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 2024

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 2024, together with the comparative figures for the previous financial year, as follows:

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended 31 December	
	2024	2023
Key financial information		
– Revenue *(RMB'000)*	**1,944,411**	1,928,400
– Gross profit *(RMB'000)*	**213,725**	180,293
– Profit for the year *(RMB'000)*	**92,703**	77,446
– Earnings per share *(RMB)*	**0.15**	0.13
Key performance ratios		
– Gross profit margin	**11.0%**	9.3%
– Net profit margin	**4.8%**	4.0%
– Return on equity	**10.6%**	9.9%
– Current ratio	**1.9**	1.6
– Gearing ratio	**0.4**	0.6

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in Renminbi ("RMB"))

	Note	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*3*	**1,944,411**	1,928,400
Cost of sales		**(1,730,686)**	(1,748,107)
Gross profit		**213,725**	180,293
Other income	*4*	**11,776**	12,282
Selling expenses		**(69,834)**	(56,525)
Administrative expenses		**(29,851)**	(27,645)
Impairment losses reversed/(provided) on trade receivables		**702**	(222)
Profit from operations		**126,518**	108,183
Finance costs	*5(a)*	**(18,247)**	(20,147)
Profit before taxation	*5*	**108,271**	88,036
Income tax	*6*	**(15,568)**	(10,590)
Profit attributable to equity shareholders of the Company for the year		**92,703**	77,446
Earnings per share			
Basic and diluted *(RMB)*	*7*	**0.15**	0.13

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in RMB)

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**92,703**	77,446
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	**72**	264
Total comprehensive income attributable to equity shareholders of the Company for the year	**92,775**	77,710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

(Expressed in RMB)

	Note	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment		**334,187**	353,084
Loan to a related party	*8*	**21,925**	20,825
		356,112	373,909
Current assets			
Inventories		**433,554**	459,601
Trade and bills receivables	*9*	**469,839**	549,539
Prepayments, deposits and other receivables		**198,545**	226,330
Cash at bank and on hand		**239,102**	168,990
		1,341,040	1,404,460
Current liabilities			
Trade and bills payables	*10*	**357,820**	376,026
Accrued expenses and other payables		**40,492**	47,360
Bank loans	*11*	**276,500**	441,328
Lease liabilities		**1,690**	1,900
Current taxation		**31,512**	33,598
		708,014	900,212
Net current assets		**633,026**	504,248
Total assets less current liabilities		**989,138**	878,157
Non-current liabilities			
Bank loans	*11*	**72,600**	60,000
Lease liabilities		**27,631**	27,980
Other non-current liabilities		**3,484**	3,798
Deferred tax liabilities		**10,364**	4,095
		114,079	95,873
NET ASSETS		**875,059**	782,284
CAPITAL AND RESERVES			
Share capital	*12*	**534**	534
Reserves		**874,525**	781,750
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**875,059**	782,284

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 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 2024 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 values.

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

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") and 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*

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* (the 2020 and 2022 amendments, collectively the "IAS 1 amendments")

The IAS 1 amendments impact the classification of a liability as current or non-current, and have been 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.

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.

None of these 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:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Manufacture and sale of steel products:		
– Sales of hard steel coil	**159,227**	122,022
– Sales of unpainted galvanised steel products	**1,025,588**	1,072,815
– Sales of painted galvanised steel products	**753,431**	729,368
	1,938,246	1,924,205
Provision of property management services	**6,165**	4,195
	1,944,411	1,928,400

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:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**221,257**	212,699
Customer B	**168,844***	198,300

* Transactions with this customer did not exceed 10% of the Group's revenue in the current year.

(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.

(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 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 years ended 31 December 2024 and 2023 is set out below:

	2024				
	Hard steel coil *RMB'000*	**Unpainted galvanised steel products** *RMB'000*	**Painted galvanised steel products** *RMB'000*	**Property management services** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition					
– Point in time	**159,227**	**1,025,588**	**753,431**	**–**	**1,938,246**
– Over time	**–**	**–**	**–**	**6,165**	**6,165**
Revenue from external customers	**159,227**	**1,025,588**	**753,431**	**6,165**	**1,944,411**
Reportable segment gross profit	**12,185**	**113,948**	**85,694**	**1,898**	**213,725**

	2023				
	Hard steel coil *RMB'000*	Unpainted galvanised steel products *RMB'000*	Painted galvanised steel products *RMB'000*	Property management services *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition					
– Point in time	122,022	1,072,815	729,368	–	1,924,205
– Over time	–	–	–	4,195	4,195
Revenue from external customers	122,022	1,072,815	729,368	4,195	1,928,400
Reportable segment gross profit	7,794	98,234	73,269	996	180,293

(ii) Reconciliation of reportable segment profit or loss

	2024 *RMB'000*	2023 *RMB'000*
Reportable segment gross profit	**213,725**	180,293
Other income	**11,776**	12,282
Selling expenses	**(69,834)**	(56,525)
Administrative expenses	**(29,851)**	(27,645)
Impairment losses reversed/(provided) on trade receivables	**702**	(222)
Finance costs	**(18,247)**	(20,147)
Consolidated profit before taxation	**108,271**	88,036

(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.

	2024 *RMB'000*	2023 *RMB'000*
The People's Republic of China (the "PRC")	**1,756,293**	1,752,211
Thailand	**126,352**	128,928
Philippines	**6,165**	4,195
Other countries	**55,601**	43,066
	1,944,411	1,928,400

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

	2024 *RMB'000*	2023 *RMB'000*
Interest income from banks and other financial institutions	**1,998**	1,384
Interest income from loan to a related party	**1,100**	825
	3,098	2,209
Net foreign exchange gain	**2,398**	1,590
Government grants	**6,027**	6,858
Net (loss)/gain on disposal of property, plant and equipment	**(116)**	74
Others	**369**	1,551
	11,776	12,282

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on bank loans	**16,776**	18,693
Interest expenses on lease liabilities	**1,471**	1,454
	18,247	20,147

No borrowing costs have been capitalised for the year ended 31 December 2024 (2023: RMB Nil).

(b) Staff costs#

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**65,316**	55,854
Contributions to defined contribution retirement plans	**5,143**	4,321
	70,459	60,175

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**

	2024	2023
	RMB'000	*RMB'000*
Depreciation expenses: #		
– owned property, plant and equipment	**25,560**	29,423
– right-of-use assets	**3,092**	2,748
	28,652	32,171
Auditors' remuneration:		
– audit services	**1,600**	1,600
– other services	**246**	245
	1,846	1,845
Cost of inventories #	**1,730,686**	1,748,107

Cost of inventories includes RMB73,274,000 (2023: RMB72,851,000) 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

Taxation in the consolidated statement of profit or loss represents:

	2024	2023
	RMB'000	*RMB'000*
Current taxation:		
PRC Corporate Income Tax:		
– Provision for the year	**8,866**	–
– Under-provision in respect of prior the years	**21**	–
– Withholding tax in connection with the retained profits distributed by a subsidiary of the Group	**–**	1,802
	8,887	1,802
Hong Kong Profits Tax:		
– Provision for the year	**348**	25
Overseas Corporate Income Tax:		
– Provision for the year	**64**	50
	9,299	1,877
Deferred taxation:		
Reversal and origination of temporary differences	**6,269**	8,713
	15,568	10,590

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% for the year ended 31 December 2024 (2023: 16.5%), 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 year ended 31 December 2024 (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 2025.

(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 2024 (2023: 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. In 2024, deferred tax liabilities of RMB3,000,000 has been recognised in respect of the withholding tax that would be payable on the distribution of retained profits from the subsidiary to Kangli (HK) Limited in the foreseeable future.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2024 is calculated based on the profit attributable to the equity shareholders of the Company of RMB92,703,000 (2023: profit of RMB77,446,000) and the weighted average of 606,252,000 (2023: 606,252,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2024 and 2023.

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 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade receivables, net of loss allowance	**196,169**	211,111
Bills receivables *(Note 9(c))*	**273,670**	338,428
Financial assets measured at amortised cost	**469,839**	549,539

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 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 month	**138,502**	130,957
1 to 3 months	**52,993**	50,090
3 to 6 months	**2,878**	15,377
6 to 12 months	**1,796**	14,687
	196,169	211,111

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

(b) At 31 December 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 31 December 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 RMB309,322,000 (2023: RMB367,684,000).

(c) At 31 December 2024, bills receivables include bank acceptance notes and other financial institution acceptance notes discounted at banks or endorsed to suppliers with recourse totalling RMB8,669,000 (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 RMB8,669,000 (2023: RMB163,605,000).

(d) At 31 December 2024, trade receivables of RMB7,100,000 (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 RMB7,100,000 (2023: RMB40,023,000).

10 TRADE AND BILLS PAYABLES

	At 31 December 2024 ***RMB'000***	At 31 December 2023 *RMB'000*
Trade and bills payables:		
– Trade payables	**65,130**	79,277
– Bills payables	**262,082**	272,412
Financial liabilities measured at amortised cost	**327,212**	351,689
Contract liabilities:		
– Receipts in advance from customers	**30,608**	24,337
	357,820	376,026

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 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 3 months	**208,080**	198,785
3 to 6 months	**117,459**	149,228
Over 6 months	**1,673**	3,676
	327,212	351,689

11 BANK LOANS

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

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Bank loans:		
– Secured by the Group's property, plant and equipment *(Note 11(c))*	**10,000**	53,000
– Secured by the Group's trade and bills receivables *(Note 11(c))*	**7,100**	162,328
– Guaranteed by third parties	**45,000**	45,000
– Unsecured and unguaranteed	**130,000**	70,000
	192,100	330,328
Add: current portion of long-term bank and other loans *(Note 11(b))*	**84,400**	111,000
	276,500	441,328

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

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Bank loans:		
– Secured by the Group's property, plant and equipment or restricted bank deposits *(Note 11(c))*	**138,000**	150,000
– Unsecured and unguaranteed	**19,000**	21,000
	157,000	171,000
Less: current portion of long-term bank and other loans *(Note 11(a))*	**(84,400)**	(111,000)
	72,600	60,000

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

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 year	**84,400**	111,000
After 1 year but within 2 years	**72,600**	60,000
	157,000	171,000

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

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Secured by property, plant and equipment	**100,665**	104,855
Secured by trade and bills receivables	**7,100**	162,328
Secured by restricted bank deposits	**30,000**	30,000
	137,765	297,183

(d) At 31 December 2024, the banking facilities of the Group amounted to RMB1,070,000,000 (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 RMB535,360,000 at 31 December 2024 (2023: RMB497,330,000).

(e) Certain of the Group's bank loans are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are 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 did not identify any difficulties complying with the covenants. At 31 December 2024, none of the covenants relating to the bank loans had been breached (2023: None).

12 SHARE CAPITAL

	2024		2023	
	No. of shares '000	***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

	2024		2023	
	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 2024 (2023: RMB Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year

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

14 COMMITMENTS

Capital commitments outstanding at 31 December 2024 not provided for in the consolidated financial statements were as follows:

	At 31 December 2024 ***RMB'000***	At 31 December 2023 *RMB'000*
Commitments in respect of property, plant and equipment		
– Contracted for	**183**	500

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading midstream galvanised 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, unpainted galvanised steel products and painted galvanised 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.

For the year ended 31 December 2024, the Group recorded a revenue amounting to approximately RMB1,944,411,000, representing an increase of approximately RMB16,011,000 compared with that of the corresponding period of 2023.

For the year ended 31 December 2024, the sales volume of all categories of products totalled 338,800 tonnes, representing an increase of approximately 8,215 tonnes or 2.5% as compared with 330,585 tonnes for the year ended 31 December 2023. During the review period, the sales volume of hard steel coil, unpainted galvanised steel products and painted galvanised steel products was approximately 35,900 tonnes, 189,800 tonnes and 113,100 tonnes, respectively, accounting for 10.6%, 56.0% and 33.4% of the total sales volume. Sales volume of the hard steel coil increased by 38.8%, which led to an increase in total revenue of approximately 30.5% despite the decrease in average unit selling price. Sales volume of the unpainted galvanised steel products decreased by approximately 7,054 tonnes and the average unit selling price decreased by approximately RMB46 per tonne, resulting in a decrease in revenue from sales of unpainted galvanised steel products of approximately RMB47,227,000. Sales revenue of the painted galvanised steel products increased by approximately RMB24,063,000 despite the decrease in average unit selling price of approximately RMB99 per tonne, mainly due to the increase in sales volume of approximately 5,229 tonnes.

Although the average selling price of products decreased to a certain extent, such decrease was offset by the slightly sharper decline of raw material prices and the decrease in total production cost, owing to the stable production status; and accordingly, the gross profit margin witnessed growth compared to 2023.

In 2024, demand in the home appliance market was relatively robust due to the impact of national and local subsidy policies on trade-in of old goods for new ones. Especially in the fourth quarter, on one hand, it saw a concentration of home appliance purchases by consumers concerned about missing out on the subsidy policy; on the other hand, the anticipated escalation of trade barriers fueled the export pace of products from home appliance enterprises. The strong demand in the downstream market brought us abundant orders, which guaranteed our sustainable and stable production.

For the year ended 31 December 2024, the property management services income from the indirect wholly-owned subsidiary of the Group in the Philippines was approximately RMB6,165,000. Since the Group began to engage in the business of property management services at the beginning of 2023, the relevant income for 2023 was approximately RMB4,195,000. Although such business has shown some growth, the performance fell short of our expectation. Taking into account a number of uncertainties, the management of the Group is considering phasing down the relevant business. As the revenue from this segment accounts for a very limited portion of the Group's total revenue, we do not believe it will have a material adverse impact on the Group's business as a whole.

PROSPECTS

2025 is the last year for China to implement its 14th Five-Year Plan, and also a critical stage in the course of progressing towards the vision of 2035. China's economy will be characterised by "innovation-driven, green-led and domestic-demand-inspired", while the white goods market will shift from "scale expansion" to "value restructuring", and home appliances of all kinds are developing towards intelligent, healthy and low-carbon mode. Although we will continue to cope with numerous unfavorable factors such as real estate regulation and tightening international trade barriers, we believe that there are still opportunities for development. From the perspective of policy, the "dual-carbon" goal will promote the upgrading of energy-efficiency standards, and the demand for home appliances with Grade 1 energy efficiency will further increase. From the perspective of demand, as the post-00 generation gradually becomes the mainstream of consumers, the demands for personalised and scenario-based products will increase, and the demand for customised smart home appliances will further increase. Besides, as the aging trend develops, aging-friendly home appliances will also become more and more appealing. In view of these factors, we believe that there will be both challenges and opportunities. We will continue to maintain our existing businesses, strive for more market share and keep improving our profitability.

Although the property management business in the Philippines has shown some growth compared to 2023, the performance fell short of our expectation. Taking into account factors such as geopolitics, business environment and cultural differences, the Group is considering phasing down its property management business in the Philippines. As the revenue from this segment accounts for a very limited portion of the Group's total revenue, we do not believe it will have a material adverse impact on the Group's business.

FINANCIAL REVIEW

Revenue

Revenue of the Group is primarily generated from the sale of hard steel coil, galvanised steel products and provision of property management services. For the year ended 31 December 2024, the total revenue of the Group amounted to approximately RMB1,944,411,000, representing an increase of approximately 0.8% from approximately RMB1,928,400,000 for the year ended 31 December 2023. During the year, the sales volume of hard steel coil was approximately 35,900 tonnes, representing an increase of approximately 38.8% when compared to the previous year, and the sales volume of galvanised steel products for the year ended 31 December 2024 was approximately 302,900 tonnes, representing a decrease of approximately 0.6%. The overall sales volume for the current year recorded a slight increase of approximately 2.5%. The overall average selling price recorded a slight decrease of approximately 1.6% when compared to that in the previous year. As a result, the turnover in current year is comparable to that in the previous year and does not have material fluctuation.

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

	Year ended 31 December								
	2024			2023			Change		
							Increase/(Decrease)		
	Revenue *RMB'000*	**Sales volume** *tonnes*	**Average selling price** *RMB/tonne*	Revenue *RMB'000*	Sales volume *tonnes*	Average selling price *RMB/tonne*	Revenue %	Sales volume %	Average selling price %
Cold Rolled Steel Products									
Hard steel coil	**159,227**	**35,900**	**4,435**	122,022	25,860	4,719	30.5%	38.8%	(6.0)%
Galvanised steel products	**1,779,019**	**302,900**	**5,873**	1,802,183	304,725	5,914	(1.3)%	(0.6)%	(0.7)%
– unpainted galvanised steel products	**1,025,588**	**189,800**	**5,404**	1,072,815	196,854	5,450	(4.4)%	(3.6)%	(0.8)%
– painted galvanised steel products	**753,431**	**113,100**	**6,662**	729,368	107,871	6,761	3.3%	4.8%	(1.5)%
Sub-total	**1,938,246**	**338,800**	**5,739**	1,924,205	330,585	5,835	0.7%	2.5%	(1.6)%
Provision of property management services	**6,165**			4,195			47.0%		
Total	**1,944,411**			1,928,400			0.8%		

Gross profit and gross profit margin

For the year ended 31 December 2024, gross profit of the Group amounted to approximately RMB213,725,000 (2023: approximately RMB180,293,000). Overall gross profit margin increased from approximately 9.3% in 2023 to approximately 11.0% in 2024. An analysis of the Group's gross profit, proportion of total gross profit and gross profit margin by products in 2024 and 2023 is as follows:

	Year ended 31 December					
	2024			2023		
	Gross profit *RMB'000*	**Proportion** *%*	**Gross profit margin** *%*	Gross profit *RMB'000*	Proportion *%*	Gross profit margin *%*
Cold Rolled Steel Products						
Hard steel coil	**12,185**	**5.7%**	**7.7%**	7,794	4.3%	6.4%
Galvanised steel products	**199,642**	**93.4%**	**11.2%**	171,503	95.1%	9.5%
– unpainted galvanised steel products	**113,948**	**53.3%**	**11.1%**	98,234	54.5%	9.2%
– painted galvanised steel products	**85,694**	**40.1%**	**11.4%**	73,269	40.6%	10.0%
Provision of property management services	**1,898**	**0.9%**	**30.8%**	996	0.6%	23.7%
Total	**213,725**	**100.0%**	**11.0%**	180,293	100.0%	9.3%

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.

Other income

Other income comprises mainly interest income, government grants and exchange gain or loss. The balance for the current year was RMB11,776,000 (2023: RMB12,282,000).

Selling expenses

Selling expenses of the Group increased from approximately RMB56,525,000 in 2023 to approximately RMB69,834,000 in 2024. The increase was mainly due to increase in transportation expenses.

Administrative expenses

Administrative expenses of the Group increased from approximately RMB27,645,000 in 2023 to approximately RMB29,851,000 in 2024.

Finance costs

Finance costs of the Group decreased from approximately RMB20,147,000 in 2023 to approximately RMB18,247,000 in 2024. The decrease was mainly due to decrease of interest expenses on bank loans.

Profit before taxation

Profit before taxation of the Group increased from approximately RMB88,036,000 in 2023 to approximately RMB108,271,000 in 2024.

Income tax

Income tax expense of the Group increased from approximately RMB10,590,000 in 2023 to approximately RMB15,568,000 in 2024. The increase was mainly due to increase in provision of PRC Corporate Income Tax for the year.

Profit for the year

As a result of the foregoing, profit for the year of the Group increased from approximately RMB77,446,000 in 2023 to approximately RMB92,703,000 in 2024. Net profit margin of the Group increased from approximately 4.0% in 2023 to approximately 4.8% in 2024. The return on equity, calculated by dividing net profit for the year by total equity at the end of the year, as at 31 December 2024, was approximately 10.6% (2023: approximately 9.9%).

Liquidity and financial resources

As at 31 December 2024, the Group had approximately RMB239,102,000 (2023: approximately RMB168,990,000) cash at bank and on hand. As at 31 December 2024, the restricted deposit placed at banks as collaterals for bills issued and bank loans by the Group amounted to approximately RMB96,716,000 (2023: approximately RMB89,560,000). The Board will ensure sufficient liquidity to meet its matured liabilities.

Net current assets

The Group recorded net current assets of approximately RMB633,026,000 as at 31 December 2024, representing an increase of approximately 25.5% as compared with approximately RMB504,248,000 as of 31 December 2023. The current ratio, calculated by dividing the current assets by current liabilities, was approximately 1.9 as of 31 December 2024 (2023: approximately 1.6). The current ratio in 2024 and 2023 indicated that the Group's financial position is healthy.

Borrowings and pledge of assets

As at 31 December 2024, the Group had bank and other loans amounting to approximately RMB349,100,000 (2023: approximately RMB501,328,000), of which approximately RMB148,000,000 was secured by the Group's property, plant and equipment or restricted bank deposits and approximately RMB7,100,000 was secured by the Group's trade and bills receivables. Among the bank and other loans, RMB276,500,000 is repayable within one year or on demand and RMB72,600,000 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 0.4 and 0.6 as at 31 December 2024 and 2023 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 and bank facilities.

Contingent liabilities

As at 31 December 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 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 2024, approximately 90.3% of the Group's revenue was settled in RMB and approximately 9.7% 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 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 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 566 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.

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 2024.

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 2024.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities during the year ended 31 December 2024 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 2024.

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 independent non-executive Directors, 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 2024 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 2024 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 2024 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 2024.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of the Company will be held on Friday, 13 June 2025. 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, 13 June 2025, the register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025, 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 Monday, 9 June 2025.

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 2024 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, 21 March 2025

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.