2023	2022	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	232,233	265,585	(12.6%)	495,754	575,375	(13.8%)
Cost of sales	(203,070)	(230,475)	(11.9%)	(435,730)	(508,917)	(14.4%)
Gross profit	29,163	35,110	(16.9%)	60,024	66,458	(9.7%)
Other income	757	280	170.4%	1,303	585	122.7%
Selling and distribution costs	(10,037)	(10,737)	(6.5%)	(21,095)	(21,098)	(0.0%)
Administrative expenses	(15,290)	(21,222)	(28.0%)	(34,444)	(37,317)	(7.7%)
Other operating expenses	158	206	(23.3%)	(192)	(27)	611.1%
Finance costs	(2,916)	(1,910)	52.7%	(4,577)	(4,404)	3.9%
Profit before income tax	1,835	1,727	6.3%	1,019	4,197	(75.7%)
Income tax expense	(226)	(18)	n/m	(1,929)	(2,004)	(3.7%)
Profit/(loss) for the period/year	1,609	1,709	(5.9%)	(910)	2,193	n/m
Other comprehensive income						
Item that may be reclassified subsequently to profit or loss						
Exchange differences on translation of financial statements of foreign operations	1,025	949	8.0%	1,028	359	186.4%
Total comprehensive income attributable to the owners of the Company	2,634	2,658	(0.9%)	118	2,552	(95.4%)
Earning/(loss) per share for profit/(loss) attributable to the owners of the Company during the period/year						
- Basic and diluted (RMB)	0.1272	0.1351	(5.8%)	(0.0719)	0.1734	n/m

n/m: not meaningful

B. Full year statements of financial position

	Group		Company	
	As at 30.6.2023 RMB'000	As at 30.6.2022 RMB'000	As at 30.6.2023 RMB'000	As at 30.6.2022 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	62,586	56,272	-	-
Right-of-use assets	20,270	23,182	-	-
Interests in subsidiaries	-	-	90,904	88,702
Deposits for acquisition of property, plant and equipment	2,845	3,317	-	-
	<u>85,701</u>	<u>82,771</u>	<u>90,904</u>	<u>88,702</u>
Current assets				
Inventories	84,222	87,971	-	-
Trade receivables	77,772	77,973	-	-
Prepayments, deposits and other receivables	22,666	26,083	4	4
Cash and bank balances	24,012	29,554	-	-
	<u>208,672</u>	<u>221,581</u>	<u>4</u>	<u>4</u>
TOTAL ASSETS	<u>294,373</u>	<u>304,352</u>	<u>90,908</u>	<u>88,706</u>
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	133,557	133,557	133,557	133,557
Reserves	(10,377)	(10,495)	(44,044)	(46,017)
Total equity	<u>123,180</u>	<u>123,062</u>	<u>89,513</u>	<u>87,540</u>
Current liabilities				
Trade and bills payables	35,139	44,138	-	-
Accrued expenses and other payables	16,787	13,301	1,395	1,166
Lease liabilities	1,723	3,108	-	-
Bank borrowings, secured	104,808	106,002	-	-
Income tax payables	515	994	-	-
	<u>158,972</u>	<u>167,543</u>	<u>1,395</u>	<u>1,166</u>
Non-current liabilities				
Lease liabilities	322	1,592	-	-
Deferred income	11,899	12,155	-	-
	<u>12,221</u>	<u>13,747</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>171,193</u>	<u>181,290</u>	<u>1,395</u>	<u>1,166</u>
TOTAL EQUITY AND LIABILITIES	<u>294,373</u>	<u>304,352</u>	<u>90,908</u>	<u>88,706</u>

C. Full year statements of changes in equity

Group

	Share capital RMB'000	Share premium* RMB'000	Other reserves* RMB'000	Exchange reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1.7.2021	133,557	33,961	13,868	(16,923)	(43,953)	120,510
Profit for the year	-	-	-	-	2,193	2,193
Other comprehensive income, net of income tax						
- Exchange gain on translation of financial statements of foreign operations	-	-	-	359	-	359
Total comprehensive income for the year	-	-	-	359	2,193	2,552
Appropriation to other reserve	-	-	767	-	(767)	-
At 30.6.2022 and 1.7.2022	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 of foreign operations	-	-	-	1,028	-	1,028
Total comprehensive income for the year	-	-	-	1,028	(910)	118
Appropriation to other reserve	-	-	692	-	(692)	-
At 30.6.2023	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 the financial position.

C. Full year statements of changes in equity

Company	Share capital RMB'000	Share premium* RMB'000	Exchange reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1.7.2021	133,557	33,961	(35,508)	(42,441)	89,569
Loss for the year	-	-	-	(4,353)	(4,353)
Other comprehensive income, net of income tax					
- Exchange gain on translation of the Company's financial statements to RMB	-	-	2,324	-	2,324
Total comprehensive income for the year	-	-	2,324	(4,353)	(2,029)
At 30.6.2022 and 1.7.2022	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 30.6.2023	133,557	33,961	(26,535)	(51,470)	89,513

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

D. Consolidated full year statement of cash flows

	Group	
	Year ended 30.6.2023 RMB'000	Year ended 30.6.2022 RMB'000
Cash flows from operating activities		
Profit before income tax	1,019	4,197
Adjustments for:		
Interest income	(36)	(24)
Interest expenses	4,577	4,404
Depreciation of property, plant and equipment	12,627	12,330
Depreciation of right-of-use assets	3,824	3,759
Government grants	(256)	(256)
Inventories write-down	2,714	984
Gain on disposal of property, plant and equipment	(40)	(19)
Bad debts written off	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
Interest received	36	24
Income taxes paid	(2,420)	(2,373)
Net cash generated from operating activities	21,839	1,870
Cash flows from investing activities		
Release in 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
Net cash used in investing activities	(18,429)	(17,592)
Cash flows from financing activities		
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)
Net cash (used in)/generated from financing activities	(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	24,012	29,554

E. NOTES TO THE CONDENSED INTERIM AND FULL YEAR CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Corporate Information

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

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

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

2. Basis of preparation

The condensed interim and full year financial statements for the six and twelve months ended 30 June 2023 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 2022.

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

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

2.1 New and amended standards adopted by the Group

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

Amendments to IFRS 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 IFRSs that are effective for the reporting period did not have any significant impact on the Group’s accounting policies.

2.2 Use of judgements and estimates

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

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

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

3. Seasonal operations

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

4. Segmental reporting

The Group has identified the following reportable segments:

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

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

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

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

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

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

	Manufacture General tapes RMB'000	Manufacture IS tapes RMB'000	Manufacture BOPP films RMB'000	Trading of tapes RMB'000	Eliminations RMB'000	Group RMB'000
6 months ended 30 June 2023						
Revenue from external customers	47,269	70,270	86,649	28,045	-	232,233
Inter-segment sales	22,354	4,678	-	-	(27,032)	-
Reportable segment revenue	69,623	74,948	86,649	28,045	(27,032)	232,233
Reportable segment profit	1,103	2,373	2,546	798	-	6,820
12 months ended 30 June 2023						
Revenue from external customers	99,774	147,214	188,620	60,146	-	495,754
Inter-segment sales	45,828	12,157	-	-	(57,985)	-
Reportable segment revenue	145,602	159,371	188,620	60,146	(57,985)	495,754
Reportable segment profit	2,056	3,432	4,088	1,619	-	11,195
Reportable segment assets	77,269	103,775	82,312	6,897	-	270,253
Corporate assets:						
Cash and bank balances						24,012
Other financial assets						108
Consolidated total assets						294,373
Additions to non-current segment assets						
Property, plant and equipment	5,619	6,104	7,224	-	-	18,947
Right-of-use assets	200	217	257	-	-	674
	5,819	6,321	7,481	-	-	19,621
Reportable segment liabilities	19,113	20,762	24,568	-	-	64,443
Corporate liabilities:						
Bank borrowings						104,808
Other financial liabilities						1,427
Income tax payables						515
Consolidated total liabilities						171,193

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

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

	6 months ended 30 June		12 months ended 30 June	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment profit	6,820	4,116	11,195	12,578
Interest income	18	15	36	24
Unallocated corporate expenses	(2,087)	(494)	(5,635)	(4,001)
Finance costs	(2,916)	(1,910)	(4,577)	(4,404)
Profit before income tax	1,835	1,727	1,019	4,197

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

	Revenue from external customers		Revenue from external customers	
	6 months ended 30 June		12 months ended 30 June	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	204,187	232,147	435,607	499,974
Hong Kong	903	664	2,205	1,434
Other countries	27,143	32,774	57,942	73,967
	232,233	265,585	495,754	575,375

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

	6 months ended 30 June		12 months ended 30 June	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Customer A (Manufacture of BOPP films)	*n/a	*n/a	*n/a	60,465

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

A breakdown of sales and operating profit after tax:

	Group Year ended 30.6.2023 RMB'000	Group Year ended 30.6.2022 RMB'000	Increase/ (decrease) %
(a) Sales reported for the 1st half year	263,521	309,790	(14.9%)
(b) Operating (loss)/profit after tax for the 1st half year	(2,519)	484	n/m
(c) Sales reported for the 2nd half year	232,233	265,585	(12.6%)
(d) Operating profit after tax for the 2nd half year	1,609	1,709	(5.9%)

5. Other income

	Group		Group	
	6 months ended 30 June		12 months ended 30 June	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	18	15	36	24
Net gain on disposal of property, plant and equipment	40	19	40	19
Government grants and subsidies	144	137	592	384
Net foreign exchange gain/(loss)	394	(49)	394	-
Others	161	158	241	158
	757	280	1,303	585

6. Profit before income tax

	Group		Group	
	6 months ended 30 June		12 months ended 30 June	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before income tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	5,755	6,558	12,627	12,330
Depreciation of right-of-use assets	1,927	1,893	3,824	3,759
Gain/(loss) on disposal of property, plant and equipment	40	-	40	(19)
Inventories write-down	1,790	984	2,714	984
Interest expenses	2,916	1,910	4,577	4,404
Government grants and subsidies	(144)	-	(592)	(384)
Net foreign exchange (gain)/loss	(394)	1,492	(394)	1,275

Taxation

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

	Group			
	6 months ended 30 June		12 months ended 30 June	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC				
Current Tax	789	(5)	2,483	2,629
Overprovision in respect of prior years	(588)	-	(588)	(684)
	201	(5)	1,895	1,945
Hong Kong				
Current Tax	16	41	25	77
Underprovision/(overprovision) in respect of prior years	9	(18)	9	(18)
	25	23	34	59
Total income tax expense	226	18	1,929	2,004

7. Dividends

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

8. Loss/earnings per share

The calculation of basic earnings per share for the 6 months ended 30 June 2023 is based on the profit attributable to owners of the Company of approximately RMB1,609,000 (6 months ended 30 June 2022: RMB1,709,000) divided by 12,650,000 (6 months ended 30 June 2022: 12,650,000) ordinary shares in issue during the period.

The calculation of basic loss per share for the year ended 30 June 2023 is based on the loss attributable to owners of the Company of approximately RMB910,000 (profit for the year ended 30 June 2022: RMB2,193,000) divided by 12,650,000 (year ended 30 June 2022: 12,650,000) ordinary shares in issue during the year.

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

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 30 June 2023 and 2022.

	Group		Company	
	As at 30.6.2023 RMB	As at 30.6.2022 RMB	As at 30.6.2023 RMB	As at 30.6.2022 RMB
Net assets value per ordinary share	9.74	9.73	7.08	6.92

10. Property, plant and equipment

During the 6 months ended 30 June 2023, the Group acquired asset amounting to RMB7,918,000 (6 months ended 30 June 2022: RMB11,326,000).

During the 12 months ended 30 June 2023, the Group acquired asset amounting to RMB16,459,000 (12 months ended 30 June 2022: RMB17,092,000).

As at 30 June 2023, the Group has capital commitments of RMB3,248,000 (2022: RMB748,000) 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 30.6.2023		As at 30.6.2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
104,808	-	106,002	-

Details of any collateral

The Group's bank borrowings of RMB104,808,000 represent: -

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

As at 30 June 2023, the Group's bank borrowings were secured by Mr Leung Chee Kwong, director of the Company, the pledge of certain of the Group's property, plant and equipment and right-of-use assets, and the land use rights of the Company's substantial shareholder.

As at 30 June 2023, these bank borrowings bear fixed interest rates ranging from 3.5% to 4.1% (2022: 3.85% to 4.2%) per annum and floating interest rates ranging from nil% (2022: 1.10% to 3.09%) per annum.

12. Share capital – Group and Company

	30 June 2023		30 June 2022	
	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 full year statement of financial position of Luxking Group Holdings Limited and its subsidiaries as at 30 June 2023 and the related condensed interim and full year consolidated profit or loss and other comprehensive income for the six-month and twelve-month period then ended, the consolidated full year statement of changes in equity and the consolidated full year statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

Review of performance of the Group

FY2023 vs FY2022

Group Revenue

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 domestic and overseas markets, as well as relatively lower selling prices.

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

The biaxially oriented polypropylene films ("BOPP films") segment registered a decline of 19.9% 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 as cost of raw materials declined.

Sales of industrial specialty tapes ("IS tapes") also 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 which declined in tandem with the fall in cost of raw materials.

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, and lower selling prices as a result of the decline in cost of raw materials.

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) and the remaining 12.1% of revenue was derived from overseas markets (13.1% in FY2022).

Group Gross Profit and Gross Profit Margin

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, gross profit margin improved to 12.1% in FY2023 from 11.6% in FY2022, attributed mainly to lower cost of raw materials and energy cost savings from the installation of solar panels. These cost

reductions were offset by an impairment for inventories of RMB2.7 million in FY2023 with age of more than one year.

Other Income

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. As a result of the appreciation of the RMB currency against the US Dollar, 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.

Selling and Distribution Costs, Administrative and Other Operating Expenses

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. This decrease was attributed mainly to a decline in depreciation costs and the absence of net foreign exchange loss (as explained above).

The Group incurred higher other operating expenses of RMB0.2 million in FY2023 compared to RMB0.03 million in FY2022, owing to higher charitable donations and bad debts written off.

Finance Costs

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

Income tax expense declined 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.

Group Net Loss/Profit

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.

Review of Financial Position as at 30 June 2023

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 Hubei plant and 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 arising from the purchase of raw materials.

Cash and bank balances decreased from RMB29.6 million as at 30 June 2022 to RMB24.0 million, 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, 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 manufacturing plant in Hubei.

Group Cash Flows

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.

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 FY2023 are in line with the profit guidance announcement released on 11 August 2023.

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.

Looking ahead, the Group expects the business landscape to remain challenging due to the slow recovery of the global and domestic economies, inflationary cost pressures, rising interest rates, volatile raw material costs, heightened competitive conditions and geopolitical tensions.

To ensure the Group is ready to seize opportunities when business conditions recover, it intends to focus on these key strategies - maintain competitiveness of its products through R&D and customisation; retain and expand customer network through stronger sales teams, active engagements and participation in trade shows; and continually raise production efficiency and optimise operational costs through appropriate equipment investments and upgrades.

For its BOPP films segment, the Group plans to align the production mix of its standard and high-end BOPP films to prevailing market demand. To maintain its competitiveness, the Group will continue to keep abreast of market trends and produce customised BOPP films according to customers' requirements.

With respect to the IS tapes business, the Group intends to leverage its reputation and competitive advantages in the smartphone and home appliances industries which are its major customer segments, by developing and tailoring new products to cater to customers' requirements. The Group will also focus on its R&D work to develop new IS tapes to secure customers in the automotive industry.

For its General tapes business, the Group will focus on improving its cost efficiency to raise the competitiveness of its products while pursuing opportunities to expand its pool of customers and increase market share.

With respect to the initiatives and plans for its manufacturing plants, the Group has plans to continue upgrading existing machinery and installing new equipment as and when required, at its Zhongshan factory to enhance production flow, efficiency, capacity and quality.

For its Hubei plant, the Group will make further investments to expand capabilities and capacity while raising the facility's vertical integration capabilities. During FY2023, the Group commenced initial operations of new Polyethylene ("PE") extrusion coating line and silicone coating line for the production of PE-coated paper and release liners respectively. These products are used by the Zhongshan factory or sold to third parties.

Construction of a second production unit/space ("Production Unit II") has also been completed at the Hubei plant during FY2023. 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.

In addition, the development of a Multi-use Complex (the "Complex") has commenced and is scheduled for completion during FY2024. In total, the Group incurred capital expenditure of around RMB14.8 million in FY2023 mainly for the silicone coating line, construction of Production Unit II and the Complex, as well as other structural developments at Hubei plant.

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

4. Dividend information

- (a) Current financial period reported on
No dividend has been declared or recommended for the current financial period reported on.
- (b) Corresponding period of the immediate preceding financial year
No dividend has been declared or recommended for the corresponding period of the immediate preceding financial year.
- (c) Date payable
Not applicable
- (d) Book closure date
Not applicable
- (e) If no dividend has been declared (recommended), a statement to that effect and the reasons for the decision.
No dividend has been declared or recommended for the year ended 30 June 2023 as the Group wants to conserve fund for working capital purpose during this challenging business conditions.

5. Interested person transactions

There was no IPT mandate has been obtained under Rule 920(1)(a)(ii) in FY2023.

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

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

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

Please refer to point 1 in this section.

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

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Leung Hi Man	42	Daughter of Mr Leung Chee Kwong, Chief Executive Director and Executive Chairman	<p>Executive Director since 1 September 2017.</p> <p>Ms Leung Hi Man is responsible for overseeing the finance department, the formulation and execution of overall business strategies and policies of the Group, and strategy planning and execution of sustainability efforts across the Group.</p> <p>She assists in the marketing and sales of Hong Kong subsidiary, Luxking International Chemicals Limited, since October 2005.</p> <p>In addition, she is also responsible for the Sales and Marketing Department of Hong Kong subsidiary, China King International Trading Limited, since October 2006.</p>	<p>Ms Leung Hi Man was appointed as an Executive Director of the Company with effect from 1 September 2017.</p> <p>Ms Leung was appointed as the Chief Sustainability Officer of the Company effective January 2022</p>

BY ORDER OF THE BOARD

Yoo Loo Ping
Company Secretary

28 August 2023