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K & P International Holdings Limited

堅寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 675)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS

The Board of Directors (the “Board”) of K & P International Holdings Limited (the “Company”) herein announces the consolidated audited results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 together with the comparative figures for the corresponding year in 2023 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2024

	<i>Notes</i>	2024 HK\$	2023 HK\$
REVENUE	4	176,428,588	185,786,572
Cost of sales		(140,115,928)	(160,137,871)
Gross profit		36,312,660	25,648,701
Other income and gains	4	4,095,532	5,026,310
Loss on financial assets/liabilities at fair value through profit or loss, net		(10,635,692)	(16,703,738)
Selling and distribution costs		(16,075,035)	(16,793,778)
Administrative and other expenses		(22,115,715)	(23,224,000)
Finance costs	5	(333,870)	(520,757)
LOSS BEFORE TAX	6	(8,752,120)	(26,567,262)
Income tax (expense)/credit	7	(303,954)	469,402
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(9,056,074)	(26,097,860)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	9	(HK3.39 cents)	(HK9.77 cents)

** For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2024

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
LOSS FOR THE YEAR	<u>(9,056,074)</u>	<u>(26,097,860)</u>
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified to profit or loss:		
(Deficit)/Surplus arising from revaluation of land and buildings	(1,814,988)	2,470,856
Income tax effect	<u>275,814</u>	<u>(723,276)</u>
	(1,539,174)	1,747,580
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>(6,710,380)</u>	<u>(4,781,289)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(8,249,554)</u>	<u>(3,033,709)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u><u>(17,305,628)</u></u>	<u><u>(29,131,569)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$	2023 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		176,370,789	192,445,519
Financial assets at fair value through profit or loss		680,000	680,000
Deferred tax assets		1,568,974	1,498,974
Total non-current assets		178,619,763	194,624,493
CURRENT ASSETS			
Inventories		42,168,351	47,911,358
Prepayments, deposits and other receivables		4,321,223	4,281,268
Financial assets at fair value through profit or loss		2,158,722	-
Trade receivables	10	34,654,395	35,895,370
Tax recoverable		1,053,270	600,219
Bank balances and cash		67,166,721	100,355,497
Total current assets		151,522,682	189,043,712
CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss		4,381,614	8,045,759
Trade payables	11	9,652,016	9,989,918
Accrued liabilities and other payables		30,224,112	29,647,646
Interest-bearing bank and other borrowings		3,000,000	7,000,000
Lease liabilities		122,983	297,727
Tax payables		190,812	560,398
Total current liabilities		47,571,537	55,541,448
NET CURRENT ASSETS		103,951,145	133,502,264
TOTAL ASSETS LESS CURRENT LIABILITIES		282,570,908	328,126,757
NON-CURRENT LIABILITIES			
Lease liabilities		-	127,463
Deferred tax liabilities		26,817,130	27,092,944
Financial liabilities at fair value through profit or loss		-	1,146,464
Total non-current liabilities		26,817,130	28,366,871
Net assets		255,753,778	299,759,886
EQUITY			
Share capital		26,700,480	26,700,480
Reserves		229,053,298	273,059,406
Total equity		255,753,778	299,759,886

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and in compliance with the disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”). These consolidated financial statements have been prepared under the historical cost convention, except for land and buildings and financial assets/liabilities measured at fair value through profit or loss, which have been measured at revalued amount and fair value respectively. These consolidated financial statements are presented in Hong Kong dollars.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as set out in note 2.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Changes in ownership interest

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group (continued):

Amendments to HKFRS 16

Lease Liability in a Sale and Leaseback

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This interpretation is revised as a consequence of Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and has two (2023: two) reportable operating segments as follows:

- (a) the precision parts and components segment comprises the manufacture and sale of precision parts and components comprising keypads, synthetic rubber and plastic components and parts; and
- (b) the corporate and others segment comprises the Group's long term investments, together with corporate income and expense items.

Management, the chief operating decision makers, monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax from continuing operations. The adjusted loss before tax is measured consistently with the Group's loss before tax except that bank interest income and finance costs are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the cost of sales and are eliminated on consolidation.

Year ended 31 December 2024	Precision parts and components HK\$	Corporate and others HK\$	Total HK\$
Segment revenue:			
Sales to external customers	<u>176,428,588</u>	<u>-</u>	<u>176,428,588</u>
Reportable segment revenue and revenue	<u>176,428,588</u>	<u>-</u>	<u>176,428,588</u>
Segment results:	(5,858,830)	(4,062,300)	(9,921,130)
<i>Reconciliation:</i>			
Bank interest income			1,502,880
Finance costs			<u>(333,870)</u>
Loss before tax			<u>(8,752,120)</u>
Other segment information:			
Other income and gains/(losses), net	2,706,044	(113,392)	2,592,652
Depreciation of property, plant and equipment (excluding right-of-use assets)	(6,982,700)	(1,134,736)	(8,117,436)
Depreciation of right-of-use assets	(557,986)	(3,627,681)	(4,185,667)
Loss on disposal of items of property, plant and equipment, net	(38,926)	-	(38,926)
Deficit on revaluation of land and buildings debited to other comprehensive income	(46,848)	(1,768,140)	(1,814,988)
Lease payments under short-term leases on office premises	-	(220,464)	(220,464)
Foreign exchange gain/(loss), net	1,330,140	(113,393)	1,216,747
Capital expenditure	(1,952,416)	(9,940)	(1,962,356)
Loss on financial (liabilities)/assets at fair value through profit or loss, net	<u>(10,635,692)</u>	<u>-</u>	<u>(10,635,692)</u>

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023	Precision parts and components HK\$	Corporate and others HK\$	Total HK\$
Segment revenue:			
Sales to external customers	185,786,572	-	185,786,572
Reportable segment revenue and revenue	185,786,572	-	185,786,572
Segment results:	(24,241,878)	(3,762,656)	(28,004,534)
<u>Reconciliation:</u>			
Bank interest income			1,958,029
Finance costs			(520,757)
Loss before tax			(26,567,262)
Other segment information:			
Other income and gains	2,989,901	78,380	3,068,281
Depreciation of property, plant and equipment (excluding right-of-use assets)	(7,756,313)	(1,076,264)	(8,832,577)
Depreciation of right-of-use assets	(562,911)	(3,527,121)	(4,090,032)
Gain on disposal of items of property, plant and equipment, net	142,180	-	142,180
Surplus/(Deficit) on revaluation of land and buildings credited/debited to other comprehensive income	2,852,273	(381,417)	2,470,856
Lease payments under short-term leases on office premises	-	(203,544)	(203,544)
Foreign exchange gain/(loss), net	1,048,424	(85,708)	962,716
Capital expenditure	(4,538,510)	(17,594)	(4,556,104)
Loss on financial (liabilities)/assets at fair value through profit or loss, net	(16,703,738)	-	(16,703,738)

3. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

Revenue from external customers contributing 10% or more of the total revenue from the Group's precision parts and components segment are as follows:

	2024 HK\$	2023 HK\$
Customer A	40,716,620	43,214,506
Customer B	N/A*	28,917,208
	<u>40,716,620</u>	<u>72,131,714</u>

* This customer individually contributed less than 10% of the total revenue of the Group during the year.

Geographical information

(a) Revenue from external customers

	2024 HK\$	2023 HK\$
Hong Kong	4,977,110	5,942,109
Mainland China	16,008,480	14,205,598
Japan and other Asian countries	93,501,704	102,184,806
North America	32,007,629	29,558,019
South America	199,029	2,360,395
Europe	25,658,416	24,352,185
Other countries	4,076,220	7,183,460
Total revenue	<u>176,428,588</u>	<u>185,786,572</u>

The revenue information above is based on the geographical location of the customers.

(b) Non-current assets

	2024 HK\$	2023 HK\$
Hong Kong	59,184,092	64,957,644
Mainland China	117,071,777	127,084,586
Other countries	114,920	403,289
	<u>176,370,789</u>	<u>192,445,519</u>

The non-current assets information above is based on the geographical location of assets and excludes the financial assets at fair value through profit or loss and deferred tax assets.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Sale of goods	<u>176,428,588</u>	<u>185,786,572</u>
Other income and gains:		
Bank interest income calculated using the effective interest method	1,502,880	1,958,029
Tooling charge income	94,210	68,728
Sale of scrap	353,595	136,178
Sale of samples	903,698	1,720,203
Gain on disposal of items of property, plant and equipment, net	-	142,180
Exchange gain, net	1,216,747	962,716
Others	<u>24,402</u>	<u>38,276</u>
	<u>4,095,532</u>	<u>5,026,310</u>
Total revenue, other income and gains	<u>180,524,120</u>	<u>190,812,882</u>

The amount of revenue recognised for the year that was included in the contract liabilities at the beginning of the year is HK\$1,814,767 (2023: HK\$3,134,372).

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$	2023 HK\$
Interest on bank loans and overdrafts wholly repayable within five years	322,844	498,714
Interest on lease liabilities	11,026	22,043
	<u>333,870</u>	<u>520,757</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 HK\$	2023 HK\$
Staff costs (including directors' remuneration) [#] :		
Wages and salaries	66,769,812	67,318,374
Contributions to retirement benefit schemes	10,863,485	9,903,656
	<u>77,633,297</u>	<u>77,222,030</u>
Cost of inventories sold	140,115,928	160,137,871
Auditor's remuneration	900,000	880,000
Depreciation of property, plant and equipment (excluding right-of-use assets) [#]	8,117,436	8,832,577
Depreciation of right-of-use assets [#]	4,185,667	4,090,032
Foreign exchange gain, net	(1,216,747)	(962,716)
Lease payments under short-term leases on office premises	220,464	203,544
Loss/(Gain) on disposal of items of property, plant and equipment, net	38,926	(142,180)
Sales commission	<u>1,631,798</u>	<u>1,868,432</u>

[#] The staff cost amounting to HK\$60,116,475 (2023: HK\$55,798,960), depreciation amounting to HK\$8,051,781 (2023: HK\$8,769,988) for the year are included in "Cost of sales" in the consolidated income statement.

7. INCOME TAX

The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime was signed and gazetted. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Taxes on assessable profits outside Hong Kong have been provided on the estimated assessable profits for the year, in respect of the Group’s operations outside Hong Kong, at the rates of taxation prevailing in the relevant jurisdictions.

	2024 HK\$	2023 HK\$
Current – Hong Kong		
Charge for the year	135,149	159,997
Over provision in prior years	(61,148)	(29,996)
Current – outside Hong Kong		
Charge for the year	244,617	170,742
Under provision in prior years	55,336	29,855
Deferred taxation		
Origination and reversal of temporary difference	1,498,974	(800,000)
Benefit of tax losses recognised	(1,568,974)	-
Total tax expense/(credit) for the year	303,954	(469,402)

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are operated to the tax expense/(credit) is as follows:

	2024 HK\$	2023 HK\$
Loss before tax	(8,752,120)	(26,567,262)
Tax at the statutory tax rate of 16.5% (2023: 16.5%)	(1,444,100)	(4,383,598)
Tax effect of two-tiered profits tax rates regime	(21,975)	-
Effect of different rates for companies operating in other jurisdictions	80,058	85,704
Income not subject to tax	(277,244)	(405,966)
Expenses not deductible for tax	1,060,405	1,035,521
Unrecognised temporary differences	696,877	1,065,211
Utilisation of previously unrecognised tax losses	(184,958)	-
Over provision in prior years	(5,812)	(141)
Tax losses not recognised	150,250	2,095,916
Others	250,453	37,951
Tax expense/(credit) for the year	303,954	(469,402)

8. DIVIDEND

	2024 HK\$	2023 HK\$
Attributable to the current year:		
Proposed final dividend –		
HK4 cents (2023: HK8 cents) per ordinary share	10,680,192	21,360,384
Interim dividend paid –		
HK2 cents (2023: HK2 cents) per ordinary share	5,340,096	5,340,096
	<u>16,020,288</u>	<u>26,700,480</u>
Attributable to the previous years, approved and paid during the year:		
Final dividend – HK8 cents (2023: HK6 cents) per ordinary share	<u>21,360,384</u>	<u>16,020,288</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. This dividend has not been recognised as liabilities at the end of the reporting period.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculations of the basic and diluted loss per share are based on:

	2024 HK\$	2023 HK\$
Loss		
Loss attributable to owners of the Company used in the basic and diluted loss per share calculation	<u>9,056,074</u>	<u>26,097,860</u>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>267,004,800</u>	<u>267,004,800</u>

As there were no dilutive potential ordinary shares, diluted loss per share was the same as basic loss per share in 2024 and 2023.

10. TRADE RECEIVABLES

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Trade receivables	34,684,895	35,925,870
Less: loss allowance	(30,500)	(30,500)
	<u>34,654,395</u>	<u>35,895,370</u>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Within 90 days	30,166,137	33,580,482
91 to 180 days	4,488,258	2,097,910
Over 180 days	-	216,978
	<u>34,654,395</u>	<u>35,895,370</u>

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Within 90 days	9,618,408	9,970,520
91 to 180 days	20,045	5,484
Over 180 days	13,563	13,914
	<u>9,652,016</u>	<u>9,989,918</u>

The trade payables are unsecured, non-interest-bearing and are normally settled on terms varying from 60 to 120 days of invoice date.

FINANCIAL RESULTS

The Group's turnover for the year ended 31 December 2024 amounted to approximately HK\$176.4 million, representing a decrease of 5.0% from the previous year. Overall gross profit amounted to approximately HK\$36.3 million, representing an increase of 41.6% from the previous year. Loss attributable to owners of the Company was approximately HK\$9.1 million (2023: HK\$26.1 million).

Basic loss for the year ended 31 December 2024 amounted to HK3.39 cents (2023: HK9.77 cents) per share.

FINAL DIVIDEND

The directors recommend the payment of a final dividend of HK4 cents (2023: HK8 cents) per ordinary share on Thursday, 10 July 2025 to the shareholders whose names appear on the Register of Members of the Company on Friday, 6 June 2025. This recommendation has been incorporated in the financial statements as an allocation of retained profit within the equity section of the statement of financial position.

CLOSURE OF REGISTERS FOR ANNUAL GENERAL MEETING

The Register of Members of the Company will be closed from Thursday, 22 May 2025 to Tuesday, 27 May 2025, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the annual general meeting of the Company to be held on Tuesday, 27 May 2025, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 May 2025.

CLOSURE OF REGISTERS FOR FINAL DIVIDEND

The Register of Members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the above final dividend of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 2 June 2025.

BUSINESS REVIEW

In 2024, the global economy faced significant challenges due to rising geopolitical tensions, protectionist policies and ongoing tariff wars. These factors resulted in the economic anxiety and uncertainty, leading to low consumer confidence. The European market, being the major market for the Group's top customers, struggled to maintain low economic growth rates in 2024. Despite these challenges, the Group managed to benefit from an increase in customer order intake and the clearance of excess inventory by the major customers in 2023. Hence, the utilization of the Group's production facilities improved, which led to an improvement in gross profit as compared to 2023. In addition, due to the high volatility in the exchange rate of RMB, the Group early terminated or closed-out the forward currency contracts in April 2024. In 2024, the Group incurred loss of approximately HK\$10.6 million (2023: HK\$16.7 million) in the forward currency contracts, which included the loss due to maturity and early-termination of forward currency contracts of approximately HK\$1.0 million and HK\$7.3 million respectively, and closed-out loss of approximately HK\$2.3 million (2023: loss from maturity and outstanding forward currency contracts of HK\$6.9 million and HK\$9.8 million respectively).

For the precision parts and components segment, the turnover decreased by 5.0% to approximately HK\$176.4 million as compared with 2023. If excluded the above one-off early-termination and closed-out losses of forward currency contracts of approximately HK\$9.6 million, the segment recorded a profit of approximately HK\$3.7 million.

The gross profit margin of the Group in 2024 had increased by 6.8 percentage points to 20.6% as compared with 2023, which the reasons had been discussed above. The selling and distribution costs decreased by 4.3% to approximately HK\$16.1 million, while the administrative and other expenses decreased by 4.8% to approximately HK\$22.1 million. The financial costs decreased by 35.9% to approximately HK\$0.3 million, due to the decline in financing activities.

FUTURE PLANS AND PROSPECTS

Looking ahead, the global growth at the major markets is projected to remain below historical averages. The market is expected to be influenced by ongoing concerns over tariffs imposed by the United States (“U.S.”) on its largest trade partners, including Canada, Mexico, and China, which had imposed the retaliatory tariffs on U.S. products. Certain central banks concerned the tariff could lead to stoke inflation, giving the central banks less room to cut the interest rates. In addition, the ongoing Ukraine war, persistent inflationary pressures, high interest rates, and rising debt level due to the increased defense spending in the Ukraine War created a challenging economic environment across Europe. These factors affect both consumer sentiment and business confidence, leading to a cautious approach toward spending and investment. Despite these challenges, the Group has successfully addressed its excess inventory issues and improved the flexibility and efficiency of its production processes. These improvements had already contributed to a better result in the second half of 2024. With a strong balance sheet and continued operational improvements, the Group is confident that the profitability will be further improved in 2025. The Group’s financial position is healthy, and strong enough to finance any business expansion and daily operation, amid any economic uncertainty in the future.

OPERATIONS REVIEW

The following highlights the Group’s results for the year ended 31 December 2024.

- Turnover decreased by 5.0% from the previous year to approximately HK\$176.4 million for the year.
- Gross profit increased by HK\$10.7 million from the previous year to approximately HK\$36.3 million in 2024.
- Loss before finance costs decreased by HK\$17.6 million from the previous year to approximately HK\$8.4 million for the year.
- Finance costs decreased by HK\$0.2 million from the previous year to approximately HK\$0.3 million.
- Loss after tax for the year was approximately HK\$9.1 million.

In the year under review, turnover of the precision parts and components segment had decreased by 5.0% as compared with the previous year.

The Group’s overall gross profit had increased by 41.6% from the previous year.

The Group’s finance costs decreased to approximately HK\$0.3 million for the year due to decline in financing activities.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and loan facilities provided by its principal bankers and other financial institution in Hong Kong.

The total borrowings from banks included all term loans, import and export loans, which amounted to approximately HK\$3.0 million as at 31 December 2024.

The Group's financial position remains healthy. At the end of the reporting period, the aggregate balance of bank balances and cash of the Group amounted to approximately HK\$67.2 million.

The Group's borrowings are on a floating rate basis and are mainly denominated in Hong Kong dollars. These match with the principal currencies in which the Group conducts its business.

The gearing ratio on the basis of net debt divided by the total capital plus net debt as at 31 December 2024 and 2023 was negative. The negative gearing ratio as at 31 December 2024 and 2023 represents the Group is "net cash" positive (i.e. had more bank balances and cash than its debt).

CHARGE ON THE GROUP'S ASSETS

At 31 December 2024 and 2023, none of the Group's machines and equipment was pledged under lease.

CAPITAL STRUCTURE

As at 31 December 2024, the Company had 267,004,800 ordinary shares in issue with total shareholders' equity of the Group amounted to approximately HK\$255.8 million.

FUND RAISING

Other than obtaining general loan facilities to finance the Group's trading requirements, the Group did not have any fund raising activities in 2024.

EMPLOYEES

As at 31 December 2024, the Group had a total workforce of approximately 698 of which approximately 26 were based in Hong Kong, approximately 5 were based in overseas and approximately 667 were based in Mainland China.

Moreover, under the Mandatory Provident Fund Scheme Ordinance of Hong Kong, the Group has operated a defined contribution Mandatory Provident Fund retirement benefits scheme for all its Hong Kong employees. For overseas and Mainland China employees, the Group is required to contribute a certain percentage of its payroll costs to the central pension scheme operated by the respective local governments.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company has complied with all the code provisions of the Corporate Governance Code, as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, throughout the year ended 31 December 2024, except for the following deviation:

Code Provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The roles of the Chairman and the Chief Executive Officer are not separate and are performed by Mr. Lai Pei Wor. Since the Board will meet regularly to consider major matters affecting the operations of the Company, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and believes that this structure will enable the Company to make and implement decisions promptly and efficiently.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Forvis Mazars CPA Limited ("Forvis Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Forvis Mazars in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Forvis Mazars on the preliminary announcement.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by audit committee and approved by the Board.

On behalf of the Board
K & P International Holdings Limited
Lai Pei Wor
Chairman

Hong Kong, 21 March 2025

As at the date of this announcement, the Board comprises Mr. Lai Pei Wor and Mr. Chan Yau Wah (being executive directors) and Mr. Mak Kwai Wing, Mr. Li Yuen Kwan, Joseph and Ms. Pong Suet Hing (being independent non-executive directors).