



# KANGLI INTERNATIONAL HOLDINGS LIMITED

## 康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 6890

Interim Report  
**2024**

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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. Mei Zefeng  
Ms. Liu Ping (*Chairman*)  
Mr. Zhang Zhihong (*Chief Executive Officer*)  
Ms. Lu Xiaoyu  
Mr. Xu Chao

#### Independent Non-executive Directors

Mr. Lau Ying Kit  
Mr. Yang Guang  
Mr. Cao Cheng

### COMPANY SECRETARY

Mr. Chung Yau Tong

### AUDIT COMMITTEE

Mr. Lau Ying Kit (*Chairman*)  
Mr. Yang Guang  
Mr. Cao Cheng

### REMUNERATION COMMITTEE

Mr. Cao Cheng (*Chairman*)  
Mr. Lau Ying Kit  
Mr. Yang Guang  
Mr. Zhang Zhihong

### NOMINATION COMMITTEE

Ms. Liu Ping (*Chairman*)  
Mr. Lau Ying Kit  
Mr. Yang Guang  
Mr. Cao Cheng

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA (THE PRC)

Wuyi County, Hengshanqiao Town  
Wujin District, Changzhou City  
Jiangsu Province, the PRC

### PRINCIPLE PLACE OF BUSINESS IN HONG KONG

2408, World-Wide House  
19 Des Voeux Road Central, Central, Hong Kong

### AUDITORS

KPMG  
Public Interest Entity Auditor registered in accordance  
with the Financial Reporting Council Ordinance  
8th Floor, Prince's Building  
10 Chater Road, Central, Hong Kong

### HONG KONG LEGAL ADVISER

Wan & Tang  
2408, World-Wide House  
19 Des Voeux Road Central, Central, Hong Kong

### PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### COMPANY WEBSITE

[www.jnppmm.com](http://www.jnppmm.com)

### LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board  
of The Stock Exchange of Hong Kong Limited (Stock Code:  
6890.HK)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024 – unaudited  
(Expressed in Renminbi (“RMB”))

|   | Note | Six months ended 30 June |                 |
|---|------|--------------------------|-----------------|
|   |      | 2024<br>RMB'000          | 2023<br>RMB'000 |
| <b>Revenue</b>  | 4    | <b>1,005,473</b>         | 835,643         |
| Cost of sales   |      | <b>(884,262)</b>         | (782,465)       |
| <b>Gross profit</b>   | 4(b) | <b>121,211</b>           | 53,178          |
| Other income  | 5    | <b>3,655</b>             | 4,436           |
| Selling expenses  |      | <b>(33,428)</b>          | (25,572)        |
| Administrative expenses   |      | <b>(9,985)</b>           | (10,877)        |
| Impairment loss on trade receivables  |      | <b>(13)</b>              | (388)           |
| <b>Profit from operations</b>   |      | <b>81,440</b>            | 20,777          |
| Finance costs   | 6(a) | <b>(10,187)</b>          | (9,662)         |
| <b>Profit before taxation</b>   | 6    | <b>71,253</b>            | 11,115          |
| Income tax  | 7    | <b>(9,025)</b>           | (971)           |
| <b>Profit attributable to equity shareholders<br/>of the Company for the period</b> |      | <b>62,228</b>            | 10,144          |
| <b>Earnings per share</b>   |      |                          |                 |
| Basic and diluted (RMB)   | 8    | <b>0.10</b>              | 0.02            |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 – unaudited  
(Expressed in RMB)

|   | Six months ended 30 June |                 |
|---|--------------------------|-----------------|
|   | 2024<br>RMB'000          | 2023<br>RMB'000 |
| <b>Profit for the period</b>  | <b>62,228</b>            | 10,144          |
| <b>Other comprehensive income for the period (after tax):</b>                                       |                          |                 |
| Item that may be reclassified subsequently to profit or loss  |                          |                 |
| – Exchange differences on translation into presentation currency of the Group                       | <b>82</b>                | 195             |
| <b>Total comprehensive income attributable to equity shareholders of the Company for the period</b> | <b>62,310</b>            | 10,339          |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 – unaudited  
(Expressed in RMB)

|  | Note | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|--|------|----------------------------------|--------------------------------------|
| <b>Non-current assets</b>  |      |                                  |                                      |
| Property, plant and equipment  | 9    | 346,821                          | 353,084                              |
| Loan to a related party  | 10   | 21,375                           | 20,825                               |
|  |      | <b>368,196</b>                   | 373,909                              |
| <b>Current assets</b>  |      |                                  |                                      |
| Inventories  | 11   | 496,134                          | 459,601                              |
| Trade and bills receivables  | 12   | 544,321                          | 549,539                              |
| Prepayments, deposits and other receivables                            | 13   | 229,375                          | 226,330                              |
| Cash at bank and on hand   | 14   | 224,400                          | 168,990                              |
|  |      | <b>1,494,230</b>                 | 1,404,460                            |
| <b>Current liabilities</b>   |      |                                  |                                      |
| Trade and bills payables   | 15   | 395,827                          | 376,026                              |
| Accrued expenses and other payables                                    | 16   | 50,088                           | 47,360                               |
| Bank loans   | 17   | 500,448                          | 441,328                              |
| Lease liabilities  |      | 1,982                            | 1,900                                |
| Current taxation   |      | 31,852                           | 33,598                               |
|  |      | <b>980,197</b>                   | 900,212                              |
| <b>Net current assets</b>  |      | <b>514,033</b>                   | 504,248                              |
| <b>Total assets less current liabilities</b>                           |      | <b>882,229</b>                   | 878,157                              |
| <b>Non-current liabilities</b>   |      |                                  |                                      |
| Bank loans   | 17   | –                                | 60,000                               |
| Lease liabilities  |      | 27,591                           | 27,980                               |
| Other non-current liabilities  |      | 3,643                            | 3,798                                |
| Deferred tax liabilities   | 18   | 6,401                            | 4,095                                |
|  |      | <b>37,635</b>                    | 95,873                               |
| <b>NET ASSETS</b>  |      | <b>844,594</b>                   | 782,284                              |
| <b>CAPITAL AND RESERVES</b>  |      |                                  |                                      |
| Share capital  |      | 534                              | 534                                  |
| Reserves   |      | 844,060                          | 781,750                              |
| <b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b> |      | <b>844,594</b>                   | 782,284                              |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024 – unaudited  
(Expressed in RMB)

|   | Attributable to equity shareholders of the Company |                          |                          |                            |                              |                             |                             |                  |
|---|--|--------------------------|--------------------------|----------------------------|------------------------------|-----------------------------|-----------------------------|------------------|
|   | Share capital<br>RMB'000                           | Share premium<br>RMB'000 | Other reserve<br>RMB'000 | Capital reserve<br>RMB'000 | Statutory reserve<br>RMB'000 | Exchange reserve<br>RMB'000 | Retained profits<br>RMB'000 | Total<br>RMB'000 |
| <b>Balance at 1 January 2023</b>                                    | 534  | 142,753                  | 180,000                  | 107,021                    | 32,124                       | (31)                        | 242,173                     | 704,574          |
| <b>Changes in equity for the six months ended 30 June 2023:</b>     |  |                          |                          |                            |                              |                             |                             |                  |
| Profit for the period   | -  | -                        | -                        | -                          | -                            | -                           | 10,144                      | 10,144           |
| Other comprehensive income for the period                           | -  | -                        | -                        | -                          | -                            | 195                         | -                           | 195              |
| Total comprehensive income  | -  | -                        | -                        | -                          | -                            | 195                         | 10,144                      | 10,339           |
| <b>Balance at 30 June 2023 and 1 July 2023</b>                      | 534  | 142,753                  | 180,000                  | 107,021                    | 32,124                       | 164                         | 252,317                     | 714,913          |
| <b>Changes in equity for the six months ended 31 December 2023:</b> |  |                          |                          |                            |                              |                             |                             |                  |
| Profit for the period   | -  | -                        | -                        | -                          | -                            | -                           | 67,302                      | 67,302           |
| Other comprehensive income for the period                           | -  | -                        | -                        | -                          | -                            | 69                          | -                           | 69               |
| Total comprehensive income  | -  | -                        | -                        | -                          | -                            | 69                          | 67,302                      | 67,371           |
| Appropriation to reserve  | -  | -                        | -                        | -                          | 8,241                        | -                           | (8,241)                     | -                |
| <b>Balance at 31 December 2023</b>                                  | 534  | 142,753                  | 180,000                  | 107,021                    | 40,365                       | 233                         | 311,378                     | 782,284          |
| <b>Balance at 1 January 2024</b>                                    | 534  | 142,753                  | 180,000                  | 107,021                    | 40,365                       | 233                         | 311,378                     | 782,284          |
| <b>Changes in equity for the six months ended 31 December 2024:</b> |  |                          |                          |                            |                              |                             |                             |                  |
| Profit for the period   | -  | -                        | -                        | -                          | -                            | -                           | 62,228                      | 62,228           |
| Other comprehensive income for the period                           | -  | -                        | -                        | -                          | -                            | 82                          | -                           | 82               |
| Total comprehensive income  | -  | -                        | -                        | -                          | -                            | 82                          | 62,228                      | 62,310           |
| <b>Balance at 30 June 2024</b>                                      | 534  | 142,753                  | 180,000                  | 107,021                    | 40,365                       | 315                         | 373,606                     | 844,594          |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2024 – unaudited  
(Expressed in RMB)

|   | Note | Six months ended 30 June |                 |
|---|------|--------------------------|-----------------|
|   |      | 2024<br>RMB'000          | 2023<br>RMB'000 |
| <b>Operating activities</b>                                   |      |                          |                 |
| Net cash generated/(used in) from operations                  |      | 46,913                   | (40,169)        |
| Income tax (paid)/refunded                                    |      | (8,465)                  | 782             |
| <b>Net cash generated from/(used in) operating activities</b> |      | <b>38,448</b>            | <b>(39,387)</b> |
| <b>Investing activities</b>                                   |      |                          |                 |
| Payments for the purchase of property, plant and equipment    |      | (5,951)                  | (7,733)         |
| Proceeds from sale of property, plant and equipment           |      | (12)                     | –               |
| Interest received   |      | 469                      | 183             |
| Loan to a related party                                       |      | –                        | (20,000)        |
| <b>Net cash used in investing activities</b>                  |      | <b>(5,494)</b>           | <b>(27,550)</b> |
| <b>Financing activities</b>                                   |      |                          |                 |
| Proceeds from new bank and other loans                        |      | 262,648                  | 323,832         |
| Repayment of bank and other loans                             |      | (263,528)                | (261,890)       |
| Capital element of lease rentals paid                         |      | (423)                    | (1,630)         |
| Interest element of lease rentals paid                        |      | (735)                    | (715)           |
| Net decrease in amounts due to related parties                |      | (217)                    | (2,000)         |
| Interest paid   |      | (9,452)                  | (8,948)         |
| <b>Net cash (used in)/generated from financing activities</b> |      | <b>(11,707)</b>          | <b>48,649</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |      | <b>21,247</b>            | <b>(18,288)</b> |
| <b>Cash and cash equivalents at 1 January</b>                 | 14   | <b>79,430</b>            | 137,932         |
| <b>Effect of foreign exchange rate changes</b>                |      | <b>181</b>               | 834             |
| <b>Cash and cash equivalents at 30 June</b>                   | 14   | <b>100,858</b>           | 120,478         |



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 1 CORPORATE INFORMATION

KangLi International Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 December 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 19 November 2018. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture and sale of hard steel coil, unpainted galvanised steel products and painted galvanised steel products, and the provision of property management services.

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”). It was authorised for issue on 26 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards issued by the IASB.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

## 3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current (“2020 amendments”)*
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants (“2022 amendments”)*
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

### **3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRS Accounting Standards are discussed below:

Amendments to IAS 1, *Presentation of financial statements* (“2020 and 2022 amendments”, or collectively the “IAS 1 amendments”)

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial report.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The Group is principally engaged in the manufacture and sale of hard steel coil, unpainted galvanised steel products and painted galvanised steel products, and the provision of property management services. Further details regarding the Group's principal activities are disclosed in Note 4(b).

Disaggregation of revenue from contracts with customers by major products and services lines is as follows:

|  | Six months ended 30 June |                 |
|--|--------------------------|-----------------|
|  | 2024<br>RMB'000          | 2023<br>RMB'000 |
| <b>Revenue from contracts with customers within the scope of IFRS 15</b> |                          |                 |
| Manufacture and sale of steel products:                                  |                          |                 |
| – Sales of hard steel coil   | <b>76,329</b>            | 54,843          |
| – Sales of unpainted galvanised steel products                           | <b>525,839</b>           | 470,341         |
| – Sales of painted galvanised steel products                             | <b>400,136</b>           | 309,354         |
|  | <b>1,002,304</b>         | 834,538         |
| Provision of property management services                                | <b>3,169</b>             | 1,105           |
|  | <b>1,005,473</b>         | 835,643         |

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets are disclosed in Note 4(b) and Note 4(c) respectively.

#### (b) Segment reporting

The Group manages its businesses by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Hard steel coil: this segment includes primarily the manufacture and sale of cold-rolled hard steel coil.
- Unpainted galvanised steel products: this segment includes primarily the manufacture and sale of hot-dipped galvanised/zinc coated steel coil and sheet.
- Painted galvanised steel products: this segment includes primarily the manufacture and sale of hot-dipped color coated galvanised steel coil and sheet.
- Property management services: this segment includes the provision of property management services.

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

#### (i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and cost are allocated to the reportable segments with reference to sales generated by those segments and the cost incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred for the six months ended 30 June 2024 and 2023. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other income, selling and administrative expenses, and impairment loss on financial instruments, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below:

|   | Six months ended 30 June 2024 |  |  |   |                  |
|---|-------------------------------|--|--|---|------------------|
|   | Hard<br>steel coil<br>RMB'000 | Unpainted<br>galvanised<br>steel products<br>RMB'000 | Painted<br>galvanised<br>steel products<br>RMB'000 | Property<br>management<br>services<br>RMB'000 | Total<br>RMB'000 |
| Disaggregated by timing of<br>revenue recognition |                               |  |  |   |                  |
| – Point in time                                   | 76,329                        | 525,839  | 400,136  | –   | 1,002,304        |
| – Over time                                       | –                             | –  | –  | 3,169   | 3,169            |
| Revenue from external<br>customers                | 76,329                        | 525,839  | 400,136  | 3,169   | 1,005,473        |
| Reportable segment<br>gross profit                | 6,174                         | 64,597   | 49,598   | 842   | 121,211          |

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

#### (i) Segment results, assets and liabilities (Continued)

|  | Six months ended 30 June 2023 |  |  |   |                  |
|--|-------------------------------|--|--|---|------------------|
|  | Hard steel coil<br>RMB'000    | Unpainted galvanised steel products<br>RMB'000 | Painted galvanised steel products<br>RMB'000 | Property management services<br>RMB'000 | Total<br>RMB'000 |
| Disaggregated by timing of revenue recognition |                               |  |  |   |                  |
| – Point in time                                | 54,843                        | 470,341  | 309,354                                      | –                                       | 834,538          |
| – Over time                                    | –                             | –  | –  | 1,105                                   | 1,105            |
| Revenue from external customers                | 54,843                        | 470,341  | 309,354                                      | 1,105                                   | 835,643          |
| Reportable segment gross profit                | 4,793                         | 29,812   | 18,251                                       | 322                                     | 53,178           |

#### (ii) Reconciliation of reportable segment profit or loss

|                                      | Six months ended 30 June |                 |
|--------------------------------------|--------------------------|-----------------|
|                                      | 2024<br>RMB'000          | 2023<br>RMB'000 |
| Reportable segment gross profit      | 121,211                  | 53,178          |
| Other income                         | 3,655                    | 4,436           |
| Selling expenses                     | (33,428)                 | (25,572)        |
| Administrative expenses              | (9,985)                  | (10,877)        |
| Impairment loss on trade receivables | (13)                     | (388)           |
| Finance costs                        | (10,187)                 | (9,662)         |
| Consolidated profit before taxation  | 71,253                   | 11,115          |

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods were delivered.

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2024                     | 2023           |
|  | RMB'000                  | RMB'000        |
| The People's Republic of China (the "PRC") | 897,971                  | 755,120        |
| Thailand                                   | 67,729                   | 56,344         |
| Korea                                      | 21,782                   | 18,617         |
| Indonesia                                  | 10,711                   | 2,005          |
| Philippines                                | 3,169                    | 1,105          |
| Other countries                            | 4,111                    | 2,452          |
|  | <b>1,005,473</b>         | <b>835,643</b> |

Substantially all of the Group's non-current assets are located in the PRC. Accordingly, no segment analysis based on geographical locations of the assets is presented.

## 5 OTHER INCOME

|   | Six months ended 30 June |              |
|---|--------------------------|--------------|
|   | 2024                     | 2023         |
|   | RMB'000                  | RMB'000      |
| Interest income                                       | 1,019                    | 1,133        |
| Net foreign exchange gain                             | 1,932                    | 1,893        |
| Government grants                                     | 529                      | 312          |
| Net loss on disposal of property, plant and equipment | (17)                     | (1)          |
| Others  | 192                      | 1,099        |
|   | <b>3,655</b>             | <b>4,436</b> |

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

|                               | Six months ended 30 June |              |
|-------------------------------|--------------------------|--------------|
|                               | 2024                     | 2023         |
|                               | RMB'000                  | RMB'000      |
| Interest on bank loans        | 9,452                    | 8,947        |
| Interest on lease liabilities | 735                      | 715          |
|                               | <b>10,187</b>            | <b>9,662</b> |

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
(Expressed in RMB unless otherwise indicated)

## 6 PROFIT BEFORE TAXATION (CONTINUED)

### (b) Staff costs

|   | Six months ended 30 June |         |
|---|--------------------------|---------|
|   | 2024                     | 2023    |
|   | RMB'000                  | RMB'000 |
| Salaries, wages and other benefits                    | 28,282                   | 24,431  |
| Contributions to defined contribution retirement plan | 2,292                    | 2,064   |
|   | <b>30,574</b>            | 26,495  |

### (c) Other items

|                                       | Six months ended 30 June |         |
|---------------------------------------|--------------------------|---------|
|                                       | 2024                     | 2023    |
|                                       | RMB'000                  | RMB'000 |
| Depreciation expenses:                |                          |         |
| – owned property, plant and equipment | 12,885                   | 16,785  |
| – right-of-use assets                 | 1,487                    | 1,204   |
|                                       | <b>14,372</b>            | 17,989  |
| Cost of inventories (Note 11(b))      | <b>884,262</b>           | 782,465 |

## 7 INCOME TAX

|   | Six months ended 30 June |         |
|---|--------------------------|---------|
|   | 2024                     | 2023    |
|   | RMB'000                  | RMB'000 |
| <b>Current taxation</b>   |                          |         |
| PRC Corporate Income Tax:   |                          |         |
| – Provision for the period  | 6,392                    | –       |
| – Withholding tax in connection with the retained profit distributed by a subsidiary of the Group | –                        | 1,802   |
|   | <b>6,392</b>             | 1,802   |
| Hong Kong Profits Tax:  |                          |         |
| – Provision for the period  | 283                      | –       |
| Overseas Corporate Income Tax:  |                          |         |
| – Provision for the period  | 44                       | –       |
|   | <b>6,719</b>             | 1,802   |
| <b>Deferred taxation (Note 18)</b>  |                          |         |
| Reversal and origination of temporary differences   | 2,306                    | (831)   |
|   | <b>9,025</b>             | 971     |

## 7 INCOME TAX (CONTINUED)

Notes:

- (i) The Company and subsidiaries of the Group incorporated in the Cayman Islands or the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective jurisdictions of incorporation.
- (ii) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax. The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the six months ended 30 June 2024, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.  
  
For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.
- (iii) The subsidiary of the Group established in the PRC (excluding Hong Kong) is subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).
- (iv) The subsidiary of the Group established in the Philippines is subject to Philippines' corporate income tax rate of 20% for domestic corporation with net taxable income not exceeding 5,000,000 pesos and with total assets (excluding land) not exceeding 100,000,000 pesos.
- (v) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("HNTE"), which entitles the qualified enterprises to a preferential income tax rate of 15%, subject to fulfillment of the recognition criteria. The subsidiary of the Group established in the PRC was qualified as a HNTE and is entitled to the preferential tax rate of 15% for the calendar years 2022 to 2024.
- (vi) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for calculating income tax purpose, i.e. an additional 100% of such costs could be utilised as additional deductible expenses for the six months ended 30 June 2024 (six months ended 30 June 2023: 100%).
- (vii) For the six months ended 30 June 2023, a subsidiary of the Group established in the Chinese Mainland distributed dividends amounted to HK\$20,000,000 to its immediate holding company, KangLi (HK) Limited. Pursuant to the Sino-Hong Kong Double Tax Arrangement, the above dividends are subject to a PRC withholding Tax rate of 10%. Accordingly, withholding tax amounting to HK\$2,000,000 (equivalent to approximately RMB1,802,000) has been recognised as at 30 June 2023.

## 8 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2024 is calculated based on the profit attributable to the equity shareholders of the Company of RMB62,228,000 (six months ended 30 June 2023: RMB10,144,000) and the weighted average of 606,252,000 (six months ended 30 June 2023: 606,252,000) ordinary shares in issue during the interim period.

### (b) Diluted earnings per share

There was no difference between basic and diluted earnings per share as the Company did not have any dilutive potential shares outstanding during the six months ended 30 June 2024 and 2023.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 9 PROPERTY, PLANT AND EQUIPMENT

#### (a) Right-of-use assets

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for offices, and therefore recognised the additions to right-of-use assets of RMB115,000. (six months ended 30 June 2023: RMBNil).

#### (b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of plant and machinery with a cost of RMB4,882,000 (six months ended 30 June 2023: RMB5,188,000). Items of plant and machinery with a net book value of RMB5,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB290,000).

### 10 LOAN TO A RELATED PARTY

On 28 February 2023, a loan agreement was entered into between a subsidiary of the Group, Jiangsu Jiangnan Precision Metal Material Co., Limited ("Jiangnan Precision"), as lender, and Jiangsu Jiangnan Tiehejin Co., Ltd. ("Jiangnan Tiehejin"), a company controlled by the ultimate controlling parties of the Company, as borrower, and Mr. Mei Zefeng, as guarantor. Pursuant to the loan agreement, Jiangnan Precision agreed to grant a loan in the principal sum of RMB20,000,000 bearing interest at 5.5% per annum to Jiangnan Tiehejin for a term of 3 years.

Pursuant to the loan agreement, one of the conditions precedent to the drawdown of the loan includes Jiangnan Precision and Jiangnan Tiehejin having entered into an option agreement. The option agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 28 February 2023, pursuant to which a property acquisition option is granted to Jiangnan Precision, at nil consideration, to acquire a property to be constructed in Changzhou Economic Development Zone, to increase the office capacity of the Group. It is in Jiangnan Precision's sole discretion whether to exercise such option.

### 11 INVENTORIES

#### (a) Inventories in the consolidated statement of financial position comprise:

|                               | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|-------------------------------|----------------------------------|--------------------------------------|
| Raw materials and consumables | 196,019                          | 178,712                              |
| Finished goods                | 300,115                          | 280,889                              |
|                               | <b>496,134</b>                   | 459,601                              |

## 11 INVENTORIES (CONTINUED)

- (b) The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

|                                      | Six months ended 30 June |         |
|--------------------------------------|--------------------------|---------|
|                                      | 2024                     | 2023    |
|                                      | RMB'000                  | RMB'000 |
| Carrying amounts of inventories sold | <b>884,262</b>           | 782,465 |

## 12 TRADE AND BILLS RECEIVABLES

|  | At             | At          |
|--|----------------|-------------|
|  | 30 June        | 31 December |
|  | 2024           | 2023        |
|  | RMB'000        | RMB'000     |
| Trade receivables, net of loss allowance | <b>215,975</b> | 211,111     |
| Bills receivables                        | <b>328,346</b> | 338,428     |
|  | <b>544,321</b> | 549,539     |

All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.

The balance of bills receivables represents bank acceptance notes received from customers with maturity dates of less than six months.

### (a) Ageing analysis

The ageing analysis of trade receivables, based on the dates of revenue recognition and net of loss allowance, is as follows:

|                   | At             | At          |
|-------------------|----------------|-------------|
|                   | 30 June        | 31 December |
|                   | 2024           | 2023        |
|                   | RMB'000        | RMB'000     |
| Less than 1 month | <b>122,725</b> | 130,957     |
| 1 to 3 months     | <b>70,324</b>  | 50,090      |
| Over 6 months     | <b>1,121</b>   | 15,377      |
| 6 to 12 months    | <b>21,805</b>  | 14,687      |
|                   | <b>215,975</b> | 211,111     |

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 12 TRADE AND BILLS RECEIVABLES (CONTINUED)

- (b) At 30 June 2024, the Group has discounted certain of the bank acceptance notes it received from customers at banks, and endorsed certain of the bank acceptance notes it received from customers to its suppliers and other creditors for settlement of the Group's trade and other payables on a full recourse basis. Upon the above discounting or endorsement, the Group has derecognised the bills receivables in their entirety. These derecognised bank acceptance notes have maturity dates of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these notes and has discharged its obligation of the payables to its suppliers and other creditors. The Group considered the issuing banks of these notes are of high credit standings and non-settlement of these notes by the issuing banks on maturity is highly unlikely. At 30 June 2024, the Group's maximum exposure to loss and undiscounted cash outflow should the issuing banks fail to settle the notes on maturity dates amounted to RMB438,020,000 (31 December 2023: RMB367,684,000).
- (c) At 30 June 2024, bills receivables include bank acceptance notes discounted at banks or endorsed to suppliers with recourse totalling RMB132,045,000 (31 December 2023: RMB163,605,000). These bills receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans and trade payables amounted to RMB132,045,000 (31 December 2023: RMB163,605,000).
- (d) At 30 June 2024, trade receivables of RMB23,592,000 (31 December 2023: RMB40,023,000) were discounted at banks. These trade receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans amounted to RMB23,592,000 (31 December 2023: RMB40,023,000) (see Note 17).

### 13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|  | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|--|----------------------------------|--------------------------------------|
| Prepayments for:   |                                  |                                      |
| – Purchase of raw materials                                      | 225,928                          | 217,002                              |
| – Utilities and other expenses                                   | 476                              | 1,133                                |
|  | <b>226,404</b>                   | 218,135                              |
| Deposits for trading forward steel contracts                     | –                                | 5,998                                |
| Other debtors  | 2,971                            | 2,077                                |
| Financial assets measured at amortised cost                      | 2,971                            | 8,075                                |
| Derivative financial assets arising from forward steel contracts | –                                | 120                                  |
|  | <b>229,375</b>                   | 226,330                              |

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
(Expressed in RMB unless otherwise indicated)

## 14 CASH AT BANK AND ON HAND

|   | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|---|----------------------------------|--------------------------------------|
| Cash at bank  | 224,329                          | 168,980                              |
| Cash on hand  | 71                               | 10                                   |
| Cash at bank and on hand included in the consolidated statement of financial position | 224,400                          | 168,990                              |
| Less: restricted deposits (Note (i))  | (123,542)                        | (89,560)                             |
| Cash and cash equivalents included in the condensed consolidated cash flow statement  | 100,858                          | 79,430                               |

The Group's operations in the PRC (excluding Hong Kong) conducted its business in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

Note:

- (i) Restricted deposits represent deposits placed at banks as collaterals for bills issued and bank loans drawn by the Group (see Note 15 and 17 respectively).

## 15 TRADE AND BILLS PAYABLES

|  | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|--|----------------------------------|--------------------------------------|
| Trade and bills payables:                        |                                  |                                      |
| – Trade payables                                 | 82,037                           | 79,277                               |
| – Bills payables                                 | 286,630                          | 272,412                              |
| Financial liabilities measured at amortised cost | 368,667                          | 351,689                              |
| Contract liabilities:                            |                                  |                                      |
| – Receipts in advance from customers             | 27,160                           | 24,337                               |
|  | 395,827                          | 376,026                              |

At the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice dates, is as follows:

|                       | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|-----------------------|----------------------------------|--------------------------------------|
| Within 3 months       | 209,716                          | 198,785                              |
| Between 3 to 6 months | 156,286                          | 149,228                              |
| Over 6 months         | 2,665                            | 3,676                                |
|                       | 368,667                          | 351,689                              |

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 16 ACCRUED EXPENSES AND OTHER PAYABLES

|  | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|--|----------------------------------|--------------------------------------|
| Payables for construction of property, plant and equipment | 36,658                           | 34,612                               |
| Payables for other taxes                                   | 4,556                            | 4,177                                |
| Payables for staff related costs                           | 4,829                            | 3,819                                |
| Amounts due to related parties                             | 148                              | 365                                  |
| Others   | 3,897                            | 4,387                                |
| Financial liabilities measured at amortised cost           | 50,088                           | 47,360                               |

### 17 BANK LOANS

(a) The Group's short-term bank loans is analysed as follows:

|   | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|---|----------------------------------|--------------------------------------|
| Bank loans:   |                                  |                                      |
| – Secured by the Group's property, plant and equipment (Note 17(c)) | 38,000                           | 53,000                               |
| – Secured by the Group's trade and bills receivables                | 119,648                          | 162,328                              |
| – Guaranteed by third parties                                       | 45,000                           | 45,000                               |
| – Unsecured and unguaranteed  | 108,000                          | 70,000                               |
|   | 310,648                          | 330,328                              |
| Add: current portion of long-term bank loans (Note 17(b))           | 189,800                          | 111,000                              |
|   | 500,448                          | 441,328                              |

(b) The Group's long-term bank loans are analysed as follows:

|   | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|---|----------------------------------|--------------------------------------|
| Bank loans:   |                                  |                                      |
| – Secured by the Group's property, plant and equipment or restricted bank deposits (Note 17(c)) | 149,000                          | 150,000                              |
| – Unsecured and unguaranteed  | 40,800                           | 21,000                               |
|   | 189,800                          | 171,000                              |
| Less: current portion of long-term bank loans (Note 17(a))                                      | (189,800)                        | (111,000)                            |
|   | –                                | 60,000                               |

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
(Expressed in RMB unless otherwise indicated)

## 17 BANK LOANS (CONTINUED)

### (b) The Group's long-term bank loans are analysed as follows: (Continued)

The Group's long-term bank loans are repayable as follow:

|                                 | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|---------------------------------|----------------------------------|--------------------------------------|
| Within 1 year                   | 189,800                          | 111,000                              |
| After 1 year but within 2 years | –                                | 60,000                               |
|                                 | <b>189,800</b>                   | <b>171,000</b>                       |

### (c) The analysis of the Group's assets pledged for the Group's bank loans is as follows:

|  | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|--|----------------------------------|--------------------------------------|
| Secured by property, plant and equipment         | 102,760                          | 104,855                              |
| Secured by trade and bills receivables (Note 12) | 119,648                          | 162,328                              |
| Secured by restricted bank deposits (Note 14)    | 30,000                           | 30,000                               |
|  | <b>252,408</b>                   | <b>297,183</b>                       |

- (d) At 30 June 2024, the banking facilities of the Group amounted to RMB1,000,000,000 (31 December 2023: RMB960,000,000) were secured by the Group's property, plant and equipment, and/or guaranteed by third parties, or unsecured and unguaranteed. These facilities were utilised to the extent of RMB571,560,000 at 30 June 2024 (31 December 2023: RMB497,330,000).

## 18 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

| Deferred tax arising from:  | Assets            |                       |                                      |                   |  | Liabilities   |                     |   |         | Net |
|---|-------------------|-----------------------|--------------------------------------|-------------------|--|---|---------------------|---|---------|-----|
|   | Unused tax losses | Credit loss allowance | Write-down/(reversal) of inventories | Lease liabilities | Government grants and depreciation on related assets | Accelerated tax allowance for depreciation expenses | Right-of-use assets | Remeasurement of derivative financial instruments |         |     |
|   | RMB'000           | RMB'000               | RMB'000                              | RMB'000           | RMB'000  | RMB'000   | RMB'000             | RMB'000   | RMB'000 |     |
| At 1 January 2023   | 8,831             | 257                   | 1,586                                | 4,185             | 1,012  | (7,819)   | (3,434)             | –   | 4,618   |     |
| (Charged)/credited to the consolidated statement of profit or loss          | (6,749)           | 33                    | (1,586)                              | (44)              | (48)   | (496)   | 195                 | (18)  | (8,713) |     |
| At 31 December 2023   | 2,082             | 290                   | –                                    | 4,141             | 964  | (8,315)   | (3,239)             | (18)  | (4,095) |     |
| (Charged)/credited to the consolidated statement of profit or loss (Note 7) | (2,082)           | 2                     | –                                    | (7)               | (24)   | (301)   | 88                  | 18  | (2,306) |     |
| At 30 June 2024   | –                 | 292                   | –                                    | 4,134             | 940  | (8,616)   | (3,151)             | –   | (6,401) |     |

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 19 DIVIDENDS

#### (a) Dividends

(i) **Dividends payable to equity shareholders of the Company attributable to the interim period**

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: RMBNil).

(ii) **Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period**

The directors of the Company did not declare a final dividend for the year ended 31 December 2023 (2022: RMBNil).

### 20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### (a) Financial assets and liabilities measured at fair value

##### Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

|  | Fair value measurement as at 30 June 2024 categorised into Level 1<br>RMB'000 | Fair value measurement as at 31 December 2023 categorised into Level 1<br>RMB'000 |
|--|---|---|
| <b>Recurring fair value measurements</b>                                   |   |   |
| <i>Assets:</i>   |   |   |
| Derivative financial assets arising from forward steel contracts (Note 13) | –   | 120   |

During the six months ended 30 June 2024, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3.

#### (b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023 and 30 June 2024.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
(Expressed in RMB unless otherwise indicated)

## 21 COMMITMENTS

**Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report:**

|  | At<br>30 June<br>2024<br>RMB'000 | At<br>31 December<br>2023<br>RMB'000 |
|--|----------------------------------|--------------------------------------|
| Commitments in respect of property, plant and equipment: |                                  |                                      |
| – Contracted for   | <b>1,740</b>                     | 500                                  |

The above commitments represent the Group's planned expansion of its production facilities.

## 22 MATERIAL RELATED PARTY TRANSACTIONS

|  | Six months ended 30 June |                 |
|--|--------------------------|-----------------|
|  | 2024<br>RMB'000          | 2023<br>RMB'000 |
| Loan to a related party                        | –                        | 20,000          |
| Sales of scrap materials (Note (i))            | <b>5,782</b>             | 5,898           |
| Interest income                                | <b>550</b>               | 550             |
| Operating lease expenses                       | <b>48</b>                | 48              |
| Net decrease in amounts due to related parties | <b>217</b>               | 2,000           |

Note:

- (i) These scrap materials were sold to related parties at cost and accordingly, no gains or losses were recognised on these transactions by the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

The Group is a leading midstream galvanized steel products manufacturer in the home appliance sector in Jiangsu Province, the PRC. The Group primarily engaged in the production and sales of cold rolled steel products, unpainted galvanized products and painted galvanized steel products to mainly midstream steel product processors for further processing and to home appliance manufacturers for production of home appliances such as refrigerators, washing machines and ovens. The Group has well-equipped facilities and production lines, enabling the Group to provide the customers with pickled rolls, cold-rolled coil, unpainted galvanized coil and painted galvanized coil products.

For the six months ended 30 June 2024, the Group's revenue from its principal business amounted to approximately RMB1,005,473,000, representing an increase of 20.3% compared with that of the corresponding period in 2023.

For the six months ended 30 June 2024, the sales volume of our cold rolled steel products and galvanized steel products totalled approximately 168,043 tonnes, representing an increase of approximately 23,778 tonnes or 16.5%, compared with approximately 144,265 tonnes for the corresponding period in 2023. In particular, the sales volume of our cold rolled steel products were approximately 16,230 tonnes, representing a year-on-year increase of approximately 4,545 tonnes or 38.9%, while the sales volume of our painted galvanized steel products among the galvanized steel products were approximately 58,332 tonnes, representing a year-on-year increase of approximately 11,947 tonnes or 25.8%. Along with the increased sales volume of all types of products, the unit sales price also increased by a certain extent, and the overall average selling price of all types of products increased by 3.1% compared with that of the same period in 2023. Benefiting from the increase in sales volume of our products and the increase in selling prices, our gross profit margin increased to 12.1% in 2024 from 6.4% for the corresponding period in 2023, resulting in a net profit of approximately RMB62,228,000.

In the first half of 2024, market demand remained robust since the second half of 2023, and we successfully met our production and sales objectives set in the first half of the year. However, we have observed a moderate decline in the sales volume of home appliances during the traditional 618 e-commerce promotion campaign in the first half of this year, which has led us to adopt a cautious stance towards the home appliance market's future demand. Moving forward, we will continue to maintain the existing quality and cost control efforts, while intensifying our efforts in overseas market expansion, with an aim to supplement product sales orders with the overseas market to offset any possible domestic demand shortfalls, based on which, we are optimistic about achieving our full-year sales and performance goals.

Taking into account of the ongoing robust economic performance of the Philippines, the Group considers the development of its property management business as a proactive exploration and practice of the development of the Group's diversification and internationalization. The property management business in the Philippines has diversified the Group's revenue streams. The Group will continue to pursue suitable business opportunities in the Philippines and other countries overseas for the sake of the Group's long-term and diversified international development.

## FINANCIAL REVIEW

### Financial Performance Highlights

|  | Six months ended 30 June |             |
|--|--------------------------|-------------|
|  | 2024                     | 2023        |
|  | RMB'000                  | RMB'000     |
|  | (unaudited)              | (unaudited) |
| Key financial information and performance ratios |                          |             |
| – Revenue  | <b>1,005,473</b>         | 835,643     |
| – Gross profit                                   | <b>121,211</b>           | 53,178      |
| – Gross profit margin                            | <b>12.1%</b>             | 6.4%        |
| – Profit for the period                          | <b>62,228</b>            | 10,144      |
| – Net profit margin                              | <b>6.2%</b>              | 1.2%        |
| – Earnings per share                             | <b>RMB0.10</b>           | RMB0.02     |
|  |                          |             |
|  | At                       | At          |
|  | 30 June                  | 31 December |
|  | 2024                     | 2023        |
|  | (unaudited)              | (unaudited) |
| Key performance ratios                           |                          |             |
| – Current ratio                                  | <b>1.5</b>               | 1.6         |
| – Gearing ratio                                  | <b>0.6</b>               | 0.6         |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

#### Revenue

Revenue of the Group is primarily generated from the sales of hard steel coil, unpainted galvanised steel products and painted galvanised steel products. For the six months ended 30 June 2024, the total revenue of the Group amounted to approximately RMB1,005,473,000, representing an increase of approximately 20.3% from approximately RMB835,643,000 for the six months ended 30 June 2023. The increase in the Group's revenue was primarily attributable to the increase in the sales volume and overall average selling prices of our products. The overall sales volume for the six months ended 30 June 2024 was 168,043 tonnes, representing an increase of 16.5% when compared to that in the same period in the previous year. The overall average selling price of our products for the current period recorded an increase of 3.1% when compared to that in the same period in the previous year.

An analysis of the Group's revenue, sales volume and average selling price by products and services in the six months ended 30 June 2024 and 2023 is as follows:

|  | Six months ended 30 June |                           |  |                    |                           |  | Change              |                      |                                  |
|--|--------------------------|---------------------------|--|--------------------|---------------------------|--|---------------------|----------------------|----------------------------------|
|  | 2024                     |                           |  | 2023               |                           |  | increase/(decrease) |                      |                                  |
|  | Revenue<br>RMB'000       | Sales<br>volume<br>tonnes | Average<br>selling<br>price<br>RMB/tonne | Revenue<br>RMB'000 | Sales<br>volume<br>tonnes | Average<br>selling<br>price<br>RMB/tonne | Revenue<br>%        | Sales<br>volume<br>% | Average<br>selling<br>price<br>% |
| <b>Cold rolled steel products</b>                |                          |                           |  |                    |                           |  |                     |                      |                                  |
| Hard steel coil                                  | 76,329                   | 16,230                    | 4,703                                    | 54,843             | 11,685                    | 4,693                                    | 39.2                | 38.9                 | 0.2                              |
| Galvanized steel products                        |                          |                           |  |                    |                           |  |                     |                      |                                  |
| – unpainted galvanized steel products            | 525,839                  | 93,482                    | 5,625                                    | 470,341            | 86,195                    | 5,457                                    | 11.8                | 8.5                  | 3.1                              |
| – painted galvanized steel products              | 400,136                  | 58,332                    | 6,860                                    | 309,354            | 46,385                    | 6,669                                    | 29.3                | 25.8                 | 2.9                              |
|  | 925,975                  | 151,813                   | 6,099                                    | 779,695            | 132,580                   | 5,881                                    | 18.8                | 14.5                 | 3.7                              |
|  | 1,002,304                | 168,043                   | 5,965                                    | 834,538            | 144,265                   | 5,785                                    | 20.1                | 16.5                 | 3.1                              |
| <b>Provision of property management services</b> | 3,169                    | N/A                       | N/A                                      | 1,105              | N/A                       | N/A                                      | 186.8               | N/A                  | N/A                              |
| <b>Total</b>                                     | <b>1,005,473</b>         | <b>N/A</b>                | <b>N/A</b>                               | <b>835,643</b>     | <b>N/A</b>                | <b>N/A</b>                               | <b>20.3</b>         | <b>N/A</b>           | <b>N/A</b>                       |

### Gross profit and gross profit margin

For the six months ended 30 June 2024, gross profit of the Group amounted to approximately RMB121,211,000 (six months ended 30 June 2023: approximately RMB53,178,000). The overall gross profit margin increased from 6.4% in 2023 to 12.1% in 2024. An analysis of the Group's gross profit, proportion of total gross profit and gross profit margin by products and services in the six months ended 30 June 2024 and 2023 is as follows:

|  | Six months ended 30 June |                             |                         |                             |
|--|--------------------------|-----------------------------|-------------------------|-----------------------------|
|  | 2024                     |                             | 2023                    |                             |
|  | Gross profit<br>RMB'000  | Gross profit<br>margin<br>% | Gross profit<br>RMB'000 | Gross profit<br>margin<br>% |
| <b>Cold rolled steel products</b>                |                          |                             |                         |                             |
| Hard steel coil                                  | 6,174                    | 8.1                         | 4,793                   | 8.7                         |
| Galvanized steel products                        |                          |                             |                         |                             |
| – unpainted galvanized steel products            | 64,597                   | 12.3                        | 29,812                  | 6.3                         |
| – painted galvanized steel products              | 49,598                   | 12.4                        | 18,251                  | 5.9                         |
|  | 114,195                  | 12.3                        | 48,063                  | 6.2                         |
|  | 120,369                  | 12.0                        | 52,856                  | 6.3                         |
| <b>Provision of property management services</b> | 842                      | 26.6                        | 322                     | 29.1                        |
| <b>Total</b>                                     | <b>121,211</b>           | <b>12.1</b>                 | <b>53,178</b>           | <b>6.4</b>                  |

During the current period, the increase in gross profit was mainly due to increase in both the sales volume and the average selling price of our products. The increase in sales volume improved the utilization rate of our production facilities to generate revenue to cover the production related sunk costs which in term improved our gross profit margin.

### Other income

Other income of the Group for the six months ended 30 June 2024 amounted to approximately RMB3,655,000 (2023: RMB4,436,000). Other income comprised mainly interest income and net foreign exchange gain.

### Selling expenses

Selling expenses of the Group increased from RMB25,572,000 in the six months ended 30 June 2023 to approximately RMB33,428,000 in the current period. The increase was mainly due to the increase in transportation expenses as a result of increase in sales volume.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative expenses

Administrative expenses of the Group dropped slightly from approximately RMB10,877,000 for the six months ended 30 June 2023 to approximately RMB9,985,000 for the current period.

### Finance costs

Finance costs of the Group for the six months ended 30 June 2024 amounted to approximately RMB10,187,000 which recorded a slight increase of approximately 5.4% when compared to that of approximately RMB9,662,000 in the corresponding period in 2023. The increase was mainly due to increase in interest on discounted bills.

### Profit before taxation

Profit before taxation of the Group increased significantly from approximately RMB11,115,000 in the six months ended 30 June 2023 to approximately RMB71,253,000 for the current period.

### Income tax

Income tax expenses of the Group increased significantly from approximately RMB971,000 in the six months ended 30 June 2023 to approximately RMB9,025,000 for the current period. The increase income tax was mainly due to increase in taxable profit in a PRC operating subsidiary and the reversal of temporary differences recorded in deferred taxation.

### Profit for the period

As a result of the foregoing, the profit of the Group increased from approximately RMB10,144,000 for the six months ended 30 June 2023 to approximately RMB62,228,000 for the current period. The net profit margin of the Group for the six months ended 30 June 2024 amounted to approximately 6.2% (six months ended 30 June 2023: 1.2%).

### Liquidity and financial resources

As at 30 June 2024, the Group had cash at bank and on hand of approximately RMB224,400,000 (31 December 2023: approximately RMB168,990,000). As at 30 June 2024, the restricted bank deposits placed at banks as collaterals for bills issued and bank loans drawn by the Group amounted to approximately RMB123,542,000 in aggregate (31 December 2023: approximately RMB89,560,000). The Board will ensure sufficient liquidity at any time to meet its matured liabilities.

### Net current asset

The Group recorded net current assets of approximately RMB514,033,000 as at 30 June 2024 (31 December 2023: approximately RMB504,248,000). The current ratio, calculated by dividing the current assets by current liabilities, was approximately 1.5 as at 30 June 2024 (31 December 2023: approximately 1.6).

### Borrowings and pledge of assets

As at 30 June 2024, the Group had bank loans amounted to approximately RMB500,448,000 (31 December 2023: approximately RMB501,328,000), of which: (i) approximately RMB102,760,000 was secured by the Group's property, plant and equipment; (ii) approximately RMB119,648,000 was secured by trade and bills receivables; and (iii) approximately RMB30,000,000 was secured by restricted bank deposits. All bank loans at the 30 June 2024 are repayable within one year.

The Group's gearing ratio, calculated by dividing total bank loans by total equity of the Group, as at 30 June 2024 was approximately 0.6 (31 December 2023: approximately 0.6).

### Capital structure

The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations, bank facilities, and net proceeds from the initial public offering of the Company. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, credit facilities available and interest bearing borrowings which enable the Group to continue its operation.

### Contingent liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

### Financial risks

The Group is exposed to various financial risks, including foreign currency risk, interest rate risk and credit risk in the normal course of its business.

#### – Foreign currency risk

Most of the Group's businesses are settled in Renminbi. However, the Group's sales to overseas customers are settled in foreign currencies. For the first half of 2024, approximately 89.3% of the Group's revenue was settled in Renminbi and approximately 10.7% was settled in foreign currencies.

Exchange rate fluctuations will affect sales revenue settled in foreign currencies, which in turn may have adverse effects on the Group. The Group does not hedge against foreign currency risk by using any derivative contracts. The management of the Group manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency risk should the need arise.

#### – Interest rate risk

The Group's interest rate risks primarily arise from fixed rate bank deposits and borrowings. The Group currently does not use any derivative contracts to hedge against its interest rate risks.

#### – Credit risk

The Group's credit risks primarily arise from trade and other receivables.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had approximately 576 employees, including executive Directors. The employees' salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include performance bonus, medical insurance, mandatory provident fund scheme, local municipal government retirement scheme and education subsidy to encourage continuous professional development of staff.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have material acquisitions and disposal of subsidiaries and associated companies for the six months ended 30 June 2024.

## INTERIM DIVIDEND

The Board of the Company did not recommend to declare any interim dividend for the six months ended 30 June 2024.

## SUBSEQUENT EVENTS AFTER 30 JUNE 2024

There were no major subsequent events since 30 June 2024 and up to the date of this report.

## **ADDITIONAL INFORMATION**

### **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The Board has established the audit committee (the “Audit Committee”) which currently comprises three independent non-executive Directors, namely Mr. Lau Ying Kit, Mr. Yang Guang and Mr. Cao Cheng. The primary duties of the Audit Committee are to review and supervise the Company’s financial reporting process and internal controls.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 has been reviewed by the Audit Committee of the Company. The Audit Committee was satisfied that the Group’s unaudited interim financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the current period and that adequate disclosures had been made.

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining a high standard of corporate governance practices as we believe that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders, and to enhancing shareholder value.

In the opinion of the Board of the Company, throughout the six months ended 30 June 2024, the Company has complied with the code provisions set out in the Corporate Governance Code under Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES**

The Company has not redeemed any of its securities during the six months ended 30 June 2024. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s securities during the six months ended 30 June 2024.

### **MODEL CODE FOR DIRECTOR’S SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors’ dealing in the securities of the Company. The Company has made specific enquiry of all Directors and confirmed that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules, were as follows:

### Interests in Shares and Underlying Shares of the Company

| Name of Director        | Capacity/Nature of Interest        | Number of Shares (Note 1) | Approximate percentage of interest in the Company (Note 2) |
|-------------------------|------------------------------------|---------------------------|--|
| Mr. Mei Zefeng (Note 3) | Interest of controlled corporation | 343,220,000 (L)           | 56.61%   |
|                         | Interest of spouse                 | 85,500,000 (L)            | 14.10%   |
| Ms. Liu Ping (Note 4)   | Interest of controlled corporation | 85,500,000 (L)            | 14.10%   |
|                         | Interest of spouse                 | 343,220,000 (L)           | 56.61%   |

Notes:

- (1) The Letter "L" denotes long position in the Company's shares.
- (2) The percentage is calculated based on the total number of issued shares as at 30 June 2024.
- (3) Mr. Mei Zefeng, being the sole director of Newrich Limited, is the sole shareholder of Newrich Limited which holds 343,220,000 shares. Therefore, Mr. Mei Zefeng is deemed to be interested in Newrich Limited's interest in the Company's shares pursuant to the SFO. In addition, Mr. Mei Zefeng is the spouse of Ms. Liu Ping. Therefore, Mr. Mei Zefeng is deemed to be interested in Ms. Liu Ping's interest in the Company's shares pursuant to the SFO.
- (4) Ms. Liu Ping, being the sole director of Star Century Corporate Limited, is the sole shareholder of Star Century Corporate Limited which holds 85,500,000 shares. Therefore, Ms. Liu Ping is deemed to be interested in Star Century Corporate Limited's interest in the Company's shares pursuant to the SFO. In addition, Ms. Liu Ping is the spouse of Mr. Mei Zefeng. Therefore, Ms. Liu Ping is deemed to be interested in Mr. Mei Zefeng's interest in the Company's shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2024, so far as was known to the Directors and chief executives of the Company, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.



## ADDITIONAL INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 30 June 2024, to the best knowledge of the Directors, the following interests and short position of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

| Name of shareholder            | Capacity/Nature of Interest        | Number of Shares<br>(Note 1) | Approximate percentage of interest<br>in the Company<br>(Note 2) |
|--------------------------------|------------------------------------|------------------------------|--|
| Mr. Mei Zefeng                 | Interest of controlled corporation | 343,220,000 (L)              | 56.61%   |
|                                | Interest of spouse                 | 85,500,000 (L)               | 14.10%   |
| Ms. Liu Ping                   | Interest of controlled corporation | 85,500,000 (L)               | 14.10%   |
|                                | Interest of spouse                 | 343,220,000 (L)              | 56.61%   |
| Newrich Limited                | Beneficial owner                   | 343,220,000 (L)              | 56.61%   |
| Star Century Corporate Limited | Beneficial owner                   | 85,500,000 (L)               | 14.10%   |

Notes:

- (1) The Letter "L" denotes long position in the Company's shares.
- (2) The percentage is calculated based on the total number of issued shares as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors have not been notified by any persons who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### SHARE OPTIONS

The Company has conditionally adopted the share option scheme ("Share Option Scheme"), which was approved by written resolution passed by its shareholders on 25 October 2018.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the shares in order to capitalise on the benefits of the options granted.

The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. Details of the principal terms of the Share Option Scheme are set out below:

- The Directors may, at its absolute discretion, make an offer to grant options to any employee of the Group, any non-executive Directors (including independent non-executive Directors), any suppliers, any customers, any adviser or any participants who shall be determined by the Directors from time to time on the basis that the Directors' opinion as to his contribution to the development and growth of the Group.
- The maximum number of ordinary shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the ordinary shares in issue upon the Listing (the Company may refresh this 10% limit under certain conditions) or 30% of the ordinary shares in issue from time to time where there are options to be granted and yet to be exercised.
- The total number of ordinary shares issued and to be issued upon exercise of the options granted to each qualified person under the Share Option Scheme or any other share option schemes adopted by the Company in any twelve-month period must not exceed 1% of the ordinary shares in issue. Any further grant of options which would result in the number of ordinary shares exceeding 1% requires a shareholders' approval with the relevant participant and its associates abstaining from voting.
- The offer of a grant of share options may be accepted within 21 days from the date the offer together with the payment of nominal consideration of HK\$1 by the grantee. The period within which the options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than 10 years from the date the offer has been made to the grantees. All outstanding options shall lapse, among other circumstances, when the grantee ceases to be a participant of the Share Option Scheme by reason of the termination of his/her employment.
- The subscription price will be determined by the Board at the time the grant of the options is made and shall not be less than the highest of:
  - (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date;
  - (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date; and
  - (iii) the nominal value of a share.
- The Share Option Scheme is valid and effective for a period of ten years commencing on 25 October 2018 (being the date of adoption of the Share Option Scheme).

As at 30 June 2024, there was no options outstanding, granted, cancelled, exercised or lapsed.

## ADDITIONAL INFORMATION

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the six months ended 30 June 2024 was the Company, its holding company, fellow subsidiaries or subsidiaries a party to any arrangements 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, and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate or had exercised any such right.

### PARTICULARS OF THE DIRECTORS' SERVICE CONTRACTS

As at 30 June 2024, none of the Directors had entered or was proposing to enter into a service contract with the Company or any member of the Group which is not terminable within one year without payment of compensation other than statutory compensation.

### CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

During the six months ended 30 June 2024 and up to the date of this interim report, there was no change in the information of the Directors that required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

By Order of the Board  
**KangLi International Holdings Limited**

**Liu Ping**  
*Chairman*

Hong Kong, 26 August 2024