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KA SHUI INTERNATIONAL HOLDINGS LIMITED

嘉瑞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 822)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS			
	For the year ended 31 December		
	2024	2023	
	HK\$'000	HK\$'000	+ / (-)
RESULTS			
Revenue	1,481,802	1,282,495	15.5%
Gross profit	229,866	238,395	(3.6%)
Loss attributable to owners of the Company	(61,306)	(28,435)	115.6%
EBITDA	69,079	66,250	4.3%
PER SHARE DATA			
Loss per share for loss attributable to owners of the Company			
— Basic (HK cents)	(6.86)	(3.18)	115.7%
— Diluted (HK cents)	N/A	N/A	N/A

FINANCIAL RESULTS

The Board of directors (the “**Board**”) of Ka Shui International Holdings Limited (the “**Company**” or “**Ka Shui**”) wish to report the audited final results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	4	1,481,802	1,282,495
Cost of sales		<u>(1,251,936)</u>	<u>(1,044,100)</u>
Gross profit		229,866	238,395
Other income	5	23,198	21,129
Impairment losses for trade receivables		(412)	(1,449)
Selling and distribution expenses		(36,852)	(35,539)
General and administrative expenses		(252,198)	(230,457)
Other operating expenses and income		<u>(2,868)</u>	<u>(15,513)</u>
Loss from operations		(39,266)	(23,434)
Finance costs	6	(12,866)	(5,332)
Share of profits/(losses) of associates		<u>523</u>	<u>(3,643)</u>
Loss before tax		(51,609)	(32,409)
Income tax (expense)/credit	7	<u>(15,465)</u>	<u>3,001</u>
Loss for the year		<u>(67,074)</u>	<u>(29,408)</u>
Attributable to:			
Owners of the Company		(61,306)	(28,435)
Non-controlling interests		<u>(5,768)</u>	<u>(973)</u>
		<u>(67,074)</u>	<u>(29,408)</u>
Loss per share	8		
— Basic (HK cents)		(6.86)	(3.18)
— Diluted (HK cents)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Loss for the year	<u>(67,074)</u>	<u>(29,408)</u>
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value changes of equity investment at fair value through other comprehensive income ("FVTOCI")	—	34,402
Surplus/(loss) on revaluation of leasehold lands	24,819	(6,730)
Income tax on items that will not be reclassified to profit or loss	<u>(24,431)</u>	<u>1,042</u>
	<u>388</u>	<u>28,714</u>
<i>Items that reclassified or may be reclassified to profit or loss</i>		
Exchange differences on translating foreign operations	(13,865)	(20,022)
Exchange differences reclassified to profit or loss on deregistration of foreign operations	<u>2,704</u>	<u>—</u>
	<u>(11,161)</u>	<u>(20,022)</u>
Other comprehensive income for the year, net of tax	<u>(10,773)</u>	<u>8,692</u>
Total comprehensive income for the year	<u><u>(77,847)</u></u>	<u><u>(20,716)</u></u>
Attributable to:		
Owners of the Company	(71,895)	(19,324)
Non-controlling interests	<u>(5,952)</u>	<u>(1,392)</u>
	<u><u>(77,847)</u></u>	<u><u>(20,716)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		511,706	505,610
Right-of-use assets		266,595	266,597
Goodwill		—	2,654
Other intangible assets		24,702	30,531
Club membership		718	718
Investments in associates		11,643	13,845
Equity investment at FVTOCI		44,976	45,272
Non-current deposits		2,763	13,834
Deferred tax assets		88	4,255
		<u>863,191</u>	<u>883,316</u>
Current assets			
Inventories		220,007	159,822
Right of return assets		54	54
Trade and bills receivables	9	504,510	417,912
Contract assets		7,480	12,631
Prepayments, deposits and other receivables		43,326	42,023
Due from an associate		6,479	354
Current tax assets		3,351	8,060
Restricted bank balances		2,045	1,855
Bank and cash balances		237,854	194,464
		<u>1,025,106</u>	<u>837,175</u>
Current liabilities			
Trade payables	10	286,419	214,513
Contract liabilities		6,651	8,015
Refund liabilities		240	242
Other payables and accruals		112,698	97,420
Bank borrowings		202,396	63,333
Loan from non-controlling interest		1,500	—
Lease liabilities		8,318	14,398
Current tax liabilities		5,009	950
		<u>623,231</u>	<u>398,871</u>
Net current assets		<u>401,875</u>	<u>438,304</u>
Total assets less current liabilities		<u>1,265,066</u>	<u>1,321,620</u>

	As at 31 December	
	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Loan from non-controlling interest	—	1,185
Lease liabilities	17,254	26,042
Deferred tax liabilities	58,556	39,796
	75,810	67,023
NET ASSETS	1,189,256	1,254,597
Capital and reserves		
Share capital	89,376	89,376
Reserves	1,086,713	1,154,956
Equity attributable to owners of the Company	1,176,089	1,244,332
Non-controlling interests	13,167	10,265
TOTAL EQUITY	1,189,256	1,254,597

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 January 2005. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room A, 29/F., Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group is principally engaged in the manufacture and sale of zinc, magnesium and aluminium alloy and plastic products and components, trading of lighting products, provision of motor vehicle repairing services, sales of special purpose vehicles, provision of new energy vehicles power systems and production of smart home and other products which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products, automotive parts and precision components.

In the opinion of the directors of the Company (the "**Directors**"), as at 31 December 2024, Precisefull Limited, a company incorporated in the British Virgin Islands ("**BVI**"), is the ultimate parent and Mr. Lee Yuen Fat ("**Mr. Lee**") is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. 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**") and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 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 and prior accounting periods reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	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

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except the following:

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group's operation is currently categorised into nine (2023: nine) operating divisions — zinc, magnesium, aluminium alloy, plastic products and components, trading of lighting products, provision of motor vehicle repairing services, sales of special purpose vehicles, provision of new energy vehicles power systems and production of smart home and other products. The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and different cost measurement.

Operating divisions including provision of motor vehicle repairing services, sales of special purpose vehicles and provision of new energy vehicles power systems are aggregated into motor vehicle power systems segment as they have similar economic characteristics including sharing similar type of customers for their products and services.

The Group's other operating segments include production of smart home and other products. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the "Others" column.

Segment profits or losses do not include interest income, government grants, net fair value gains on derivative financial instruments, share of profits/(losses) of associates, impairment losses for investment in an associate, gain on step-up acquisition of an associate, loss on deregistration of subsidiaries, finance costs, corporate expenses and income tax (expense)/credit.

Segment assets and liabilities are not reported or used by the chief operating decision maker.

Information about the reportable segment profit or loss:

	Zinc alloy	Magnesium alloy	Aluminium alloy	Plastic	Lighting products	Motor vehicle power systems	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2024								
Revenue from external customers	48,917	462,578	242,569	680,556	26,580	17,290	3,312	1,481,802
Segment (loss)/profit	(4,034)	1,831	677	5,607	(4,210)	(16,433)	(2,500)	(19,062)
Depreciation and amortisation	2,393	21,723	15,727	53,952	5,175	628	1,137	100,735
(Reversal of allowance for inventories)/ impairment for allowance for inventories	(2,568)	(652)	(1,498)	(4,000)	(1,706)	1,200	(158)	(9,382)
Other material items of income and expense:								
Cost of inventories sold	31,712	393,609	180,646	519,132	10,672	19,361	1,992	1,157,124
Staff costs	18,834	128,199	124,791	217,219	9,659	5,130	850	504,682
Impairment losses for property, plant and equipment	—	—	—	—	—	462	305	767
Impairment loss for goodwill	—	—	—	—	—	2,654	—	2,654
Impairment loss for intangible assets	—	—	—	—	—	2,499	—	2,499

	Zinc alloy	Magnesium alloy	Aluminium alloy	Plastic	Lighting products	Motor vehicle power systems	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2023								
Revenue from external customers	78,355	345,052	228,366	579,277	42,074	8,462	909	1,282,495
Segment profit/(loss)	116	1,075	327	(4,789)	2,827	(11,540)	195	(11,789)
Depreciation and amortisation	3,030	26,295	12,290	39,674	2,957	1,769	1	86,016
Impairment for allowance for inventories/ (reversal of allowance for inventories)	—	8,521	(3,594)	3,290	(2,572)	1,866	(440)	7,071
Other material items of income and expense:								
Cost of inventories sold	60,156	260,764	177,869	440,858	17,270	10,198	585	967,700
Staff costs	20,669	103,933	75,145	185,932	10,158	5,506	66	401,409
Impairment losses for right-of-use assets	896	—	—	—	—	—	—	896
Impairment losses for property, plant and equipment	1,659	—	34	206	—	13	—	1,912

Reconciliation of reportable segment revenue, profit or loss:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	1,481,802	1,282,495
Unallocated amounts	—	—
Consolidated revenue	<u>1,481,802</u>	<u>1,282,495</u>
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit or loss		
Total loss of reportable segments	(19,062)	(11,789)
Unallocated amounts:		
Interest income	3,299	4,006
Government grants	3,615	5,351
Net fair value gains on derivative financial instruments	—	929
Share of profits/(losses) of associates	523	(3,643)
Impairment losses for investment in an associate	—	(1,891)
Gain on step-up acquisition of an associate	438	—
Loss on deregistration of subsidiaries	(2,628)	—
Finance costs	(12,866)	(5,332)
Corporate expenses	(24,928)	(20,040)
Income tax (expense)/credit	<u>(15,465)</u>	<u>3,001</u>
Consolidated loss for the year	<u>(67,074)</u>	<u>(29,408)</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other material items — depreciation and amortisation		
Total depreciation and amortisation of reportable segments	100,735	86,016
Unallocated amounts:		
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets for corporate use	<u>7,087</u>	<u>7,311</u>
Consolidated depreciation and amortisation	<u><u>107,822</u></u>	<u><u>93,327</u></u>

Geographical information:

	Revenue 2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	114,623	124,791
People's Republic of China (the "PRC"), except Hong Kong	744,297	584,213
USA	543,491	458,985
Others	<u>79,391</u>	<u>114,506</u>
Consolidated total	<u><u>1,481,802</u></u>	<u><u>1,282,495</u></u>

In presenting the geographical information, revenue is based on the locations of the customers.

The Group's non-current assets by geographical areas are not presented as the aggregate amount of the geographical segments other than the PRC is less than 11% (2023: less than 12%) of the aggregate amount of all segments.

Revenue from major customers:

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follow:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Plastic segment		
Customer a	469,177	337,902
Magnesium alloy segment		
Customer b (<i>note</i>)	<u><u>161,878</u></u>	<u><u>N/A</u></u>

Note: Revenue from customer b represented less than 10% of the Group's revenue for the year ended 31 December 2023.

5. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income on bank deposits	3,299	4,006
Rental income	518	689
Reimbursement from customers	5,994	3,537
Sales of scrap materials	6,390	4,937
Government grants (<i>note</i>)	3,615	5,351
Others	3,382	2,609
	<u>23,198</u>	<u>21,129</u>

Note: Government grants recognised during the year are mainly related to government incentives policies for investments in equipments that increase productivity and/or environmental friendly (2023: mainly related to unconditional support for subsidising the Group's research and development). The Group has complied with all attached conditions before 31 December 2024.

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on lease liabilities	2,095	1,718
Interest expenses on bank borrowings	10,771	3,614
	<u>12,866</u>	<u>5,332</u>

7. INCOME TAX EXPENSE/(CREDIT)

	2024 HK\$'000	2023 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	7,173	3,796
Under/(over)-provision in prior years	1,006	(7,025)
	<u>8,179</u>	<u>(3,229)</u>
Current tax — Income tax outside Hong Kong		
Provision for the year	6,105	1,491
Under/(over)-provision in prior years	2,561	(183)
	<u>8,666</u>	<u>1,308</u>
Deferred tax	<u>(1,380)</u>	<u>(1,080)</u>
Income tax expense/(credit)	<u>15,465</u>	<u>(3,001)</u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2023: 16.5%). The profits of the group entities not qualifying for the two-tiered Profits Tax regime will continue to be taxed at a rate of 16.5%.

Under the PRC Enterprise Income Tax (the “EIT”) Law, the statutory tax rate for the Group’s subsidiaries established and operating in Mainland China is 25% (2023: 25%).

Four (2023: Three) of the Group’s subsidiaries registered in the PRC are recognised as High and New Technology Enterprises which have been granted tax concessions by local tax bureau and are entitled to PRC EIT at concessionary rate of 15% during the reporting period.

Income tax on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing on the overseas countries in which the Group operates.

According to the PRC EIT Law, withholding tax at a rate of 10% would be imposed on dividend payment relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such tax rate may be further reduced by applicable tax treaties or arrangements. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% (2023: 5%) if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Loss		
Loss attributable to owners of the Company, used in the loss per share calculation	<u>(61,306)</u>	<u>(28,435)</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>893,761,400</u>	<u>893,761,400</u>

No diluted loss per share are presented as the effect of all potential ordinary shares are anti-dilutive for the years ended 31 December 2024 and 2023.

9. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	490,529	408,201
Bills receivables	<u>13,981</u>	<u>9,711</u>
	<u>504,510</u>	<u>417,912</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days (2023: 30 to 120 days) after the end of the month in which the invoices are issued. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is stated as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	181,460	157,827
31 to 60 days	117,985	106,173
61 to 90 days	102,163	80,425
91 to 180 days	81,693	59,800
Over 180 days	<u>9,466</u>	<u>5,805</u>
	492,767	410,030
Less: Allowance for bad and doubtful debts	<u>(2,238)</u>	<u>(1,829)</u>
	<u>490,529</u>	<u>408,201</u>

As at 31 December 2024, total bills received amounted to approximately HK\$13,981,000 (2023: HK\$9,711,000) are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

10. TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	69,558	65,481
31 to 60 days	65,502	54,482
61 to 90 days	45,512	32,301
91 to 180 days	85,938	37,490
Over 180 days	19,909	24,759
	<u>286,419</u>	<u>214,513</u>

11. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
2023 Final dividend of HK Nil cent (2023: 2022 Final dividend of HK2.0 cents) per ordinary share	<u>—</u>	<u>17,875</u>

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024. (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Financial Review

During the year under review, due to the ongoing geopolitical conflicts and relatively high interest rates, the global economy encountered significant challenges which weakened consumer spending and shifted trade dynamics. In the face of the severe market environment, the Group had actively adjusted strategies to navigate this complex trade landscape. It saw a year-on-year increase in its overall revenue for the year ended 31 December 2024 (the “**Year**”) of approximately 15.5% to HK\$1,481,802,000 (2023: HK\$1,282,495,000). The increase in turnover was primarily driven by the growth of the magnesium alloy business in the PRC and the growth in plastic product sales resulting from the capacity expansion of the Mexico plant. However, the volume-driven pricing strategy and changes in the product mix led to a temporary decline in the Group’s overall gross profit margin. During the year, overall operating costs increased to support the growth in turnover. Furthermore, high financing costs were incurred due to the use of loan financing to support the rapid expansion of the business. As a result, the consolidated net loss attributable to owners of the Company amounted to approximately HK\$61,306,000 (2023: consolidated net loss of HK\$28,435,000). The Group’s gross profit for the Year also dropped approximately to HK\$229,866,000 (2023: HK\$238,395,000) and gross profit margin was approximately 15.5% (2023: 18.6%).

The Group’s EBITDA, computed as profit before tax, depreciation, amortisation and finance costs, amounted to approximately HK\$69,079,000 (2023: HK\$66,250,000).

(B) Business Review

Plastic business

With the adoption of the dual-location manufacturing strategy in both China and Mexico by the Group, the revenue of plastic business segment grew by approximately 17.5% to HK\$680,556,000 (2023: HK\$579,277,000), which accounted for approximately 45.9% (2023: 45.2%) of the Group’s overall revenue. The Group had taken various measures to increase the production efficiency of the Group’s Mexico’s operation with an aim that the gross profit of this segment will be improved in 2025. Also, the Group will continue to optimize and improve the operation procedures and the skill of employees in Mexico and further develop the market in North America.

Magnesium alloy business

Benefited from the growing demand for artificial intelligent personal computers and new energy vehicles, together with the light-weight and ultra-high thermal conductivity natural of magnesium alloy having been regarded as the perfect substitute for traditional materials, the revenue of the magnesium alloy business for the Year increased significantly by approximately 34.1% to HK\$462,578,000 (2023: HK\$345,052,000), accounting for approximately 31.2% of the Group's overall revenue (2023: 26.9%). Recently, the rapid expanding low-altitude economy in China continues to be a key medium to long-term focus for the Group. The Group has successfully developed magnesium alloy materials that meet the flame retardancy requirements set by Federal Aviation Administration in the United States, the materials of which been supplied to a leading Chinese aerial vehicle manufacturer. The Group will strive to become the preferred supplier for leading aerial vehicle brands in China.

Aluminium alloy business

Owing to the increased demand in transportation and personal electronics, the revenue of the aluminium alloy business for the Year raised by approximately 6.2% to HK\$242,569,000 (2023: HK\$228,366,000) when compared with that of the previous year. Yet, the segment's contribution to the Group's overall revenue had reduced from approximately 17.8% in 2023 to approximately 16.4% in 2024.

Zinc alloy business

The persistent geopolitical tensions and relatively high interest rates have greatly weakened consumer sentiments which had resulted in the lower household products spending. As such, the revenue of the zinc alloy business for the Year was approximately HK\$48,917,000 (2023: HK\$78,355,000), representing a decrease of approximately 37.6% when compared with that of 2023. This business segment accounted for approximately 3.3% of the Group's overall revenue (2023: 6.1%).

Others

The revenue of other businesses (including trading of lighting products, provision of motor vehicle repairing services, sales of special purpose vehicles, provision of new energy vehicle power systems and production of smart home and other products) dropped by approximately 8.3% to HK\$47,182,000 (2023: HK\$51,445,000) when compared with that of the previous year.

(C) Prospects

Over the last 45 years, the Group has specialized in die-casting solutions, with lightweight magnesium alloy products emerging as its flagship product. Its ongoing commitment to innovative research and development (“**R&D**”) of new magnesium-related materials, combined with its vision to invest in emerging markets, continue to unlock new business opportunities for a sustainable development.

The rapid advancement of artificial intelligence (“**AI**”) technology is accelerating the convergence of consumer electronics and technological innovation, driving industry growth. The AI personal computer (“**AI PC**”) is emerging as a vital intelligent terminal for widespread use. To meet the increasing demand for AI computing speed in future notebook computers, which would require efficient heat-dissipation of high-performance computing, the Group has made significant strides in enhancing the thermal conductivity of magnesium alloy, and has developed a high-thermal-conductivity magnesium alloy that significantly surpasses the commonly used AZ91D magnesium alloy in heat dissipation. The Group’s next-generation ultra-high-thermal-conductivity magnesium alloy has achieved a thermal conductivity coefficient of 140 W/(m • K), an improvement from 110 W/(m • K) in the first generation, as confirmed by the latest third-party testing. This advance enhances the efficiency and stability of high-performance AI PCs while improving robustness, durability, and corrosion resistance. The Group is collaborating closely with leading domestic R&D institutions to identify optimal alloy compositions and plans to conduct small- and medium-scale production trials to validate and refine the alloy’s properties, while accelerating the product launch to capture market share.

The Group supplies magnesium alloy components to numerous globally recognized consumer electronics brands. Notably, Lenovo’s ThinkPad X1 Carbon Aura AI, the world’s first commercial AI PC, utilizes the Group’s rare earth magnesium alloy for its C/D covers. This material not only ensures an exceptionally lightweight design but also enhances the AI experience through material innovation. The Group’s self-developed high-fluidity rare earth magnesium alloy facilitates integrated die-casting of complex structures, meeting the precise layout requirements of AI terminal components while achieving an ultra-thin wall thickness of 0.45 mm, setting a new benchmark for lightweight, high-performance devices. As AI systems are rapidly deployed on laptops, the Group foresees new development opportunities for its business. The Group is committed to assisting customers in developing AI applications and aims to position itself as a leading partner in the industry in the short to medium term.

At the same time, the Group has also successfully penetrated in the supply chains of a growing number of renowned brands in China’s new energy vehicle market, supplying lightweight magnesium alloy components for electronic controls, electric drives, body structures, and chassis parts.

According to the China Passenger Car Association, retail sales of new energy passenger vehicles reached 10.9 million units in 2024, marking a year-on-year increase of 40.7%. New energy vehicles accounted for 47.6% of all retail passenger car sales in 2024 in the PRC. Benefiting from the continuation of favorable policies and subsidies, it is projected that retail sales in the PRC will reach 13.3 million units in 2025, reflecting a 20% increase and a penetration rate of 57%.

In light of this robust market growth, the Group will continue to deliver reliable, high-quality products for its new energy vehicle customers while expanding its portfolio of high-strength, high-toughness, and high-flow magnesium alloy solutions to meet increasing market demands. The Group is committed to continuous investment in this thriving industry while strengthening its sales and marketing teams over the next three years to capture a larger market share.

The rapidly expanding low-altitude economy in China represents a key medium to long-term focus for the Group. Aerial vehicles, like other modes of transportation, require lightweight materials for optimal energy efficiency and reduced carbon emissions. In addition, they demand even stricter standards for flame retardancy and heat resistance to ensure safety and reliability in flight. In 2024, the Group, in close collaboration with its R&D partners, successfully developed materials that meet the flame retardancy requirements set by the Federal Aviation Administration (“FAA”) in the United States. These components have been launched in the market and are now supplied to Xpeng, a leading Chinese aerial vehicle manufacturer, highlighting the Group’s ability to identify emerging market opportunities and respond effectively to industry demands.

To support this growth, the Group will allocate resources to its manufacturing base in Wuhu City, Anhui Province, China, where the local government is focused on developing the low-altitude economy. This initiative has attracted nearly 200 companies across the aerospace supply chain, covering sectors such as new materials, drones, engines, propellers, avionics, and accessories, achieving a 100% self-supply rate for core components. The synergy created by this cluster effect enhances the Group’s responsiveness to market trends and allows for the integration of advanced technology in product development. The Group’s aim is to replicate its success in the new energy vehicle sector and become the preferred supplier for leading aerial vehicle brands in China in the medium to long-term.

For over four decades, the Group has been recognized in the market for its expertise in providing innovative lightweight component solutions across a wide array of industries, including traditional communication devices, personal care products, home appliances, as well as the rapidly growing sectors of new energy vehicles, aerial vehicles and AI PCs. The Group will continue to evolve through various market cycles, driven by a commitment to technological innovations and responsiveness to market needs. The Group’s lightweight alloys, characterized by advancements in strength and thermal management efficiency, along with the Group’s large-scale die casting capability, will continue to meet the demands of the evolving markets.

Looking toward to the remaining part of 2025, the Group maintains a cautiously optimistic perspective on the global economy. The International Monetary Fund anticipates steady growth of 3.3% for both 2025 and 2026, following an estimated 3.2% in 2024. However, the uncertainty in trade policy and regulation in the United States could hinder economic progress and disrupt global supply chains amid ongoing geopolitical tensions. In contrast, China aims for a 5% growth target in 2025, supported by strategic policy adjustments. The Chinese Central Government is committed to a moderately loose monetary policy and proactive fiscal measures to support growth. Additionally, China focuses on high-quality production and development driven by technological innovation, with emerging sectors such as AI, new energy vehicles and low altitude economy making significant breakthroughs in recent years. The Group is well-positioned to capitalize on opportunities within this evolving landscape.

(D) Liquidity and Financial Resources

The Group has adopted a prudent policy in financial resources management, maintaining an appropriate level of cash and cash equivalents as well as adequate facilities to meet the requirements of day-to-day operations and business development, at the same time controlling borrowings at a healthy level.

The principal sources of working capital of the Group during the Year were from cash flows generated from operating activities and bank borrowings. As at 31 December 2024, the Group had restricted bank balances as well as bank and cash balances of approximately HK\$239,899,000 (2023: HK\$196,319,000), most of which were denominated in either US dollars, Renminbi or Hong Kong dollars.

The interest-bearing borrowings of the Group as at 31 December 2024 were bank borrowings and loan from non-controlling interest with an aggregate amount of approximately HK\$203,896,000 (2023: HK\$64,518,000). All of these borrowings were denominated in Hong Kong dollars and Renminbi (2023: Hong Kong dollars) and which were primarily subject to floating interest rates. The borrowings with maturities falling due within one year, in the second to fifth year with repayment on demand clause and in the second to fifth year without repayment on demand clause amounted to HK\$188,896,000, HK\$15,000,000 and nil respectively (2023: HK\$63,333,000, nil and HK\$1,185,000 respectively).

As at 31 December 2024, the net gearing ratio (a ratio of the sum of the total bank borrowings and loan from non-controlling interest less restricted bank balances and bank and cash balances divided by the total equity) of the Group was not applicable since the Group had net cash, restricted bank balances and bank and cash balances less total bank borrowings and loan from non-controlling interest of HK\$36,003,000 (2023: net cash of HK\$131,801,000).

As at 31 December 2024, the net current assets of the Group were approximately HK\$401,875,000 (2023: HK\$438,304,000), which consisted of current assets of approximately HK\$1,025,106,000 (2023: HK\$837,175,000) and current liabilities of approximately HK\$623,231,000 (2023: HK\$398,871,000), representing a current ratio of approximately 1.6 (2023: 2.1).

(E) Exposure to Foreign Exchange Risk

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars, Renminbi or Mexican Peso. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Renminbi, Mexican Peso and Hong Kong dollars. Currently, the Group has not entered into any financial instrument for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposure and take appropriate measures to mitigate the risks that the Group faces from exchange rate fluctuations.

(F) Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

(G) Charge on Assets

As at 31 December 2024, none of the assets of the Group were pledged.

(H) Significant Investments, Acquisitions or Disposal

On 23 December 2024, Ka Yi Technology (Huizhou) Company Limited* (嘉宜科技(惠州)有限公司), an indirect wholly-owned subsidiary of the Company (the “**Vendor**”) entered into the equity transfer agreement with Jiaxian Zhongtuo Huixin Technology Co., Ltd.* (佳縣眾拓匯鑫科技有限公司) (the “**Purchaser**”), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, 40% of the equity interest in Kamay New Material Technology (Yulin) Company Limited* (嘉鎂新材料科技(榆林)有限公司) (the “**Target Company**”) at a total cash consideration of RMB10 million (the “**Disposal**”). The Target Company is a limited liability company established in the PRC which is principally engaged in the sales and manufacture of metallic material.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the above Disposal are set out in the Company's announcement dated 23 December 2024. As at the date of this announcement, the Disposal has completed.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14 of the Listing Rules in respect of the above discloseable transaction.

Saved as disclosed above, during the year ended 31 December 2024, the Group did not have any significant investments, acquisitions or disposals that require additional disclosures or adjustments.

(I) Human Resources

As at 31 December 2024, the Group had approximately 4,550 full-time employees (31 December 2023: 4,762). The Group attributes its success to the hard work and dedication of all staff, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides a competitive salary package, including retirement schemes, medical benefits and bonuses. The Group's remuneration policy and structure are determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme as an incentive and reward for those qualifying staff who have made contributions to the Group.

The Group provides regular training courses for different levels of staff and holds various training programs together with PRC institutes and external training bodies. Apart from academic and technical training, the Group also organises different kinds of recreational activities, including New Year gathering, various sports competitions and interest groups. The aim is to promote interaction among staff, establish a harmonious team spirit and promote a healthy lifestyle.

IMPORTANT EVENTS AFFECTING THE GROUP SINCE THE END OF THE YEAR

No significant events affecting the Group that require additional disclosures or adjustments occurred after the financial year ended 31 December 2024.

FINAL DIVIDEND

After careful assessment of the Group's future business prospects and financial position, the Board has determined that it is prudent to maintain a sufficient level of funds to capitalize on emerging opportunities. Consequently, the Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 May 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

SCOPE OF WORK OF MESSRS. RSM HONG KONG

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company's auditor, Messrs. RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Messrs. RSM Hong Kong in this respect did not constitute an 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 Messrs. RSM Hong Kong on this announcement.

CORPORATE GOVERNANCE

During the Year, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules, other than the deviation relating to Code Provision C.2.1 which is summarized below:

Code Provision C.2.1

Pursuant to Code Provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer ("**CEO**") should be separate and should not be performed by the same individual.

Mr. Lee Yuen Fat (“**Mr. Lee**”), the Chairman and an executive Director of the Company, has temporarily taken up the duties of CEO (after Mr. Chu Weiman (“**Mr. Chu**”) resigned as the CEO) with effect from 31 December 2024 with the support from the existing senior management team of the Group until a suitable candidate is appointed. This arrangement during the transitional period constitutes a deviation from Code Provision C.2.1 of the CG Code. The Board believes that Mr. Lee’s vision, extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Group, and Mr. Lee by assuming the roles of both Chairman and the CEO would allow a smooth transition of responsibility from Mr. Chu to Mr. Lee, which the Board believes is in the best interest of the business operation and future development of the Group during this transitional period. The Company will, however, seek to re-comply with Code Provision C.2.1 of the CG Code by identifying and appointing a suitable and qualified candidate to fill the casual vacancy as soon as practicable.

The reason for the above deviation and further information on the Company’s corporate governance practices during the Year will set out in the Corporate Governance Report to be contained in the Company’s Annual Report for the financial year ended 31 December 2024 (“**2024 Annual Report**”), which will be sent to the Shareholders by the end of April 2025.

AUDIT COMMITTEE

The Company established the Audit Committee in June 2007. The primary duties of the Audit Committee are to review the Company’s financial reports, make recommendations on the appointment, removal and remuneration of independent auditor, approve audit services, develop, implement and review a policy on engaging independent auditors to supply non-audit services, approve the scopes and fees for non-audit assignments, supervise the Company’s internal financial reporting procedures and management policies, review the Company’s risk management and internal control systems as well as the internal audit function, and other duties under the CG code. RSM Hong Kong will confirm its independence before accepting the engagement of non-audit services. The Audit Committee comprises four independent non-executive Directors, namely Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie), Professor Sun Kai Lit, Cliff *BBS, JP*, Ir Dr. Lo Wai Kwok *GBS, MH, JP* and Mr. Tang Koon Yiu, Thomas (who was appointed as an independent non-executive Director and a member of the Audit Committee with effect from 31 May 2024) and is chaired by Mr. Kong Kai Chuen, Frankie, a qualified accountant with extensive experience in financial reporting and controls. Following Mr. Andrew Look’s retirement as an independent non-executive Director, he has ceased to be a member of the Audit Committee with effect from 31 May 2024.

NOMINATION COMMITTEE

The Nomination Committee was set up in June 2007 and is mainly responsible for reviewing the structure, size and the composition of the Board and making recommendations on any proposed change to the Board to complement the Company's corporate strategy, assessing the independence of independent non-executive directors, making recommendations to the Board on the appointment of directors and succession planning for directors. The Nomination Committee consists of (i) four independent non-executive Directors, namely Professor Sun Kai Lit, Cliff *BBS, JP*, Ir Dr. Lo Wai Kwok *GBS, MH, JP*, Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie) and Mr. Tang Koon Yiu, Thomas (who was appointed as an independent non-executive Director and a member of the Nomination Committee with effect from 31 May 2024), and (ii) one executive Director, Mr. Lee Yuen Fat (who was appointed as a member of the Nomination Committee with effect from 31 December 2024). Professor Sun Kai Lit, Cliff *BBS, JP*, an independent non-executive Director, is the Chairman of the Nomination Committee. Following Mr. Andrew Look's retirement as an independent non-executive Director and Mr. Chu Weiman's resignation as an executive Director, they have also ceased to be members of the Nomination Committee with effect from 31 May 2024 and 31 December 2024 respectively.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in June 2007. The major duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management, including the review and/or approval of matters relating to share schemes under Chapter 17 of the Listing Rules. It also reviews and determines the terms of remuneration packages, the award of bonuses and other compensation payable to individual directors and senior management with reference to the Board's corporate goals and objectives. The Remuneration Committee consists of (i) four independent non-executive Directors, namely Professor Sun Kai Lit, Cliff *BBS, JP*, Ir Dr. Lo Wai Kwok *GBS, MH, JP*, Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie) and Mr. Tang Koon Yiu, Thomas (who was appointed as an independent non-executive director and a member of the Remuneration Committee with effect from 31 May 2024) and (ii) one executive Director, Mr. Lee Yuen Fat (who was appointed as a member of the Remuneration Committee with effect from 31 December 2024). The Chairman of the Remuneration Committee is Professor Sun Kai Lit, Cliff *BBS, JP*, an independent non-executive Director. Following Mr. Andrew Look's retirement as an independent non-executive Director and Mr. Chu Weiman's resignation as an executive Director, they have also ceased to be members of the Remuneration Committee with effect from 31 May 2024 and 31 December 2024 respectively.

RISK MANAGEMENT COMMITTEE

The Company has set up the Risk Management Committee with terms of reference in October 2020. The main responsibilities of the Risk Management Committee include monitoring and reviewing the process of the risk management and internal control, and advising the Board on the appropriateness, effectiveness of and the proposed improvements to be made to the existing risk management and internal control systems; providing recommendations to the management on risk management and internal control, and setting up procedures to unveil, assess and manage material risk factors and ensuring that management discharges its responsibility to implement effective risk management and internal control systems; and reviewing with the Group's management, external auditor and the internal audit function, the adequacy of the Group's policies and procedures regarding risk management and internal control systems and any relevant statement by the directors to be included in the annual accounts prior to their endorsement by the Board. The Risk Management Committee currently comprises (i) the Vice Chairman (namely Mr. Wong Wing Chuen), (ii) Director of Planning and Management (namely Ms. Chan So Wah), both are executive Directors, and (iii) Director of Sales and Marketing (namely Mr. Wong Wai Chung, Peter), (iv) the Chief Financial Officer (namely Mr. Yu Wai Chun, who was appointed as a new member of Risk Management Committee with effect from 26 August 2024) and (v) Director of Human Resources and Administration (namely Ms. Lee Ming Wai, who was appointed as a new member of Risk Management Committee with effect from 31 December 2024). The Chairman of Risk Management Committee is Mr. Wong Wing Chuen (who was redesignated from the member to the chairman of the Risk Management Committee with effect from 31 December 2024). Following Mr. Chu Weiman's resignation as an executive Director and the Chief Executive Officer, he has also ceased to be the Chairman of the Risk Management Committee with effect from 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, all directors have confirmed that they have fully complied with the required standard set out in the Model Code for the year ended 31 December 2024.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our sincere appreciation to our customers, suppliers and shareholders for their continuing support, and our management and staff for their dedication and contribution to the Group throughout the year.

By order of the Board
Ka Shui International Holdings Limited
LEE YUEN FAT
Chairman and Chief Executive Officer

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lee Yuen Fat, Mr. Wong Wing Chuen and Ms. Chan So Wah, and four independent non-executive directors, namely Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok GBS, MH, JP, Mr. Mr. Kong Kai Chuen, Frankie and Mr. Tang Koon Yiu, Thomas.