

**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 2023

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

	Up/Down	%		\$A'000
Revenue	Down	1.3%	to	88,479

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	From profit to loss	to	(1,833)

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	From profit to loss	to	(1,833)

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 \$1,833,000 for the half-year ended 30 June 2023 (2022: a consolidated profit of \$520,000).

Revenue for the half year ended 30 June 2023 was comparable with last period, amounting to \$88.5 million (2022: \$89.7 million). Due to a depressed market and subdued goods price, gross profit margin dropped by 5% though the Group had achieved similar sales quantities and maintained a stable market share. Expenditure decreased by 28% to \$5.5 million (2022: \$7.6 million), as a result of continuous cost saving measures and the strengthening credit control policy. As the Group incurred a loss during the period, a full amount write-off of deferred tax asset \$0.84 million was recognized as income tax expense in the profit or loss account. To improve the Group's profitability, KEM will focus on cost reduction by upgrading its operational equipment and developing new production method. Management believes this will lead to higher productivity and lower material costs.

Despite the Group was in a net liability position as at 30 June 2023, the business liquidity was considered still sufficient and the financial conditions were stable. As a long-term established company, KEM has sound credit record and well recognized in the region. When required, KEM is confident that it can receive new borrowing facilities from banks and financial institutions.

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

	2023.6.30	2022.12.31
Net tangible assets per ordinary share (cents)	(2.58)	(0.75)

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.



KEMAO INDUSTRIES LIMITED

ACN 625 928 216 | NSX Code: KEM

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2023**

This Financial Report for the Half Year ended 30 June 2023 is to be read in conjunction with the Financial Report for the Year ended 31 December 2022 and any announcements made to the market during the half year ended 30 June 2023.



Corporate Directory

Board of Directors

Mr Long Huy Lam	Non-executive Chairman
Mr Dong Chen	Managing Director
Ms Fang Chen	Executive Director
Ms Xuekun Li	Non-executive Director

Company Secretary

Ms Xuekun Li

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283 Rokeby Road
Subiaco WA 6008

Share Registry

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110 Stirling Highway
Nedlands WA6009
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Securities Exchange Listing

Fully Paid Shares in Kemao Industries Limited are quoted on National Stock Exchange of Australia (code: KEM).

Financial Report for the Half Year ended 30 June 2023

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Directors' Report

The directors of Kemao Industries Limited (**Kemao**) herewith submit the financial report of Kemao Industries and its subsidiaries ("KEM" or "the Group") for the half-year ended 30 June 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors of the Company during or since the end of the half year are:

- Mr Long Huy Lam (Non-executive Chairman)
- Mr Dong Chen (Executive Director)
- Ms Fang Chen (Executive Director)
- Ms Xuekun Li (Non-executive Director)

Review of Operations

KEM is a professional metal packaging solution provider. The Group specialises in the production and supply of tinplate and cold-rolled steel coils to the global market. KEM's production base and manufacture centre is located in the Jiangsu Province of China.

The Group reported a consolidated loss of \$1.8 million for the half-year ended 30 June 2023 (2022: a consolidated profit of \$0.52 million). The consolidated loss included a non-operational write-off of \$0.85 million deferred tax assets.

Revenue for the half year ended 30 June 2023 was comparable with last period, amounting to \$88.5 million (2022: \$89.7 million). Due to a depressed market and subdued goods price, gross profit margin dropped by 5% though the Group had achieved similar sales quantities and maintained a stable market share. Expenditure decreased by 28% to \$5.5 million (2022: \$7.6 million), as a result of continuous cost saving measures and the strengthening credit control policy. As the Group incurred a loss during the period, a full amount write-off of deferred tax asset \$0.84 million was recognized as income tax expense in the profit or loss account. To improve the Group's profitability, KEM will focus on cost reduction by upgrading its operational equipment and developing new production method. Management believes this will lead to higher productivity and lower material costs.

Despite the Group was in a net liability position as at 30 June 2023, the business liquidity was considered still sufficient and the financial conditions were stable. As a long-term established company, KEM has sound credit record and well recognized in the region. When required, KEM is confident that it can receive new borrowing facilities from banks and financial institutions.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 3 and forms part of the Directors' Report for the half year ended 30 June 2023.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Board



Long Huy Lam
Director

Sydney, 13 September 2023

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Director for the review of the financial statements of Kemao Industries Limited for the half year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,



HALL CHADWICK AUDIT (WA) PTY LTD



NIKKI SHEN CA
Director

Dated 13th day of September 2023
Perth, Western Australia

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year ended 30 June 2023

	2023	2022
	1 January – 30 June \$000's	1 January – 30 June \$000's
Sales	88,479	89,731
Cost of sales	(87,858)	(84,581)
Gross profit	<u>621</u>	<u>5,150</u>
Other income	3,875	2,998
Expenditure		
Administration expenses	(1,512)	(1,133)
Operating expenses	(451)	(525)
Research & development expenses	(2,646)	(2,932)
Allowance for impairment losses	(111)	(2,253)
Finance costs	(773)	(787)
Total expenditure	<u>(5,493)</u>	<u>(7,630)</u>
Profit/(loss) before income tax	(997)	518
Income tax expense	(836)	-
Net profit/(loss) for the period	<u>(1,833)</u>	<u>518</u>
Other comprehensive expense	<u>(16)</u>	<u>(86)</u>
Total comprehensive income/(expense) for the period	<u>(1,849)</u>	<u>432</u>
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)	<u>(1.81)</u>	<u>0.51</u>

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position as at 30 June 2023

	Notes	30 June 2023 \$000's	31 December 2022 \$000's
Current assets			
Cash and cash equivalents		4,642	8,619
Trade receivables and prepayments	4	14,130	22,066
Other receivables		1,086	1,071
Inventories	5	23,007	20,890
Total current assets		42,865	52,646
Non-current assets			
Plant and equipment	6	5,910	6,297
Right-of-use asset	7	781	809
Deferred tax assets		-	852
Total non-current assets		6,691	7,958
Total assets		49,556	60,604
Current liabilities			
Trade and other payables		26,645	38,662
Borrowings	8	25,516	22,698
Total current liabilities		52,161	61,360
Non-current liabilities			
Other payables		-	-
Total Non-current liabilities		-	-
Total liabilities		52,161	61,360
Net assets/(liability)		(2,605)	(756)
Equity			
Contributed equity	9	17,144	17,144
Reserve		1,171	1,187
Accumulated losses		(20,920)	(19,087)
Total equity		(2,605)	(756)

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity for the Half Year ended 30 June 2023

	Contributed Equity \$000's	Reserve \$000's	Accumulated Losses \$000's	Total \$000's
Balance at 1 January 2023	17,144	1,187	(19,087)	(756)
Loss for the period	-	-	(1,833)	(1,833)
Exchange differences on translating foreign controlled entities	-	(16)	-	(16)
Total comprehensive expense for the period	-	(16)	(1,833)	(1,849)
Balance at 30 June 2023	17,144	1,171	(20,920)	(2,605)
Balance at 1 January 2022	17,144	1,263	(20,277)	(1,870)
Profit for the period	-	-	518	518
Exchange differences on translating foreign controlled entities	-	(86)	-	(86)
Total comprehensive income/(expense) for the period	-	(86)	518	432
Balance at 30 June 2022	17,144	1,177	(19,759)	(1,438)

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows for the Half Year ended 30 June 2023

	2023	2022
	1 January – 30 June \$000's	1 January – 30 June \$000's
Cash flows from operating activities		
Receipts from customers	99,893	75,081
Payments to suppliers and employees	(104,579)	(75,384)
Interest received	(73)	-
Interest paid	(2,249)	(787)
Net cash inflow/(outflow) from operating activities	<u>(7,008)</u>	<u>(1,090)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(325)	(152)
Change in term deposits	17	-
Change in bank balances for restricted use	1,130	-
Net cash inflow from investing activities	<u>822</u>	<u>(152)</u>
Cash flows from financing activities		
Proceeds from borrowings	26,241	23,599
Repayment of borrowings	(22,834)	(24,671)
Net cash (outflow) from financing activities	<u>3,407</u>	<u>(1,072)</u>
Net increase/(decrease) in cash and cash equivalents	(2,779)	(2,314)
Effect of foreign exchange translation	(68)	(4)
Cash and cash equivalents at the beginning of the period	6,134	7,264
Cash and cash equivalents at the end of the period	<u>3,287</u>	<u>4,946</u>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements for the Half Year ended 30 June 2023

1. Significant Accounting Policies

(a) Statement of compliance

The half year financial report is a general purpose 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'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year consolidated financial report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the Year ended 31 December 2020, except for the impact of the Standards described below. These accounting policies are consistent with the Standards and with International Financial Reporting Standards.

Going Concern

The Group incurred a consolidated loss after tax for the period of \$1,833,000 (2022: a consolidated profit of \$518,000) and a net cash out-flow from operating activities of \$7,008,000 (2022: outflow of \$1,090,000). As at 30 June 2023, the Group was in a net liability position of \$2,605,000 (31 December 2022: net liability \$756,000). The ability of the Group to meet its obligations is therefore dependent on the continuous financial support from its major shareholders, viable positive business performance in the foreseeable future and its ability to extend repayment of its current borrowings as well as to secure additional funding through borrowings or capital raisings as and when required to continue to meet its working capital requirements in the next 12 months. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been approved by the Directors on a going concern basis due to the following factors:

- The Company has received confirmation from the major shareholder that he will continue to provide financial support to the Group as and when required for it to meet its obligations for the next twelve months from date of this report. It was further confirmed that he has the financial capacity to do so and that he, as the primary authorised officer to the various direct and related party loans owed by / advanced to the Group as at 30 June 2023 of a total of about A\$8,000,000 has confirmed that these loans will not be demanded to be repaid until such time the Group is able to make the repayments;
- The Group has successfully repaid or renewed those short term bank borrowings which expired at the date of this report for another twelve months from its expiration. Management is confident in renewing the remaining bank borrowings which have yet to be expired. If this renewal process is unsuccessful, the major shareholder has confirmed and agreed to assist with the bank repayments when called upon;
- The Group is confident that it can obtain new borrowings when required.

At the date of this report and having considered the above factors, the Directors are confident that the Group will be able to continue operations into the foreseeable future. This half year financial report does not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the Group not continue as going concern.

(c) Adoption of new and revised accounting standards

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, and determined that there was no material impact on its financial statements in the current reporting year.

At the date of authorisation of the Financial Statements, the Standards applicable to the Group's business listed below were in issue but not yet effective. The potential effect of the revised Standards on the Group's financial statements are deemed to be insignificant.

2. Segment Reporting

The Group identifies its operating segments based on the nature of the products and the nature of the production processes and other economic characteristics. The Group has identified a single operating segment, being the sale of electrolytic tinplate products.

The Group's revenue from external customers are categorised from two geographical regions, being mainland China and overseas.

	Sale of electrolytic tinplate products		Unallocated		Total	
	2023 000's \$	2022 000's \$	2023 000's \$	2022 000's \$	2023 000's \$	2022 000's \$
Revenue						
Revenue from external customers	88,479	89,731	-	-	88,479	89,731
Total segment revenue	88,479	89,731	-	-	88,479	89,731
Result						
Gross profit	621	5,150	-	-	621	5,150
Other income – sales of scrape	3,875	2,998	-	-	3,875	2,998
R & D expenses	(2,646)	(2,932)	-	-	(2,646)	(2,932)
Operating expenses	(451)	(525)	-	-	(451)	(525)
Administration costs	-	-	(1,512)	(1,133)	(1,512)	(1,133)
Impairment loss allowance on trade and other receivables	(111)	(2,253)	-	-	(111)	(2,253)
Finance costs	-	-	(773)	(787)	(773)	(787)
Profit before income tax	1,288	2,438	(2,285)	(1,920)	(997)	518
Income tax	(835)	-	-	-	(835)	-
Profit/(loss) for the year	453	2,438	(2,285)	(1,920)	(1,832)	518
Segment assets		60,577		27	49,556	60,604

Other segment information

Depreciation	588	850	4	13	592	863
Additions to non-current assets	312	152	-	-	312	152

Geographical information

The Group's revenue from external customers and information about its segment assets by geographical location are detailed below:

	2023		2022		Total	
	China \$000's	Overseas \$000's	China \$000's	Overseas \$000's	2023 \$000's	2022 \$000's
Revenue	72,420	16,059	73,120	16,611	88,479	89,731
Assets	46,338	3,218	71,578	3,501	49,556	75,079

3. Dividends

There were no dividends paid or declared by the Company during the period.

4. Trade Receivables

	30 June 2023 \$000's	31 December 2022 \$000's
Trade receivables	13,295	21,852
Less: Allowance for impairment loss	(6,559)	(6,965)
	<u>6,736</u>	<u>14,887</u>
Prepayments	9,147	8,897
Less: Allowance for impairment loss	(1,753)	(1,718)
	<u>7,394</u>	<u>7,179</u>
Total	<u>14,130</u>	<u>22,066</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

5. Inventories

	30 June 2023 \$000's	31 December 2022 \$000's
Raw material	3,978	4,664
Work-in-progress	5,578	6,415
Finished goods	13,451	9,811
	<u>23,007</u>	<u>20,890</u>

6. Plant and Equipment

	30 June 2023 \$000's	31 December 2022 \$000's
<u>Plant and equipment</u>		
At cost	34,910	35,332
Accumulated depreciation	(29,129)	(29,108)
Total plant and equipment	5,781	6,224
<u>Furniture, fixture and fittings</u>		
At cost	66	130
Accumulated depreciation	(59)	(76)
Total furniture, fixture and fittings	7	54
<u>Motor Vehicles</u>		
At cost	233	128
Accumulated depreciation	(111)	(109)
Total motor vehicles	122	19
<u>Leasehold improvements</u>		
At cost	186	186
Accumulated depreciation	(186)	(186)
Total leasehold improvements	-	-
Total plant and equipment	5,910	6,297

	Plant and Equipment	Furniture, Fixture and Fittings	Motor Vehicles	Leasehold Improvements	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 January 2023	6,224	54	19	-	6,297
Additions	205	-	107	-	312
Reclassification	47	(47)	-	-	-
Depreciation	(588)	-	(4)	-	(592)
Translation difference	(107)	-	-	-	(107)
Balance at 30 June 2023	5,781	7	122	-	5,910
Balance at 1 January 2022	7,571	12	27	5	7,615
Additions	152	-	-	-	152
Disposals	(3)	-	-	-	(3)
Depreciation	(850)	(2)	(6)	(5)	(863)
Translation difference	19	(1)	-	-	18
Balance at 30 June 2022	6,889	9	21	-	6,919

7. Right-of-use Asset

	30 June 2023 \$000's	31 December 2022 \$000's
Beginning balance of the period	809	851
Amortisation of the period	(13)	(27)
Translation difference	(15)	15
Ending balance of the period	781	809

8. Borrowings

	30 June 2023 \$000's	31 December 2022 \$000's
Short-term borrowings	25,516	22,697
Total borrowings	25,516	22,697

All of the borrowings are denominated in RMB. Interest charged in the current period from 4.79% to 6.50% per annum.

As at 30 June 2023, term loans are secured by:

- machinery and equipment as disclosed in Note 6;
- guaranteed by Mr Dong Chen and his associates. Mr Chen is the Managing Director and a substantial shareholder of the Company; and
- guarantee by third parties.

9. Share Capital

	30 June 2023 Number 000'	31 December 2022 Number 000'	30 June 2023 000'	31 December 2022 000'
Movement of ordinary shares fully paid:				
Beginning balance	101,000	101,000	17,144	16,743
Ending balance:	101,000	101,000	17,144	17,144

10. Related Party Transactions

- (a) The Group's main related parties are subsidiaries within the group, directors, directors' close family members and companies controlled by directors.
- (b) Loans from related parties

As at 30 June 2023 the Group had total loan and other payable of \$2.76 million owing to Mr Chuandu Chen, a close family member of Mr Dong Chen.

As at 30 June 2023 the Group had a loan of \$160,000 owing to Mr Dong Chen.

(c) Balances and transactions with related parties

At 30 June 2023, the Group had payables of \$3.6 million from Jiangyin Fumao Textile Chemical Fibre Co., Limited, a company controlled by Mr Dong Chen and his close family members.

At 30 June 2023, the Group had other payables of \$1.7 million to Jiangyin Jingtian Shengshi Import & Export Trading Limited Company.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred and balances with related parties:

	Sales 000's \$	Purchases 000's \$	Advances to/(from) 000's \$
For the half-year ended 30 June 2023:			
Jiangyin Fumao Textile Chemical Fibre Co., Limited	-	-	(294)
Jiangyin Jingtian Shengshi Import & Export Trading Limited Company	-	-	(11)
Mr Dong Chen and his close family members	-	-	(40)
For the year ended 30 June 2022:			
Jiangyin Fumao Textile Chemical Fibre Co., Limited	-	-	-
Jiangyin Jingtian Shengshi Import & Export Trading Limited Company	-	-	-
Mr Dong Chen and his close family members	-	-	-

11. Subsequent Events

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Group and the results of those operations on the state of the affairs of the Group in the financial period subsequent to 30 June 2023.

Directors' Declaration

The directors declare that:

- ✦ In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- ✦ In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Board



Long Huy Lam
Director

Sydney, 13 September 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KEMAO INDUSTRIES LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Kemao Industries Limited (“the Company”) and Controlled Entities (“the Consolidated Entity”) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors’ declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kemao Industries Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Kemao Industries Limited financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor’s Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (b) in the financial report, which indicates that the Consolidated Entity is in a net liability position of \$2,605,000 as at 30 June 2023. As stated in Note 1 (b), these events or conditions, along with other matters as set forth in Note 1 (b), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of Kemao Industries Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HALL CHADWICK AUDIT (WA) PTY LTD



NIKKI SHEN CA
Director

Dated Perth, Western Australia this 13th day of September 2023