

## KEMAO INDUSTRIES LIMITED – HALF-YEAR INFORMATION

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

(Lodged with the NSX under Listing Rule 6.10)

**Name of issuer: Kemao Industries Limited (NSX: KEM)**

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Financial period ended (‘Current period’)
625 928 216	✓		30 June 2021

**1. The amount and percentage change up or down from the previous corresponding period of revenue:**

	Up/Down	%		\$A'000
Revenue	up	25.9%	to	77,427

**2. The amount and percentage change up or down from the previous corresponding period of profit (loss) after income tax:**

	Up/Down	%		\$A'000
Profit (loss) after income tax:	down	656.6%	to	(2,784)

**3. The amount and percentage change up or down from the previous corresponding period of profit (loss) for the period attributable to members of the parent:**

	Up/Down	%		\$A'000
Profit (loss) for the period attributable to members of the parent	down	656.6%	to	(2,784)

**4. The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends:**

No dividends have been paid or proposed to pay.

**5. A brief explanation of any of the figures in 1 to 4 necessary to enable the figures to be understood.**

The Group reported a consolidated loss of \$2,784,000 for the half-year ended 30 June 2021 (2019: a consolidated loss of \$424,000).

Revenue for the half year ended 30 June 2021 grew by 25.9% to \$77.4 million, compared with \$61.5 million of last period. Due to strict COVID-19 containment measures, social and economic environment became normalised in China in 2021. Over the course of the pandemic lock-down, the Company saw a lot of small and medium manufactures closed down and the concentration within the industry became higher and higher. As one of the top tin-plate manufacturers with long history in China, KEM took the opportunity to increase its market share. Domestic sales increased by 37.7% to \$65.8 million. While overseas sales were down 15% to \$11.6 million, the total sales returned to almost the pre-COVID level.

Raw material prices and shipping costs continued to rise significantly during the period. The Group recorded a gross loss of \$810,000 for the first six months of 2021. In order to cope with the unexpected price movement and the ongoing uncertainties arising from Covid-19, KEM continued to strengthen its inventory control.

The Group remained focus on improving production management, minimising unnecessary expenditure and reducing waste. Apart from the non-cash impairment provision, all other operating expenditure decreased during the period.

KEM has adopted prudent capital management. The Group managed not to increase its borrowings during the challenging period. As at 30 June 2021 KEM had around \$9.3 million cash and generated \$1.2 million from its operating activities during the period. While it had negative \$5.2 million working capital as at 30 June 2021, KEM assessed its cashflow remained stable.

**6. Net tangible assets per security with the comparative figure for the previous corresponding period.**

	2021.6.30	2020.12.31
Net tangible assets per ordinary share (cents)	5.22	5.31

**7. Details of entities over which control has been gained or lost during the period:**

The Company has not gained or lost control over any entities during the period.

**8. Details of individual and total dividends or distributions and dividend or distribution payments:**

No dividends or distribution payments have been paid or proposed to pay.

**9. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan:**

The Company has no dividend or distribution reinvestment plan.

**10. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards):**

KEM's half year financial report is a general purpose consolidated financial report which has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations (Standards) issued by the Australian Accounting Standards Board (AASB), in particular AASB 134 'Interim Financial Reporting'.

**11. For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:**

Not applicable.