

Interim 中期
Report 報告
2024



K & P International Holdings Limited
堅寶國際控股有限公司*

(Incorporated in Bermuda with limited liability) (Stock Code: 675)
(於百慕達註冊成立之有限公司) (股份代號：675)

* *For identification purpose only*
* 僅供識別

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of K & P International Holdings Limited (the "Company") herein announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2024 together with the comparative figures for the previous period. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	HK\$	HK\$
REVENUE	3	89,330,897	95,261,132
Cost of sales		(73,478,530)	(85,884,344)
Gross profit		15,852,367	9,376,788
Other income and gains	3	2,151,129	2,159,587
Realised loss on financial liabilities at fair value through profit or loss, net		(10,635,692)	(784,933)
Fair value loss on financial liabilities at fair value through profit or loss, net		–	(17,013,574)
Selling and distribution costs		(8,159,568)	(8,532,458)
Administrative and other expenses		(11,072,306)	(11,587,115)
Finance costs	4	(148,629)	(233,306)
LOSS BEFORE TAX	5	(12,012,699)	(26,615,011)
Income tax credit	6	1,203,710	2,471,158
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(10,808,989)	(24,143,853)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8	(HK4.05 cents)	(HK9.04 cents)
Basic and diluted			

Details of the interim dividend are disclosed in note 7 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
LOSS FOR THE PERIOD	(10,808,989)	(24,143,853)
OTHER COMPREHENSIVE LOSS		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(3,469,004)	(7,932,970)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(14,277,993)	(32,076,823)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 (Unaudited) HK\$	31 December 2023 (Audited) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		185,582,090	192,445,519
Financial assets at fair value through profit or loss	9	680,000	680,000
Deferred tax assets		2,860,000	1,498,974
Total non-current assets		189,122,090	194,624,493
CURRENT ASSETS			
Inventories		40,783,734	47,911,358
Prepayments, deposits and other receivables		3,283,412	4,281,268
Trade receivables	10	33,886,349	35,895,370
Bank balances and cash	11	92,929,875	100,355,497
Tax recoverable		1,079,069	600,219
Total current assets		171,962,439	189,043,712
CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss	9	–	8,045,759
Trade payables	12	9,520,178	9,989,918
Accrued liabilities and other payables		31,556,062	29,647,646
Interest-bearing bank and other borrowings		7,000,000	7,000,000
Lease liabilities		269,978	297,727
Dividend payable		21,360,384	–
Tax payable		216,944	560,398
Total current liabilities		69,923,546	55,541,448
NET CURRENT ASSETS		102,038,893	133,502,264
TOTAL ASSETS LESS CURRENT LIABILITIES		291,160,983	328,126,757

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	Notes	30 June 2024 (Unaudited) HK\$	31 December 2023 (Audited) HK\$
NON-CURRENT LIABILITIES			
Lease liabilities		–	127,463
Deferred tax liabilities		27,039,474	27,092,944
Financial liabilities at fair value through profit or loss	9	–	1,146,464
		<hr/>	<hr/>
Total non-current liabilities		27,039,474	28,366,871
		<hr/>	<hr/>
Net assets		264,121,509	299,759,886
		<hr/>	<hr/>
EQUITY			
Share capital		26,700,480	26,700,480
Reserves		237,421,029	273,059,406
		<hr/>	<hr/>
Total equity		264,121,509	299,759,886
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital (Unaudited) HK\$	Share premium account (Unaudited) HK\$	Contributed surplus (Unaudited) HK\$	Asset revaluation reserve (Unaudited) HK\$	Exchange fluctuation reserve (Unaudited) HK\$	Retained profits (Unaudited) HK\$	Proposed dividends (Unaudited) HK\$	Total equity (Unaudited) HK\$
At 1 January 2024	26,700,480	50,856,881	660,651	106,053,681	(10,140,796)	104,268,605	21,360,384	299,759,886
Loss for the period	-	-	-	-	-	(10,808,989)	-	(10,808,989)
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	-	-	-	-	(3,469,004)	-	-	(3,469,004)
Total comprehensive loss for the period	-	-	-	-	(3,469,004)	(10,808,989)	-	(14,277,993)
Transactions with owners of the Company								
2023 final dividend approved	-	-	-	-	-	-	(21,360,384)	(21,360,384)
2024 interim dividend declared	-	-	-	-	-	(5,340,096)	5,340,096	-
At 30 June 2024	26,700,480	50,856,881	660,651	106,053,681	(13,609,800)	88,119,520	5,340,096	264,121,509
At 1 January 2023	26,700,480	50,856,881	660,651	104,306,101	(5,359,167)	157,066,605	16,020,288	350,251,839
Loss for the period	-	-	-	-	-	(24,143,853)	-	(24,143,853)
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	-	-	-	-	(7,932,970)	-	-	(7,932,970)
Total comprehensive loss for the period	-	-	-	-	(7,932,970)	(24,143,853)	-	(32,076,823)
Transactions with owners of the Company								
2022 final dividend approved	-	-	-	-	-	-	(16,020,288)	(16,020,288)
2023 interim dividend declared	-	-	-	-	-	(5,340,096)	5,340,096	-
At 30 June 2023	26,700,480	50,856,881	660,651	104,306,101	(13,292,137)	127,582,656	5,340,096	302,154,728

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) HK\$	2023 (Unaudited) HK\$
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		(7,696,067)	20,733,745
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,565,866)	(20,932,125)
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,114,921	2,797,778
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,147,012)	2,599,398
Cash and cash equivalents at beginning of period		49,566,749	45,318,524
Effect of foreign exchange rate changes, net		(335,081)	341,597
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	42,084,656	48,259,519

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the Group’s audited financial statements for the year ended 31 December 2023, except in relation to the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that are relevant to the Group and adopted for the first time of the current period’s financial statements:

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangement</i>
Amendment to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

The adoption of the above other HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and has 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 profit before tax is measured consistently with the Group’s profit 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.

2. OPERATING SEGMENT INFORMATION (CONTINUED)

For six months ended 30 June 2024	Precision parts and components (Unaudited) HK\$	Corporate and others (Unaudited) HK\$	Total (Unaudited) HK\$
Segment revenue:			
Sales to external customers	89,330,897	-	89,330,897
Reportable segment revenue and revenue	89,330,897	-	89,330,897
Segment results:			
	(10,877,658)	(2,006,388)	(12,884,046)
<i>Reconciliation:</i>			
Bank interest income			1,019,976
Finance costs			(148,629)
Loss before tax			(12,012,699)
Other segment information:			
Other income and gains, net of foreign exchange gain	568,260	58,162	626,422
Depreciation of property, plant and equipment (excluding right-of-use assets)	(3,713,181)	(525,761)	(4,238,942)
Depreciation of right-of-use assets	(236,801)	(1,855,210)	(2,092,011)
Foreign exchange gain/(loss), net	561,342	(56,611)	504,731
Capital expenditure	(1,477,094)	-	(1,477,094)
Realised loss on financial liabilities at fair value through profit or loss, net	(10,635,692)	-	(10,635,692)

2. OPERATING SEGMENT INFORMATION (CONTINUED)

For six months ended 30 June 2023	Precision parts and components (Unaudited) HK\$	Corporate and others (Unaudited) HK\$	Total (Unaudited) HK\$
Segment revenue:			
Sales to external customers	95,261,132	–	95,261,132
Reportable segment revenue and revenue	95,261,132	–	95,261,132
Segment results:			
	(25,336,115)	(1,899,871)	(27,235,986)
<i>Reconciliation:</i>			
Bank interest income			854,281
Finance costs			(233,306)
Loss before tax			(26,615,011)
Other segment information:			
Other income and gains, net of foreign exchange gain	813,484	4,329	817,813
Depreciation of property, plant and equipment (excluding right-of-use assets)	(4,059,428)	(495,420)	(4,554,848)
Depreciation of right-of-use assets	(242,795)	(1,804,597)	(2,047,392)
Foreign exchange gain/(loss), net	629,464	(141,971)	487,493
Capital expenditure	(1,026,082)	(10,830)	(1,036,912)
Fair value loss on financial liabilities at fair value through profit or loss, net	(17,013,574)	–	(17,013,574)
Realised loss on financial liabilities at fair value through profit or loss, net	(784,933)	–	(784,933)

2. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue of the precision parts and components segment derived from customers that contributing over 10% of the Group's revenue is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) HK\$	2023 (Unaudited) HK\$
Customer A	22,686,563	23,033,426
Customer B	10,075,027	11,968,110
	32,761,590	35,001,536

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024 (Unaudited) HK\$	2023 (Unaudited) HK\$
Hong Kong	2,266,897	3,409,168
Mainland China	7,267,811	7,163,405
Japan and other Asian countries	50,748,090	50,720,938
North America	13,943,074	16,562,004
South America	36,525	1,065,925
Europe	13,354,753	12,563,068
Other countries	1,713,747	3,776,624
Total revenue	89,330,897	95,261,132

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

2. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

(b) Non-current assets

	30 June 2024 (Unaudited) HK\$	31 December 2023 (Audited) HK\$
Hong Kong	63,113,046	64,957,644
Mainland China	122,215,160	127,084,586
Other countries	253,884	403,289
	185,582,090	192,445,519

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.

3. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June 2024 (Unaudited) HK\$	2023 (Unaudited) HK\$
Revenue from contracts with customers within the scope of HKFRS 15:		
Sale of goods	89,330,897	95,261,132
Other income and gains:		
Bank interest income calculated using the effective interest method	1,019,976	854,281
Tooling charge income	48,559	24,477
Sale of scrap and material	184,360	–
Sale of sample	384,778	717,267
Foreign exchange gain, net	504,731	487,493
Others	8,725	76,069
	2,151,129	2,159,587
Total revenue, other income and gains	91,482,026	97,420,719

4. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Interest on bank loans and overdrafts wholly repayable within five years	141,747	220,852
Interest on lease liabilities	6,882	12,454
	148,629	233,306

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Staff cost*	38,312,459	39,721,238
Depreciation of property, plant and equipment (excluding right-of-use assets)*	4,238,942	4,554,848
Depreciation of right-of-use assets*	2,092,011	2,047,392
Loss on disposal of items of property, plant and equipment, net	13,399	7,048
Foreign exchange gain, net	(504,731)	(487,493)
Sales commission	912,892	941,079

* The staff cost and depreciation amounting to HK\$29,533,335 and HK\$4,205,095 (six months ended 30 June 2023: HK\$30,507,301 and HK\$4,524,078) respectively for the period are included in "Cost of sales" in the condensed consolidated income statement.

6. INCOME TAX

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Current – Hong Kong		
Charge/(credit) for the period	74,000	(30,000)
Current – outside Hong Kong		
Charge for the period	82,290	58,842
Deferred taxation		
Origination and reversal of temporary difference	(1,360,000)	(2,500,000)
Tax credit for the period	(1,203,710)	(2,471,158)

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on assessable profits outside Hong Kong have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

7. DIVIDENDS

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Attributable to the period:		
Interim dividend – HK2 cents (2023: HK2 cents) per ordinary share	5,340,096	5,340,096
Attributable to the previous year, approved during the period:		
Final dividend – HK8 cents (2023: HK6 cents) per ordinary share	21,360,384	16,020,288

8. 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 period attributable to owners of the Company of HK\$10,808,989 (six months ended 30 June 2023: HK\$24,143,853) and the weighted average number of 267,004,800 (six months ended 30 June 2023: 267,004,800) ordinary shares in issue during the period.

As there were no dilutive potential ordinary shares, diluted loss per share was the same as basic loss per share for the period ended 30 June 2024 and 2023.

9. FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 (Unaudited) HK\$	31 December 2023 (Audited) HK\$
Non-current assets		
Club membership	680,000	680,000
Current liabilities		
Forward currency contracts	-	(8,045,759)
Non-current liabilities		
Forward currency contracts	-	(1,146,464)

Club membership

At 30 June 2024 and 31 December 2023, the unlisted investment represented club membership issued by a private entity. It is measured at fair value at the end of each reporting period. The fair value of the club membership is determined with reference to the publicly available price information.

Forward currency contracts, at fair values

All the forward currency contracts were terminated in April 2024, and there was no outstanding contract as at 30 June 2024. At 31 December 2023, the Group entered into twenty-two forward currency contracts at a total of US\$55,465,721 for the exchange of United States Dollars ("US\$") with Renminbi ("RMB") with the forward rates ranged from RMB6.571 to RMB6.997 per US\$1. The maturity dates of these forward currency contracts were during the period from 16 January 2024 to 10 October 2025.

For six months ended 30 June 2024, the Group has realised loss of HK\$10,635,692 arising from four forward currency contracts of a total of US\$10,113,353 (six months ended 30 June 2023: realised loss of HK\$784,933 from three forward currency contracts of a total of US\$7,859,217) on the maturity dates and eighteen contracts of a total of US\$45,352,367 before the maturity dates, for the exchange of US\$ with RMB which depreciated (six months ended 30 June 2023: depreciated). The original maturity dates for the eighteen contracts terminated before maturity date were during the period from 16 May 2024 to 10 October 2025.

All the forward currency contracts were terminated in April 2024. There was no change in fair value of the currency derivative in the consolidated statement for the six months ended 30 June 2024 (six months ended 30 June 2023: fair value loss of HK\$17,013,574).

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended from 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management. As at 30 June 2024, there is a significant concentration of credit risk as 33% (at 31 December 2023: 36%) of the balance representing receivables from a single customer, which was derived from sales by the precision parts and components segment. Trade receivables are non-interest-bearing. The carrying amounts of these balances approximate to their fair values.

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

	30 June 2024 (Unaudited) HK\$	31 December 2023 (Audited) HK\$
Within 90 days	32,639,758	33,580,482
91 to 180 days	1,241,367	2,097,910
Over 180 days	5,224	216,978
	33,886,349	35,895,370

11. BANK BALANCES AND CASH

	30 June 2024 (Unaudited) HK\$	31 December 2023 (Audited) HK\$
Time deposits with original maturity over three months	50,845,219	50,788,746
Cash and cash equivalents as stated in the consolidated statement of cash flows	42,084,656	49,566,751
	92,929,875	100,355,497

12. 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:

	30 June 2024 (Unaudited) HK\$	31 December 2023 (Audited) HK\$
Within 90 days	9,494,881	9,970,520
91 to 180 days	17,496	5,484
Over 180 days	7,801	13,914
	9,520,178	9,989,918

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

13. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June 2024 (Unaudited) HK\$	2023 (Unaudited) HK\$
Short term employee benefits	3,700,074	3,719,852
Contributions to retirement benefit schemes	9,000	9,000
Total compensation paid to key management personnel	3,709,074	3,728,852

14. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 22 August 2024.

DIVIDEND

The directors recommend the payment of an interim dividend of HK2 cents (six months ended 30 June 2023: HK2 cents) per ordinary share on Thursday, 10 October 2024 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 17 September 2024.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Thursday, 12 September 2024 to Tuesday, 17 September 2024, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the above dividend, 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, 11 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group's turnover for the period ended 30 June 2024 amounted to approximately HK\$89.3 million, representing a decrease of 6.2%, comparing with the same period last year. Overall gross profit was increased by 69.1% to approximately HK\$15.9 million. Loss attributable to owners of the Company was approximately HK\$10.8 million (six months ended 30 June 2023: HK\$24.1 million).

Basic loss for the period ended 30 June 2024 amounted to HK4.05 cents (six months ended 30 June 2023: HK9.04 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review and Future Plan

In the first half of 2024, the consumer spending was fading. It was impacted by the higher-than-average inflation, high-for-longer credit cost, and uncertain economic outlook. As a result, the Group's turnover declined by 6.2%, as compared to the same period of 2023. Despite this, the Group benefitted from the rise in order intake and the production facilities utilisation after the clearance of excess inventory by the major customers in 2023. The gross profit was improved as compared with the same period of last year. In addition, due to the high volatility in exchange rate of RMB in the first half of 2024, the Group decided to terminate all the forward currency contracts on hand, and incurred a one-off realised loss of approximately HK\$9.6 million. After this, the Group will temporarily cease to enter the forward currency contracts to manage the influence of the volatility of RMB on the manufacturing costs.

For the precision parts and components segment, the turnover decreased by 6.2% to approximately HK\$89.3 million, comparing with the same period of 2023. If excluded the above one-off realised loss of approximately HK\$9.6 million (six months ended 30 June 2023: unrealised fair value loss of HK\$17.0 million) and a non-operating exchange loss of approximately HK\$1.3 million (six months ended 30 June 2023: HK\$2.8 million) incurred from certain RMB fixed deposits at banks, the segment record a profit of approximately HK\$0.1 million (six months ended 30 June 2023: loss of HK\$5.5 million).

The gross profit margin of the Group for the six months ended 30 June 2024 increased by 7.9 percentage points to 17.7% as compared with the same period of 2023, mainly driven by the rise in production facilities utilization as discussed above. The selling and distribution costs decreased by 4.4% to approximately HK\$8.2 million, while the administrative and other expenses decreased by 4.4% to approximately HK\$11.1 million. Despite the rise in market interest rate, the finance costs maintained at approximately HK\$0.2 million, due to the decrease in financing activities at the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review and Future Plan (continued)

Looking ahead, inflation remains top issue for the global central banks, influences the monetary policy implementation. Market expects interest rate will cut from September 2024, that will encourage the consumer spending and corporation investment in new project and market-launching. However, with the lingering and escalating geopolitical tensions and trade protectionism, the global economy is still full of uncertainties and challenges. Despite this, since the excess inventory problems by major customers had solved in 2023, the Group production facilities utilisation had been improved. Once the above uncertainties and challenges are eased, with the Group's strong balance sheet, we are confident that the Group profitability will further improve in the future. The Group's financial position remains healthy and is strong enough to finance our daily operation and future development.

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 and other financial institution included all term loans and import and export loans, which amounted to approximately HK\$7.0 million as at 30 June 2024.

The Group's financial position remains healthy. As at 30 June 2024, the aggregate balance of bank balances and cash of the Group amounted to approximately HK\$92.9 million.

The Group's borrowings are on a floating rate basis and are mainly denominated in HK\$ or US\$. 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 30 June 2024 and 31 December 2023 were negative. The negative gearing ratio as at 30 June 2024 and 31 December 2023 represents the Group is "net cash" position (i.e.: had more bank balances and cash than its debt).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Charge on the Group's Assets

As at 30 June 2024 and 31 December 2023, none of the Group's machines and equipment was pledged under lease.

Capital Structure

As at 30 June 2024, the Company had 267,004,800 ordinary shares in issue with total shareholders' equity of the Group amounted to approximately HK\$264.1 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 during the period ended 30 June 2024.

Employees

As at 30 June 2024, the Group had a total workforce of approximately 713 of which approximately 29 were based in Hong Kong, approximately 5 were based in overseas and approximately 679 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Founder of a discretionary trust	Total	
Lai Pei Wor	36,844,000	*97,242,000	134,086,000	50.22
Chan Yau Wah	20,000	–	20,000	0.00

* *Details of Mr. Lai Pei Wor's other interests are set out in the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" below.*

Save as disclosed above, as at 30 June 2024, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries, a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

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

Long positions:

Name	Number of shares held, capacity and nature of interest				Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Beneficiary of a trust			
Celaya (PTC) Limited (Note a)	-	-	97,242,000		97,242,000	36.42
Trident Corporate Services (B.V.I.) Limited (Note b)	-	-	97,242,000		97,242,000	36.42
Lai Yiu Chun (Note c)	3,150,000	21,450,000	-		24,600,000	9.21
Lam Lin Chu (Note c)	22,434,000	2,166,000	-		24,600,000	9.21

Notes:

- (a) Celaya (PTC) Limited holds 97,242,000 shares in its capacity as trustee of The Lai Family Unit Trust, of which all units are held by Trident Corporate Services (B.V.I.) Limited in its capacity as trustee of The Lai Family Trust, a discretionary trust of which the issue of Mr. Lai Pei Wor is discretionary objects.
- (b) The shares referred to herein relate to the same parcel of shares referred to in note (a) above.
- (c) Ms. Lam Lin Chu is the wife of Mr. Lai Yiu Chun, who is a brother of Mr. Lai Pei Wor. Both Ms. Lam Lin Chu and Mr. Lai Yiu Chun are declaring interests in the same parcel of shares.

Save as disclosed above, as at 30 June 2024, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 period.

CORPORATE GOVERNANCE CODE

In the opinion of the directors, saved for the deviation discussed below, the Company has complied with all the code provisions of the Corporate Governance Code, as set out in Appendix C1 of the Listing Rules throughout the accounting period covered by the interim report, except 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of Appendix C3 of the Listing Rules. Based on specific enquiry of the Company's directors, all directors have complied with the required standard set out in the Model Code throughout the period.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee of the Company currently comprises three independent non-executive directors, namely, Mr. Mak Kwai Wing, Mr. Li Yuen Kwan, Joseph and Ms. Pong Suet Hing. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 June 2024.

PUBLICATION OF INTERIM REPORT

The Company's interim report containing all the relevant information required by the Listing Rules will be published in due course on the websites of the HKEX (www.hkexnews.hk) and of the Company (www.kpihl.com).

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

Hong Kong, 22 August 2024

As at the date of this report, 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).



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