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KANGLI INTERNATIONAL HOLDINGS LIMITED

康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06890)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "Board") of directors (the "Directors") of KangLi International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023, together with the comparative figures for the previous financial year, as follows:

FINANCIAL PERFORMANCE HIGHLIGHTS		
	Year ended 31	December
	2023	2022
Key financial information		
- Revenue (<i>RMB</i> '000)	1,928,400	1,492,155
- Gross profit (RMB'000)	180,293	35,663
- Profit/(loss) for the year (RMB'000)	77,446	(31,253)
- Earnings/(loss) per share (RMB)	0.13	(0.05)
Key performance ratios		
- Gross profit margin	9.3%	2.4%
– Net profit margin	4.0%	N/A
– Return on equity	9.9%	N/A
- Current ratio	1.6	1.5
- Gearing ratio	0.6	0.6

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in Renminbi ("RMB"))

	Note	2023 RMB'000	2022 RMB'000
Revenue Cost of sales	3 -	1,928,400 (1,748,107)	1,492,155 (1,456,492)
Gross profit		180,293	35,663
Other income Selling expenses Administrative expenses Impairment loss on trade receivables	4	12,282 (56,525) (27,645) (222)	12,916 (50,050) (21,800) (14)
Profit/(loss) from operations		108,183	(23,285)
Finance costs	5(a) _	(20,147)	(20,766)
Profit/(loss) before taxation	5	88,036	(44,051)
Income tax	6 _	(10,590)	12,798
Profit/(loss) attributable to equity shareholders of the Company for the year	_	77,446	(31,253)
Earnings/(loss) per share			
Basic and diluted (RMB)	7	0.13	(0.05)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in RMB)

	2023 RMB'000	2022 RMB'000
Profit/(loss) for the year	77,446	(31,253)
Other comprehensive income for the year (after tax): Items that may be reclassified subsequently to profit or loss: - Exchange differences on translation of financial statements denominated in foreign currencies into presentation		
currency of the Group	264	432
Total comprehensive income attributable to equity shareholders of the Company for the year	77,710	(30,821)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

(Expressed in RMB)

Non-current assets Property, plant and equipment Loan to a related party 8 20,825 (20,825)		Note	At 31 December 2023 <i>RMB'000</i>	At 31 December 2022 RMB'000
Current assets	Property, plant and equipment Loan to a related party	8		_
Inventories			373,909	376,449
Current liabilities Trade and bills payables 10 376,026 381,318 Accrued expenses and other payables 47,360 66,240 Bank and other loans 11 441,328 388,390 Lease liabilities 1,900 1,524 Current taxation 33,598 31,309 Poly,212 868,781 Net current assets 504,248 400,948 Total assets less current liabilities Bank and other loans 11 60,000 41,000 Lease liabilities 27,980 27,706 Other non-current liabilities 3,798 4,117 Deferred tax liabilities 3,798 4,117 Deferred tax liabilities 4,095 - Polyment of the property of the pr	Inventories Trade and bills receivables Prepayments, deposits and other receivables	9	549,539 226,330	503,396 172,475
Trade and bills payables 10 376,026 381,318 Accrued expenses and other payables 47,360 66,240 Bank and other loans 11 441,328 388,390 Lease liabilities 1,900 1,524 Current taxation 33,598 31,309 Net current assets 504,248 400,948 Non-current liabilities 878,157 777,397 Non-current liabilities 878,157 777,397 Non-current liabilities 27,980 27,706 Other non-current liabilities 27,980 27,706 Other non-current liabilities 3,798 4,117 Deferred tax liabilities 4,095 - PS,873 72,823 NET ASSETS 782,284 704,574 CAPITAL AND RESERVES Share capital 12 534 534 Reserves 781,750 704,040 TOTAL EQUITY ATTRIBUTABLE TO EQUITY			1,404,460	1,269,729
Net current assets 504,248 400,948 Total assets less current liabilities 878,157 777,397 Non-current liabilities 300,000 41,000	Trade and bills payables Accrued expenses and other payables Bank and other loans Lease liabilities		47,360 441,328 1,900	66,240 388,390 1,524
Total assets less current liabilities 878,157 777,397 Non-current liabilities 30,000 41,000 Lease liabilities 27,980 27,706 Other non-current liabilities 3,798 4,117 Deferred tax liabilities 4,095 - NET ASSETS 782,284 704,574 CAPITAL AND RESERVES Share capital 12 534 534 Reserves 781,750 704,040 704,040 TOTAL EQUITY ATTRIBUTABLE TO EQUITY 378,750 704,040			900,212	868,781
Non-current liabilities 11 60,000 41,000 41,000 Lease liabilities 27,980 27,706 27,706 Other non-current liabilities 3,798 4,117 4,117 Deferred tax liabilities 4,095 - - NET ASSETS 782,284 704,574 704,574 CAPITAL AND RESERVES Share capital Reserves 12 534 781,750 704,040 TOTAL EQUITY ATTRIBUTABLE TO EQUITY 704,040	Net current assets		504,248	400,948
Bank and other loans 11 60,000 41,000 Lease liabilities 27,980 27,706 Other non-current liabilities 3,798 4,117 Deferred tax liabilities 4,095 — NET ASSETS 782,284 704,574 CAPITAL AND RESERVES Share capital 12 534 534 Reserves 781,750 704,040 TOTAL EQUITY ATTRIBUTABLE TO EQUITY	Total assets less current liabilities		878,157	777,397
NET ASSETS 782,284 704,574 CAPITAL AND RESERVES Share capital Reserves 12 534 534 TOTAL EQUITY ATTRIBUTABLE TO EQUITY 704,040	Bank and other loans Lease liabilities Other non-current liabilities	11	27,980 3,798	27,706
CAPITAL AND RESERVES Share capital 12 534 534 Reserves 781,750 704,040 TOTAL EQUITY ATTRIBUTABLE TO EQUITY			95,873	72,823
Share capital Reserves 12 534 781,750 534 704,040 TOTAL EQUITY ATTRIBUTABLE TO EQUITY 534 704,040 534 704,040	NET ASSETS		782,284	704,574
	Share capital	12		
			782,284	704,574

Notes to the financial statements

(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 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for derivative financial instruments which are stated at their fair.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

New and amended IFRS Accounting Standards

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

- IFRS 17, *Insurance contracts*
- Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12. Income taxes: International tax reform Pillar Two model rules

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 and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to IAS 8, Accounting policies, Changes in accounting estimates and errors: Definition of accounting estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases. For leases, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

None of other new and amended IFRS Accounting Standards have had a material impact on the Group's consolidated financial statements.

3 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 3(b).

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

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers within		
the scope of IFRS 15		
Manufacture and sale of steel products		
 Sales of cold-rolled hard steel coil 	122,022	92,075
 Sales of hot-dipped unpainted galvanised steel products 	1,072,815	868,662
- Sales of hot-dipped painted galvanised steel products	729,368	531,418
_	1,924,205	1,492,155
Provision of property management services	4,195	
_	1,928,400	1,492,155

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets are disclosed in Note 3(b) and Note 3(c) respectively.

The Group's customer with whom transactions have exceeded 10% of the Group's revenue is as below:

	2023 RMB'000	2022 RMB'000
Customer A	212,699	203,399
Customer B	198,300	121,506

(b) Segment reporting

The Group manages its businesses by business line (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 unpainted galvanised/zinc coated steel coil and sheet.
- Painted galvanised steel products: this segment includes primarily the manufacture and sale
 of hot-dipped painted color coated galvanised steel coil and sheet.
- Property management services: this segment includes the provision of property management services. In 2023, in a view to expand and diversify its business, the Group commenced the provision of property management services.

(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 years ended 31 December 2023 and 2022. 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 years ended 31 December 2023 and 2022 is set out below:

_			2023		
	Hard steel coil RMB'000	Unpainto galvaniso ste produc <i>RMB'00</i>	ed galvanise el stee ts product	d Property el management s services	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition					
Point in timeOver time	122,022	1,072,81	729,36	8 - 4,195	1,924,205 4,195
Revenue from external customers	122,022	1,072,81	729,36	8 4,195	1,928,400
Reportable segment gross profit	7,794	98,23	34 73,26	996	180,293
			20	22	
	P.M.	Hard steel coil	Unpainted galvanised steel products <i>RMB'000</i>	Painted galvanised steel products RMB'000	Total RMB'000
Revenue from external customers recognised at a point in time	S	92,075	868,662	531,418	1,492,155
Reportable segment gross profit		5,863	4,681	25,119	35,663
Reconciliation of reportable seg	gment profi	it or loss			
			RM	2023 B'000	2022 RMB'000
Reportable segment gross profit			18	30,293	35,663
Other income Selling expenses Administrative expenses Impairment loss on trade receiva Finance costs	bles		(5)	12,282 56,525) 27,645) (222) 20,147)	12,916 (50,050) (21,800) (14) (20,766)
Consolidated profit/(loss) before	taxation			38,036	(44,051)

(ii)

(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 or services were provided.

	2023 RMB'000	2022 RMB'000
The People's Republic of China (the "PRC")	1,752,211	1,344,569
Thailand	128,928	113,134
Philippines	4,195	_
Other countries	43,066	34,452
	1,928,400	1,492,155

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.

4 OTHER INCOME

	2023 RMB'000	2022 RMB'000
Interest income from banks Interest income from loan to a related party	1,384 825	1,353
	2,209	1,353
Net foreign exchange gain Government grants Net gain/(loss) on disposal of property, plant and equipment Others	1,590 6,858 74 1,551	10,967 994 (643) 351
	12,282	12,916

5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Finance costs

	2023 RMB'000	2022 RMB'000
Interest expenses on bank and other loans Interest expenses on lease liabilities	18,693 1,454	19,323 1,443
	20,147	20,766

No borrowing costs have been capitalised for the year ended 31 December 2023 (2022: RMBNil).

(b) Staff costs#

	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits Contributions to defined contribution retirement plans	55,854 4,321	50,340 4,187
	60,175	54,527

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit plans managed by the local government authorities. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement plans at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong Dollar ("HK\$") 30,000. Contributions to the MPF Scheme vest immediately.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	2023 RMB'000	2022 RMB'000
Depreciation expenses:#		
- owned property, plant and equipment	29,423	31,442
- right-of-use assets	2,748	2,671
	32,171	34,113
Auditors' remuneration:		
– audit services	1,600	1,600
– other services	245	245
	1,845	1,845
Cost of inventories#	1,748,107	1,456,492

^{*} Cost of inventories includes RMB72,851,000 (2022: RMB70,004,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2023 RMB'000	2022 RMB'000
Current taxation:		
PRC Corporate Income Tax: - Provision for the year - Withholding tax in connection with the retained	_	-
profits distributed by a subsidiary of the Group Over-provision in respect of prior years	1,802	5,445 (1,437)
Hong Kong Profits Tax: – Provision for the year	1,802 25	4,008
Overseas Corporate Income Tax: – Provision for the year	50	
	1,877	4,008
Deferred taxation:		
Reversal and origination of temporary differences	8,713	(16,806)
	10,590	(12,798)

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 subsidiary of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate calculated according to the two-tiered profits tax rate regime from the year of assessment 2022/23 onwards. The profits tax rate for the first HK\$2,000,000 of profits will be taxed at 8.25%, and profits above that amount will be subject to a tax rate of 16.5%.
- (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 year ended 31 December 2023 (2022: 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. Accordingly, the deferred tax balances at 1 January 2022 were remeasured at the preferential income tax rate of 15%.
- (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 year ended 31 December 2023 (2022: 100%).
- (vii) In 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 for the year ended 31 December 2023.

7 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the year ended 31 December 2023 is calculated based on the profit attributable to the equity shareholders of the Company of RMB77,446,000 (2022: loss of RMB31,253,000) and the weighted average of 606,252,000 (2022: 606,252,000) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

There were no dilutive potential shares outstanding during the years ended 31 December 2023 and 2022.

8 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, 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. Accrued interest is receivable upon maturity of the loan.

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.

9 TRADE AND BILLS RECEIVABLES

	At 31 December 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Trade receivables, net of loss allowance Bills receivables (Note $9(c)$)	211,111 338,428	146,976 356,420
Financial assets, measured at amortised cost	549,539	503,396

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

(a) Ageing analysis

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

	At	At
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Within 1 month	130,957	108,636
1 to 3 months	50,090	38,263
3 to 6 months	15,377	_
6 to 12 months	14,687	77
	211,111	146,976

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

- (b) At 31 December 2023, 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 31 December 2023, 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 RMB367,684,000 (2022: RMB64,339,000).
- (c) At 31 December 2023, bills receivables include bank acceptance notes and other financial institution acceptance notes discounted at banks or endorsed to suppliers with recourse totalling RMB163,605,000 (2022: RMB134,828,000). 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 RMB163,605,000 (2022: RMB134,828,000).
- (d) At 31 December 2023, trade receivables of RMB40,023,000 (2022: RMBNil) 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 RMB40,023,000 (2022: RMBNil).

10 TRADE AND BILLS PAYABLES

	At	At
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Trade and bills payables:		
 Trade payables 	79,277	62,573
– Bills payables	272,412	309,021
Financial liabilities measured at amortised cost	351,689	371,594
Contract liabilities:		
 Receipts in advance from customers 	24,337	9,724
	376,026	381,318

All of the trade and bills payables are expected to be settled within one year or are repayable on demand. All of the contract liabilities are expected to be recognised as revenue within one year.

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

At	At
31 December	31 December
2023	2022
RMB'000	RMB'000
198,785	242,825
149,228	107,505
3,676	21,264
351,689	371,594
	31 December 2023 RMB'000 198,785 149,228 3,676

11 BANK AND OTHER LOANS

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

	At	At
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Bank loans:		
Dumi Tourio		
- Secured by the Group's property,	52 000	<i>52</i> ,000
plant and equipment (Note 11(c))	53,000	53,000
- Secured by the Group's trade and	1(2,220	40.000
bills receivables (Note 11(c))	162,328	49,980
- Guaranteed by third parties	45,000	40,000
 Unsecured and unguaranteed 	70,000	188,000
	330,328	330,980
Loans from other financial institutions:		
- Secured by the Group's bills receivables (Note 11(c))		57,410
	330,328	388,390
Add: current portion of long-term bank and		
other loans (Note 11(b))	111,000	_
	· · · · · · · · · · · · · · · · · · ·	
	441,328	388,390
	111,020	300,370

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

	At 31 December 2023 <i>RMB'000</i>	At 31 December 2022 RMB'000
Bank loans: - Secured by the Group's property, plant and equipment or restricted bank deposits (Note 11(c)) - Unsecured and unguaranteed	150,000 21,000	41,000
	171,000	41,000
Less: current portion of long-term bank and other loans (Note 11(a))	(111,000)	
	60,000	41,000
The Group's long-term bank and others loans are repayable as	s follows:	
	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 year After 1 year but within 2 years	111,000 60,000	41,000
	171,000	41,000

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

	At	At
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Secured by property, plant and equipment	104,855	32,315
Secured by trade and bills receivables	162,328	107,390
Secured by restricted bank deposits	30,000	
	297,183	139,705

- (d) At 31 December 2023, the banking facilities of the Group amounted to RMB960,000,000 (2022: RMB959,000,000) 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 RMB497,330,000 at 31 December 2023 (2022: RMB474,000,000).
- (e) Certain of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants. At 31 December 2023, none of the covenants relating to the bank loans had been breached (2022: None).

12 SHARE CAPITAL

	202	23	2022		
	No. of shares	HK\$'000	No. of shares '000	HK\$'000	
Authorised: Ordinary shares of HK\$0.001 each	5,000,000	5,000	5,000,000	5,000	
	202	23	202	2	
	No. of shares	RMB'000	No. of shares	RMB'000	
Ordinary shares, issued and fully paid: At 1 January and at 31 December	606,252,000	534	606,252,000	534	

13 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2023 RMB'000	2022 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$Nil per ordinary share (2022: HK\$0.05 per ordinary share)		25,829

14 **COMMITMENTS**

(a) Capital commitments outstanding at 31 December 2023 not provided for in the consolidated financial statements were as follows:

	At	At
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Commitments in respect of property, plant and equipment		
- Contracted for	500	20

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 hard steel coil, galvanized steel products and color-coated 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. We have the production capability of pickled rolls, cold-rolled steel, unpainted galvanized steel and painted galvanized steel products along the whole industry chain.

For the year ended 31 December 2023, the Group recorded a revenue amounting to RMB1,928,400,000, representing an increase of 29.2% compared with that of the corresponding period of 2022.

For the year ended 31 December 2023, the sales volume of all categories of products totalled 330,585 tonnes, representing an increase of 92,573 tonnes or 38.9% as compared with 238,011 tonnes for the year ended 31 December 2022. During the review period, the sales volume of hard steel coil, unpainted galvanized steel products and painted galvanized steel products reached 25,860 tonnes, 196,854 tonnes and 107,871 tonnes, respectively, accounting for 7.8%, 59.5% and 32.6% of the total sales volume. Although the average selling price of products decreased to a certain extent, such decrease was offset by the sharper decline of raw material prices and the greater improvement of production capacity; accordingly, the total production cost was reduced, and the gross profit margin witnessed growth as a result.

Demands of the home appliance market presented a N-shaped curve in 2023, remaining low in the first quarter, rebounding in the second quarter, followed by a fall in the third quarter and a recovery in the fourth quarter. Despite the fluctuation, the demands showed an upward trend from an overall perspective, resulting in a gradual increase in number of orders of the Company. Especially in the second half of 2023, the Company had plentiful orders on hand and recorded a high capacity utilisation rate.

In May 2023, an indirect wholly-owned subsidiary of the Company in the Philippines entered into a property management agreement with the owner of a building situated in the Philippines for providing property management services to the building. Our property management services cover a range of property management services, including security, cleaning, repair and maintenance, pest control and preventive maintenance in the facilities in public areas, and providing value-added services to non-owners of the building. For the year ended 31 December 2023, the property management services income of the Group was approximately RMB4,195,000. Since the Group began to engage in the business of property management services at the beginning of 2023, there was no such business income in 2022.

PROSPECTS

"Seeking progress while maintaining stability, promoting stability through progress and establishing the new before abolishing the old" will be the general keynote of China's economic task in 2024. Stimulating bulk consumption, exploring and fostering new types of consumption, and expanding service consumption will become important measures in boosting domestic demand. At the fourth meeting of the Central Committee of Finance and Economics held on 23 February 2024, it was proposed that the government should promote the renewal and technology renovation of various types of production facilities and service equipment, and encourage the trade-in of old traditional consumer goods such as automobiles and home appliances for new ones, and promote the trade-in of old durable consumer goods for new ones.

In the second half of 2023, there was a notable de-inventory effect in overseas home appliance markets. As inflation in overseas markets tends to ease, such markets are expected to enter the inventory replenishment cycle again, coupled with the depreciation of Renminbi, these overseas markets are expected to remain promising in the short term.

Although we anticipate that the home appliance market will still bear considerable pressure on demand growth in 2024, we are confident in the future development of the market given the proactive macroeconomic adjustments and the recovery of overseas markets. On top of stabilising our existing business, the Group will further improve our capacity utilisation and lower our consolidated production costs, as well as optimise our product portfolio and increase our gross profit margins, with a view to enhancing our profitability.

In view of the strong economic performance of the Philippines, the Group regards the development of property management business as a positive exploration and practice towards business diversification. The property management business in the Philippines has enriched the Group's income stream, and we will continue to pursue suitable business opportunities in the Philippines and other countries for the sake of the Group's longer-term development.

FINANCIAL REVIEW

Revenue

Revenue of the Group is primarily generated from the sale of hard steel coil and hot-dip galvanized steel products. For the year ended 31 December 2023, the total revenue of the Group amounted to approximately RMB1,928,400,000, representing an increase of approximately 29.2% from approximately RMB1,492,155,000 for the year ended 31 December 2022. During the year, the sales volume of hard steel coil was approximately 25,860 tonnes, representing an increase of approximately 42.1% when compared to the previous year, and the sales volume of galvanized steel products for the year ended 31 December 2023 was approximately 304,725 tonnes, representing an increase of approximately 38.6%. The overall sales volume for the current year recorded an increase of approximately 38.9%. The average selling price of different products recorded a decrease of approximately 6.8%-7.9%. The overall average selling price recorded a decrease of approximately 7.0% when compared to that in the previous year. The significant increase in turnover in current year is mainly due to increase in sales volume.

An analysis of the Group's revenue, sales volume and average selling price by products in 2023 and 2022 is as follows:

	Y	ear ended 31	December					
	2023			2022			Change	
	0.1	Average		0.1	Average	Increa	*	,
Revenue RMB'000	volume	price	Revenue RMB'000	volume tonnes	selling price RMB/tonne	Revenue %		Average elling price
122,022	25,860	4,719	92,075	18,194	5,061	32.5%	42.1%	(6.8)%
1,802,183	304,725	5,914	1,400,080	219,817	6,369	28.7%	38.6%	(7.1)%
1,072,815	196,854	5,450	868,662	147,396	5,893	23.5%	33.6%	(7.5)%
729,368	107,871	6,761	531,418	72,421	7,338	37.2%	48.9%	(7.9)%
4,195	N/A	N/A		N/A	N/A	N/A	N/A	N/A
1,928,400	330,585	5,833	1,492,155	238,011	6,269	29.2%	38.9%	(7.0)%
	122,022 1,802,183 1,072,815 729,368	2023 Sales volume ronnes 1 122,022 25,860 1,802,183 304,725 1,072,815 196,854 729,368 107,871 4,195 N/A	2023 Revenue RMB'000 Sales volume tonnes RMB/tonne 122,022 25,860 4,719 1,802,183 304,725 5,914 1,072,815 196,854 5,450 729,368 107,871 6,761 4,195 N/A N/A	Revenue RMB'000 Sales volume volume tonnes RMB/tonne Price Revenue RMB'000 Revenue RMB'000 122,022 25,860 4,719 92,075 1,802,183 304,725 5,914 1,400,080 1,072,815 196,854 5,450 868,662 729,368 107,871 6,761 531,418 4,195 N/A N/A —	2023 2022 Average Sales selling Price Revenue Price RMB'000 Revenue volume tonnes 122,022 25,860 4,719 92,075 18,194 1,802,183 304,725 5,914 1,400,080 219,817 1,072,815 196,854 5,450 868,662 147,396 729,368 107,871 6,761 531,418 72,421 4,195 N/A N/A — N/A	Z023 2022 Average Sales Sales Selling Price RMB'000 Sales Sales Selling Sales Selling Sales Selling Sales Selling Sales Selling Sales Selling Price RMB'000 122,022 25,860 4,719 92,075 18,194 5,061 1,802,183 304,725 5,914 1,400,080 219,817 6,369 1,072,815 196,854 5,450 868,662 147,396 5,893 729,368 107,871 6,761 531,418 72,421 7,338 4,195 N/A N/A — N/A N/A	2023 2022 Average Sales Selling Revenue RMB'000 Sales Selling Sales Selling Volume Price Revenue Tonnes RMB/tonne Sales Selling Nolume Price Revenue Tonnes RMB/tonne Revenue RMB'000 Revenue Tonnes RMB/tonne Revenue RMB'000 Revenue Tonnes RMB/tonne Revenue RMB'000 Revenue Tonnes RMB/tonne Revenue Revenue RMB/tonne Revenue Revenue Tonnes RMB/tonne Revenue Revenue RMB/tonne Revenue RMB/tonne Revenue Revenue RMB/tonne Revenue RMB/tonne Revenue Revenue RMB/tonne Revenue RMB/tonne Revenue RMB/tonne Revenue RMB/tonne RMB'tonne <	Revenue

Gross profit and gross profit margin

For the year ended 31 December 2023, gross profit of the Group amounted to approximately RMB180,293,000 (2022: approximately RMB35,663,000). Overall gross profit margin increased significantly from approximately 2.4% in 2022 to approximately 9.3% in 2023. An analysis of the Group's gross profit, proportion of total gross profit and gross profit margin by products in 2023 and 2022 is as follows:

	Year ended 31 December								
		2023		2022					
	Gross profit RMB'000	Proportion %	Gross profit margin %	Gross profit RMB'000	Proportion %	Gross profit margin %			
Cold Rolled Steel Products									
Hard steel coil	7,794	4.3%	6.4%	5,863	16.4%	6.4%			
Hot-dip galvanized steel products	171,503	95.1%	9.5%	29,800	83.6%	2.1%			
unpainted galvanized steel productspainted galvanized steel products	98,234 73,269	54.5 % 40.6 %	9.2% 10.0%	4,681 25,119	13.1% 70.4%	0.5% 4.7%			
Provision of property management services	996	0.6%	23.7%						
Total	180,293	100.0%	9.3%	35,663	100.0%	2.4%			

During the current year, both the average selling price of our products and the average unit cost of raw materials dropped. However, the smaller extent of drop in average selling price of our products than that in the average unit cost of raw materials resulted an increase in the gross profit ratios. Besides, 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 improve of our gross profit margins.

Other income

The balance comprises mainly interest income, government grants and exchange gain or loss. The balance for the current year was RMB12,282,000 (2022: RMB12,916,000). The balance for current year was mainly attributable to receipt of government grants and interest income while the balance in 2022 was mainly foreign exchange gain.

Selling expenses

Selling expenses of the Group increased from approximately RMB50,050,000 in 2022 to approximately RMB56,525,000 in 2023. The increase was mainly due to increase in transportation expenses as a result of increase in sales volume.

Administrative expenses

Administrative expenses of the Group increased from approximately RMB21,800,000 in 2022 to approximately RMB27,645,000 in 2023.

Finance costs

Finance costs of the Group for the current year is RMB20,147,000 which is comparable to RMB20,766,000 in 2022.

Profit/(loss) before taxation

The Group recorded a profit before taxation of approximately RMB88,036,000 in 2023 while a loss before taxation of approximately RMB44,051,000 was recorded in 2022.

Income tax

The Group recorded an income tax credit of approximately RMB12,798,000 in 2022 while an income tax expense of approximately RMB10,590,000 was recognized in 2023. The change is mainly due to reversal and origination of temporary differences recorded in deferred taxation.

Profit/(loss) for the year

As a result of the foregoing, the Group recorded a profit of approximately RMB77,446,000 for the current year (2022: loss of approximately RMB31,253,000).

Liquidity and financial resources

As at 31 December 2023, the Group had approximately RMB168,990,000 (2022: approximately RMB213,321,000) cash at bank and on hand. As at 31 December 2023, the restricted deposit placed at banks as collaterals for bills issued by the Group amounted to approximately RMB89,560,000 (2022: approximately RMB75,389,000), representing an increase of approximately 18.8%. The increase was attributable to the increase in bills issued and bank loans drawn by the Group. The Board will ensure sufficient liquidity to meet its matured liabilities.

Net current assets

The Group recorded net current assets of approximately RMB504,248,000 as at 31 December 2023, representing an increase of approximately 25.8% as compared with approximately RMB400,948,000 as of 31 December 2022. The current ratio, calculated by dividing the current assets by current liabilities, was approximately 1.6 as of 31 December 2023 (2022: approximately 1.5). The current ratio in 2023 and 2022 were comparable and remained healthy.

Borrowings and pledge of assets

As at 31 December 2023, the Group had bank and other loans amounting to approximately RMB501,328,000 (2022: approximately RMB429,390,000), of which approximately RMB203,000,000 was secured by the Group's property, plant and equipment and approximately RMB162,328,000 was secured by the Group's trade and bills receivables. Among the bank and other loans, RMB441,328,000 is repayable within one year or on demand and RMB60,000,000 is repayable after one year but within two years.

The Group's gearing ratio, calculated by dividing total bank and other loans by total equity of the Group, was approximately 0.6 and 0.6 as at 31 December 2023 and 2022 respectively.

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.

Contingent liabilities

As at 31 December 2023, 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 risks

Most of the Group's businesses are settled in RMB. However, the Group's sales to overseas customers are settled in foreign currencies. In 2023, approximately 91.1% of the Group's revenue was settled in RMB and approximately 8.9% 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 foreign 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 risks

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 risks

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have material acquisitions and disposals of subsidiaries and associated companies for the year ended 31 December 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 580 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.

USE OF NET PROCEEDS FROM LISTING AND CHANGE IN USE OF PROCEEDS

The shares (the "Shares") of the Company were listed on the Stock Exchange on 19 November 2018 (the "Listing Date") and the net proceeds raised from this initial public offering (including the exercise of the over-allotment option on 12 December 2018) after deducting professional fees, underwriting commissions and other related listing expenses amounted to approximately RMB107,086,000 (the "IPO Proceeds").

As stated in the prospectus of the Company dated 31 October 2018 (the "Prospectus"), the intended uses of the IPO Proceeds are set out as follows:

- 1. approximately 96.1% of the IPO Proceeds, other than the proceeds from over-allotment option (as described in the Prospectus), will be used for construction of the buildings, production facilities and equipment and installation of hot-dip galvanization line to expand the production capacity and increase the production efficiency;
- 2. approximately 3.9% of the IPO Proceeds, other than the proceeds from over-allotment option, will be used to repay a bank loan at an interest rate of 5.76% per annum which was due for repayment in December 2018; and
- 3. proceeds from the over-allotment option will be used to repay outstanding loans.

On 7 December 2020, the Board announced that the Company decided to reallocate RMB18,490,000 of the IPO Proceeds to acquire two adjacent parcels of land with a total site area of approximately 44,763.1 sq.m. which are approximately 600 metres away from the headquarters and the existing production capacity of the Group instead of renting lands to accommodate the planned new production line. The lands acquisition consideration was fully paid in January 2021.

On 10 May 2021, the Board announced that in view of the painted galvanized steel products have a relatively higher gross profit margin and utilization rate of the existing colour coating line almost reaches its full capacity, the Company decided to reallocate RMB29,500,000 of the IPO Proceeds to fund the purchase of a new composite coating intellectual colour coating production line. The purchase consideration of the new composite coating intellectual colour coating production line was fully paid in 2023.

The IPO Proceeds was fully utilized by the Group as set out in the table below:

	IPO Proceeds RMB'000	Utilized up to 31 December 2019 RMB'000	Revised allocation for lands acquisition RMB'000	Utilized during the year ended 31 December 2020 RMB'000	Revised allocation for colour coating line RMB'000	Utilized during the year ended 31 December 2021 RMB'000	Utilized during the year ended 31 December 2022 RMB'000	Utilized during the year ended 31 December 2023 RMB'000	Unutilized balance as at 31 December 2023 RMB'000	Intended timetable for use of the unutilized proceeds
To expand the production capacity of the hot-dip galvanization line	97,683	-	(18,490)	-	(29,500)	(20,370)	(29,323)	-	-	Not applicable
To expand the production capacity of the colour coating line	-	-	-	-	29,500	(20,650)	(2,950)	(5,900)	-	Not applicable
To acquire lands to accommodate the new production line	-	-	18,490	(1,000)	-	(17,490)	-	-	-	Not applicable
To repay a bank loan due for repayment in December 2018	3,964	(3,964)	-	-	-	-	-	-	-	Not applicable
To repay outstanding loans	5,439	(5,439)								Not applicable
Total	107,086	(9,403)	-	(1,000)	_	(58,510)	(32,273)	(5,900)		

MODEL CODE FOR 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 during the year ended 31 December 2023.

The Model Code is also applicable to the Company's relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealing in the Company's securities. No incidents of non-compliance with the Model Code by the Directors and the relevant employees of the Company were noted by the Company during the year ended 31 December 2023.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the year ended 31 December 2023 and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year ended 31 December 2023.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholder value. The Company is committed to building and maintaining high standards of corporate governance to enhance its transparency and accountability. The Company's corporate governance practices are based on the principles and the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix C1 of the Listing Rules.

Throughout the year, the Company has applied the principles in the CG Code which are applicable to the Company and, in the opinion of the Directors, the Company has complied with all applicable code provisions set out in the CG Code.

The Board will continually review and monitor its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee of the Company comprised three INEDs, namely, Mr. Lau Ying Kit (the chairman), Mr. Cao Cheng and Mr. Yang Guang. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2023 and discussed with the management the accounting principles and practices adopted by the Group, risk management and internal controls and financial reporting matters of the Group.

SCOPE OF WORK OF KPMG

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2023 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

EVENTS AFTER THE REPORT PERIOD

There were no major subsequent events since 31 December 2023 and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2023.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of the Company will be held on Friday, 14 June 2024. The notice of AGM will be sent to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Friday, 14 June 2024, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 7 June 2024.

PUBLICATION OF FINAL RESULTS AND DISPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the Company at (www.jnpmm.com). The 2023 annual report containing all information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course.

APPRECIATION

I herein would like to express sincere gratitude towards all of our Board members, the management and every employee for their hard work for our Group over the past year. I also would like to express my appreciation to all shareholders, partners and customers for their support and trust.

By Order of the Board

KangLi International Holdings Limited

Liu Ping

Chairman

Hong Kong, 22 March 2024

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Mei Zefeng, Ms. Liu Ping, Mr. Zhang Zhihong, Ms. Lu Xiaoyu and Mr. Xu Chao, and three independent non-executive Directors, being Mr. Lau Ying Kit, Mr. Cao Cheng and Mr. Yang Guang.