King's Flair International (Holdings) Limited
科勁國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6822)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2018	2017	Change
	HK$'000	*HK$'000*	
	(Unaudited)	(Unaudited)	
Revenue	**780,882**	614,763	27.0%
Gross profit	**148,586**	132,786	11.9%
Profit from operations	**75,056**	71,016	5.7%
Profit attributable to equity shareholders	**55,934**	55,928	0.0%
Basic and diluted earnings per share (HK cents)	**8.0**	8.0	
Gross profit margin	**19.0%**	21.6%	
Operating profit margin	**9.6%**	11.6%	
Net profit margin	**8.4%**	9.5%	

The board of directors resolved to declare an interim dividend of HK5.5 cents and a special dividend of HK1.5 cents per ordinary share of the Company.

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of King's Flair International (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated result of the Company and its subsidiaries (collectively refer to as the "Group") for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in 2017 as follows:

Condensed consolidated statement of comprehensive income

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*6*	**780,882**	614,763
Cost of sales		**(632,296)**	(481,977)
Gross profit		**148,586**	132,786
Other income, net	*7*	**3,391**	2,912
Distribution expenses		**(23,227)**	(16,206)
Administrative expenses		**(53,694)**	(48,476)
Operating profit		**75,056**	71,016
Finance costs	*9*	**(187)**	(74)
Profit before income tax	*8*	**74,869**	70,942
Income tax expenses	*10*	**(9,320)**	(12,377)
Profit for the period		**65,549**	58,565
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		**–**	8,919
Exchange difference arising on translation of foreign operations		**(784)**	411
Other comprehensive income for the period		**(784)**	9,330
Total comprehensive income for the period		**64,765**	67,895

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**55,934**	55,928
Non-controlling interests		**9,615**	2,637
		65,549	58,565
Total comprehensive income attributable to:			
Owners of the Company		**55,563**	65,143
Non-controlling interests		**9,202**	2,752
		64,765	67,895
		HK cents	*HK cents*
Earnings per share:	*11*		
– Basic		**8.0**	8.0
– Diluted		**8.0**	8.0

Condensed consolidated statement of financial position

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*13*	**39,438**	40,137
Prepaid land lease payments		**1,697**	1,737
Other asset		**172**	172
Loan receivable	*14*	**–**	13,337
Interests in associates		**2,998**	2,998
Intangible asset		**2,403**	4,807
Deferred tax assets		**97**	50
		46,805	63,238
Current assets			
Inventories	*15*	**43,566**	40,327
Trade receivables	*16*	**235,413**	236,004
Derivative financial instrument	*14*	**–**	1,011
Prepayments, deposits and other receivables		**76,817**	59,698
Financial assets at fair value through profit or loss	*17*	**55,372**	–
Available-for-sale financial assets		**–**	10,682
Prepaid tax		**2,095**	171
Pledged bank deposits		**22,026**	21,999
Cash and bank balances		**479,492**	430,278
		914,781	800,170
Current liabilities			
Trade and bills payables	*18*	**132,285**	83,152
Deposits received, other payables and accruals		**38,336**	73,501
Contract liabilities		**3,781**	–
Bank overdrafts		**27,257**	12,876
Loans from non-controlling interests		**18,029**	19,063
Amount due to a related company		**–**	2,998
Dividend payable	*12*	**49,000**	–
Provision for tax		**11,194**	4,506
		279,882	196,096
Net current assets		**634,899**	604,074
Total assets less current liabilities		**681,704**	667,312

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Non-current liabilities			
Loans from non-controlling interests		**–**	1,920
Deferred tax liabilities		**4,831**	5,879
		4,831	7,799
Net assets		**676,873**	659,513
EQUITY			
Equity attributable to owners of the Company			
Share capital	*19*	**7,000**	7,000
Reserves		**656,297**	648,139
		663,297	655,139
Non-controlling interests		**13,576**	4,374
Total equity		**676,873**	659,513

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

King's Flair International (Holdings) Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and domiciled in Hong Kong. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is 12/F, Yardley Commercial Building, 3 Connaught Road West, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are trading, retail, wholesale and distribution of kitchenware and household products and trading of raw materials. There were no significant changes in the Group's operations during the period. In the opinion of the directors, the Company's ultimate holding company is City Concord Limited, a company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements has been prepared in accordance with the applicable disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The condensed consolidated interim financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 December 2017 (the "2017 Annual Report"). The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and should be read in conjunction with the Group's 2017 Annual Report.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for those financial assets that are measured at fair values. The condensed consolidated interim financial statements are unaudited but has been reviewed by the Company's audit committee.

This condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") unless otherwise indicated.

3. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following amendments issued by the HKICPA:

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Save as disclosed in the note 4, the application of other new and revised HKFRSs in the current interim period has no material effect on the amounts reported in the condensed consolidated interim financial statements and/or disclosures set out in the condensed consolidated interim financial statements.

The Group has not early adopted any new or revised HKFRSs that have been issued but are not yet effective in the condensed consolidated interim financial statements.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the condensed consolidated interim financial statements and also discloses the new accounting policies that have been effective from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the condensed consolidated interim financial statements

As explained in note 4(b) below, HKFRS 9 was generally adopted without restating comparative information. The adjustments arising from the new impairment rules and reclassifications of certain financial assets are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the opening balance on 1 January 2018.

The following tables show the adjustments and reclassifications of the Group recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments and reclassifications of the Group are explained in more detail below.

	As at 31 December 2017 *HK$'000* **(as previously stated)**	**Effect of application of HKFRS 9** *HK$'000*	**As at 1 January 2018** *HK$'000* **(restated)**
Loan receivable	13,337	(13,337)	–
Total non-current assets	13,337	(13,337)	–
Derivative financial instrument	1,011	(1,011)	–
Available-for-sale financial assets	10,682	(10,682)	–
Finance assets at fair value through profit or loss	–	26,708	26,708
Trade receivables	236,004	(83)	235,921
Total current assets	247,697	14,932	262,629
Reserves	648,139	1,595	649,734
Total equity	659,513	1,595	661,108

(b) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out below. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. Any adjustments to the carrying amounts of financial assets at the date of transition are recognised in the opening retained profits of the current year.

Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets – 1 January 2018	*Notes*	**Available-for-sale financial assets** *HK$'000*	**Loan receivable** *HK$'000*	**Derivative financial instrument** *HK$'000*	**Financial assets at fair value through profit or loss** *HK$'000*
Closing balance as at 31 December 2017 (as previously stated)		10,682	13,337	1,011	–
Reclassification from available-for-sale financial assets to financial assets at fair value through profit or loss	*(i)*	(10,682)	–	–	10,682
Reclassification and re-measurement of loan receivable and derivative financial instrument at fair value	*(ii)*	–	(13,337)	(1,011)	16,026*
Opening balance as at 1 January 2018 (restated)		–	–	–	26,708

* The fair value gains on re-measurement of loan receivable and derivative financial instrument at fair value through profit or loss amounting to HK$1,678,000 were credited to retained profits of the Group on 1 January 2018.

The impact of these changes on the Group's equity is as follows:

	Notes	Revaluation reserve HK$'000	Retained profits HK$'000
Closing balance as at 31 December 2017 (as previously stated)		1,033	429,824
Transfer of revaluation reserve to opening retained profits as a result of reclassification of financial assets	*(i)*	(1,033)	1,033
Effect of re-measurement of loan receivable and derivative financial instrument at fair value	*(ii)*	–	1,678
Effect of increase in expected credit loss	*(iii)*	–	(83)
		(1,033)	2,628
Opening balance as at 1 January 2018 (restated)		–	432,452

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 January 2018 under HKFRS 9** *HK$'000*
Listed equity securities	Available-for-sale financial assets	Fair value through profit or loss	3,168	3,168
Unlisted bond	Available-for-sale financial assets	Fair value through profit or loss	7,514	7,514
Debt component of a promissory note	Loan receivable	Fair value through profit or loss	13,337	*Note*
Conversion option of a promissory note	Derivate financial instrument	Fair value through profit or loss	1,011	*Note*

Note: Upon the adoption of HKFRS 9, the host contract and the embedded derivative, which were classified as loan receivable and derivate financial instrument respectively before, are reclassified as financial assets at fair value through profit or loss as a whole and re-measured at fair value of HK$16,026,000 as at 1 January 2018.

(i) ***Transfer of revaluation reserve to opening retained profits as a result of reclassification of financial assets***

The financial assets at fair value through profit or loss of HK$10,682,000 that were previously classified as available-for-sale financial assets under HKAS 39 have been reclassified as financial assets at fair value through profit or loss under HKFRS 9. Gain arising from changes in fair value of financial assets at fair value through profit or loss amounted to HK$62,000 for the six months ended 30 June 2018 was recognised through profit or loss instead of other comprehensive income as previously accounted for (six months ended 30 June 2017: gain of HK$8,919,000 was recognised through other comprehensive income).

(ii) ***Effect of re-measurement of loan receivable and derivative financial instrument at fair value***

Loan receivable was stated at amortised cost in prior years and its carrying amount was HK$13,337,000 as at 31 December 2017. This balance together with the derivative financial instrument of HK$1,011,000 has been re-measured and stated at fair value of HK$16,026,000 and also were reclassified as financial assets at fair value through profit or loss as at 1 January 2018.

The fair value gains on re-measurement of loan receivable and derivative financial instrument at fair value through profit or loss amounted to HK$1,678,000 were credited to retained profits of the Group on 1 January 2018.

(iii) ***Effect of increase in expected credit loss***

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECL") model". HKFRS 9 requires the Group to recognise ECL for trade receivables earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following basis: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the end of the reporting period; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is estimated by the Directors, adjusted for forward-looking factors specific to the debtors and the economic environment.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model – Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowances as at 1 January 2018 were determined for trade receivables as follows:

	Neither past due nor impaired	**Past due 60 days or less**	**Past due more than 60 days but less than 1 year**	**Past due more than 1 year but less than 2 years**	**Total**
1 January 2018					
Gross carrying amount of trade receivables *(HK$'000)*	107,373	116,979	11,268	384	236,004
Expected loss rate *(%)*	0.00%	0.02%	0.34%	6.63%	0.04%
Loss allowance *(HK$'000)*	–	20	38	25	83

The increase in loss allowances for trade receivables upon the transition to HKFRS 9 as of 1 January 2018 were HK$83,000. The loss allowances further increased by HK$95,000 for trade receivables during the six months period ended 30 June 2018.

(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The Group assessed the impacts of adopting HKFRS 15 on its condensed consolidated interim financial statements and has no significant impact on the Group's revenue recognition. Revenue for sales of kitchenware and household products and raw materials are recognised at point of time as when there is evidence that the control of the goods has been transferred to the customer, the customer has adequate control over the product and the Group has no unfulfilled obligations that affect customer accepting the goods.

Upon the adoption of HKFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognised a contract asset. No contract asset is recognised upon transition and at the end of the reporting period.

Following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application (1 January 2018):

	Carrying amount as at 31 December 2017 under HKAS 18 (as previously stated)	**Reclassification**	**Carrying amount as at 1 January 2018 under HKFRS 15 (restated)**
	HK$'000	*HK$'000*	*HK$'000*
Deposits received, other payables and accruals	73,501	(1,696)	71,805
Contract liabilities*	–	1,696	1,696

* Contract liabilities recognised in relation to the trading of kitchenware and household products were previously treated as advance from customers presented under deposits received, other payables and accruals.

5. SEGMENT INFORMATION

(i) Operating segment information

The Group has identified its operating segment and prepared segment information based on the regular internal financial statements reported to the Company's executive directors for their decisions about resources allocation to the Group's business component and review of the components' performance. There are two business components in the internal reporting to the executive directors, which are (i) trading of kitchenware and household products and (ii) trading of raw materials.

(ii) Business segment information

	Trading of kitchenware and household products Six months ended 30 June		**Trading of raw materials Six months ended 30 June**		**Total Six months ended 30 June**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue						
Revenue from external customers	**700,951**	568,391	**79,931**	46,372	**780,882**	614,763
Segment results	**74,566**	68,642	**2,701**	5,011	**77,267**	73,653
Unallocated income					**726**	349
Unallocated expenses					**(3,124)**	(3,060)
Profit before income tax					**74,869**	70,942

	Trading of kitchenware and household products		Trading of raw materials		Total	
	As at 30 June 2018	As at 31 December 2017	**As at 30 June 2018**	As at 31 December 2017	**As at 30 June 2018**	As at 31 December 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**666,961**	581,750	**74,832**	66,720	**741,793**	648,470
Prepaid tax					**2,095**	171
Deferred tax assets					**97**	50
Unallocated corporate assets[#]					**217,601**	214,717
Consolidated total assets					**961,586**	863,408
Segment liabilities	**211,612**	189,552	**2,842**	492	**214,454**	190,044
Provision for tax					**11,194**	4,506
Deferred tax liabilities					**4,831**	5,879
Dividend payable					**49,000**	–
Unallocated corporate liabilities					**5,234**	3,466
Consolidated total liabilities					**284,713**	203,895

[#] Unallocated corporate assets mainly comprised cash and bank balances which held as general working capital of the Group which are not directly attributable to any operating segment.

	Trading of kitchenware and household products		Trading of raw materials		Total	
	Six months ended 30 June		**Six months ended 30 June**		**Six months ended 30 June**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Other segment information:						
Interest income	**843**	760	**–**	1	**843**	761
Interest expenses	**(187)**	(74)	**–**	–	**(187)**	(74)
Depreciation of property, plant and equipment	**(2,606)**	(2,596)	**–**	–	**(2,606)**	(2,596)
Amortisation of intangible asset	**(2,403)**	(2,403)	**–**	–	**(2,403)**	(2,403)

(iii) Geographical segment information

The management determines the Group is domiciled in Hong Kong, which is the location of the Group's principal place of operations. The Group's revenue from external customers is divided into the following geographical areas:

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
United States of America		**560,386**	468,051
Europe	*(a)*	**35,319**	29,109
Asia	*(b)*	**175,657**	103,439
Canada		**8,697**	13,847
Other locations	*(c)*	**823**	317
		780,882	614,763

Notes:

(a) Principally included United Kingdom, Switzerland, France and Germany

(b) Principally included Hong Kong, Japan and the People's Republic of China (the "PRC")

(c) Principally included Australia

The geographical location of customers is based on the location of customers. For intangible asset, the geographical location is based on the entities' areas of operation. The geographical location of other non – current assets is based on the physical location of the assets. As at 30 June 2018, over 90% (31 December 2017: over 90%) of the Group's non-current assets (other than deferred tax assets) are located in Hong Kong.

(iv) Information about major customers

For the six months ended 30 June 2018, revenues from two (2017: two) customers with whom transactions of each has exceeded 10% of the Group's revenue. Total revenue from these two major customers as shown below accounted for HK$457,133,000 (2017: HK$369,369,000) of the Group's revenue for the six months ended 30 June 2018.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Company A	**338,419**	305,329
Company B *(Note a)*	**118,714**	60,193
Company C *(Note b)*	**70,909**	64,040

Notes:

a Revenue amounting to approximately HK$60,193,000 from transactions with Company B did not exceed 10% of the Group's revenue for the six months ended 30 June 2017 and was disclosed for illustrative purposes only.

b. Revenue amounting to approximately HK$70,909,000 from transactions with Company C does not exceed 10% of the Group's revenue for the six months ended 30 June 2018 and is disclosed for illustrative purposes only.

6. REVENUE

The Group is principally engaged in trading of kitchenware and household products and raw materials. Revenue represents invoiced value of goods sold, after rebates, allowances for returns and discounts (net of value added tax). Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales of kitchenware and household products	**700,951**	568,391
Sales of raw materials	**79,931**	46,372
	780,882	614,763

7. OTHER INCOME, NET

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**1,879**	1,110
Gain on disposal of property, plant and equipment	**200**	–
Government grants	**1,712**	–
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(1,646)**	443
Management and handling services	**–**	70
Recharge from customers	**849**	606
Others	**397**	683
	3,391	2,912

8. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold recognised as expenses	**632,296**	481,977
Depreciation of property, plant and equipment	**2,631**	2,626
Amortisation of intangible asset	**2,403**	2,403
Amortisation of prepaid land lease payments	**28**	26
Research expenses	**1,822**	–
Provision of impairment of trade receivables	**95**	–
Exchange (gain)/loss, net	**(679)**	1,636
Employee benefit expenses (including directors' remuneration)		
Wages, salaries and other benefits	**20,199**	20,397
Discretionary bonuses	**7,442**	5,242
Contributions to defined contribution schemes	**1,267**	877
	28,908	26,516

9. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest charges on financial liabilities at amortised cost:		
Bank overdrafts	**187**	74

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong profits tax	**7,994**	11,663
– Income tax outside Hong Kong	**2,421**	1,110
Deferred tax		
– Credit for the period	**(1,095)**	(396)
Income tax expenses	**9,320**	12,377

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2018.

Enterprise income tax ("EIT") for the period was calculated at 25% (2017: 25%) of the estimated assessable profits arising from the PRC. Tax losses were utilised to offset against the assessable profit generated by the Group's PRC subsidiaries for the six months ended 30 June 2018 and 2017. The income tax for other jurisdictions is calculated at the rates applicable in the respective jurisdictions.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

11. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the period of HK$55,934,000 (2017: HK$55,928,000) and the weighted average of 700,000,000 (2017: 700,000,000) ordinary shares in issue during the interim period.

Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2018 and 2017, and hence the diluted earnings per share is the same as basic earnings per share.

12. DIVIDENDS

i. Dividends to equity shareholders attributable to the interim period:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend declared and payable after the interim period of HK5.5 cents per share (six months ended 30 June 2017: HK4.5 cents per share)	**38,500**	31,500
Special dividend declared and payable after the interim period of HK1.5 cents per share (six months ended 30 June 2017: HK1.5 cents per share)	**10,500**	10,500
	49,000	42,000

ii. Dividends to equity shareholders attributable to previous financial year, approved and payable/paid during the interim period:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, approved and payable during the following interim period, of HK7.0 cents per share (six months ended 30 June 2017: approved and paid during the following interim period of HK6.0 cents per share)	**49,000**	42,000

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment at a total cost of approximately HK$1,967,000 (six months ended 30 June 2017: HK$190,000).

During the six months ended 30 June 2018, the Group has disposed property, plant and equipment at a total carrying amount of approximately HK$5,000 (six months ended 30 June 2017: HK$29,000).

At 30 June 2018, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK$19,196,000 (31 December 2017: HK$19,591,000) were pledged to secure general banking facilities granted to the Group.

14. LOAN RECEIVABLE AND DERIVATIVE FINANCIAL INSTRUMENT

As at 30 June 2018, there was one (31 December 2017: one) secured promissory note (the "Note") with gross principal amount of US$2,000,000 equivalent to HK$15,560,000 (31 December 2017: US$2,000,000 equivalent to HK$15,560,000) due from an independent third party (the "Issuer"). The loan under the Note is interest-bearing at rate of 4% per annum or 10% per annum under an event of default. The principal of the loan was repayable on 15 June 2019, being twenty-four months from the issue date (the "Maturity Date"). Pursuant to the terms of the Note, the Group has the right to convert the outstanding loan amount and accrued interest to 51% of all shares outstanding post-conversion of the Issuer in the Group's sole discretion. The conversion right is exercisable at any time after one year of the issue date of the Note and prior to the Maturity Date of the Note. The outstanding principal and the interest receivable from the Note was secured by all the assets of the Issuer.

As at 31 December 2017, the Note contained debt component and conversion option. The debt component of the Note was measured at amortised cost and recognised as loan receivable and conversion option of the Note was measured at fair value and recognised as derivative financial instrument with reference to the valuation performed by LCH (Asia – Pacific) Surveyors Limited.

The fair value of the conversion option of the Note as at 31 December 2017 is determined by using binominal model with reference to the valuation performed by LCH (Asia-Pacific) Surveyors Limited with the following key assumptions:

	As at 31 December 2017
Fair value of shares	US$1,840,000
Risk free interest rate	1.80%
Time to maturity	1.5 years
Expected volatility	31%
Expected dividend yield	0%
Discount rate	8.01%
Conversion period	Commences one year after the purchase date until maturity

As at 1 January 2018, upon the adoption of HKFRS 9, the derivative financial instrument and the loan receivable were no longer separately accounted for. The Note was reclassified as financial assets through profit or loss as a whole as at 1 January 2018 and measured at fair value through profit or loss as defined in note 4.

As at 30 June 2018, the fair value of the Note was estimated to be approximately HK$15,716,000. The fair value change of approximately HK$311,000 was recognised in condensed consolidated statement of comprehensive income in other income, net. As the repayment date of the Note is within twelve months from the reporting date, the financial assets at fair value through profit or loss were classified under current assets.

The fair value of the Note as at 30 June 2018 are determined by using binominal model by LCH (Asia-Pacific) Surveyors Limited with the following key parameters:

	As at 30 June 2018
Fair value of shares	US$1,310,000
Risk free interest rate	2.29%
Time to maturity	1 year
Expected volatility	32%
Expected dividend yield	0%
Discount rate	7.89%
Conversion period	Commences one year after the purchase date until maturity

15. INVENTORIES

	As at 30 June 2018 *HK$'000* **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Merchandises, at cost	**16,973**	15,422
Raw materials	**26,593**	24,905
	43,566	40,327

16. TRADE RECEIVABLES

	As at 30 June 2018 *HK$'000* **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Trade receivables	**235,413**	236,004

The Group's trading terms with customers are mainly on credit. The credit terms are generally 0 to 90 days from the invoice date. All trade receivables are interest-free.

An ageing analysis of the Group's trade receivables, net of provision, as at the reporting date, based on the invoices dates, is as follows:

	As at 30 June 2018 *HK$'000* **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
0 – 30 days	**121,001**	117,081
31 – 60 days	**87,685**	85,979
61 – 90 days	**14,610**	21,335
Over 90 days	**12,117**	11,609
	235,413	236,004

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2018 *HK$'000* **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Listed equity securities in Hong Kong, at fair value *(Note a)*	**3,190**	–
Unlisted bond in Hong Kong, at fair value *(Note b)*	**7,554**	–
Unlisted equity-linked note in Hong Kong, at fair value *(Note b)*	**28,912**	–
Unlisted secured promissory note in US, at fair value *(Note c)*	**15,716**	–
	55,372	–

Notes:

a The fair value of the Group's investment in listed equity securities has been determined by reference to their quoted market prices at the reporting date.

b The fair values of the Group's unlisted investments are determined based on the quoted prices from relevant financial institutions at the reporting date.

c The fair value of the Group's promissory note is determined in USD and the fair value is determined by the directors with reference to the valuation performed by LCH (Asia-Pacific) Surveyors Limited. (Note 14)

d The listed equity securities and unlisted bond were reclassified from available-for-sale financial assets of HK$10,682,000 as at 1 January 2018 to financial assets at fair value through profit or loss after the adoption of HKFRS 9 as defined in note 4.

18. TRADE AND BILLS PAYABLES

Trade and bills payables are non-interest bearing and normally have a credit period of 0 to 90 days from the invoice date.

	As at 30 June 2018 *HK$'000* **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Trade payables	**130,379**	83,152
Bills payables	**1,906**	–
	132,285	83,152

An ageing analysis of the Group's trade and bills payables as at the reporting date, based on the invoices dates, is as follows:

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
0 – 90 days	**128,026**	81,346
91 – 180 days	**1,905**	1,252
181 – 365 days	**1,915**	151
Over 365 days	**439**	403
	132,285	83,152

The directors of the Company considered the carrying amounts of trade and bills payables approximate to their fair values.

19. SHARE CAPITAL

	As at 30 June 2018		As at 31 December 2017	
	Number of shares ***('000)*** **(Unaudited)**	***HK$'000*** **(Unaudited)**	Number of shares *('000)* (Audited)	*HK$'000* (Audited)
Authorised:				
Shares of HK$0.01 each				
At 1 January 2018/1 January 2017	**10,000,000**	**100,000**	10,000,000	100,000
At 30 June 2018/31 December 2017	**10,000,000**	**100,000**	10,000,000	100,000
Issued and fully paid:				
Shares of HK$0.01 each				
At 1 January 2018/1 January 2017	**700,000**	**7,000**	700,000	7,000
At 30 June 2018/31 December 2017	**700,000**	**7,000**	700,000	7,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an integrated one-stop kitchenware and household product solution provider to internationally renowned kitchenware and household product brands. Headquartered in Hong Kong, the Group provides differentiating and customised services from market research, concept creation, product design and development to raw material sourcing, production engineering as well as quality assurance, order tracking and logistics. This comprehensive and bespoke service platform has successfully differentiated the Group among kitchenware and household product solution providers in the industry and gained us the trust from high-end kitchenware and household product brand owners in North America, Europe and Asia.

Core products of the Group include kitchen tools and gadgets, drinkware, bakeware and accessories and food preparation and storage products and accessories. The Group also engages in trading of raw materials.

OPERATIONAL REVIEW

Differentiated services is the key to enhance customer loyalty

With a strong commitment in providing differentiated services and reinforcing its competitive advantages, the Group continued to invest in its product design, development and engineering capabilities in 2018. During the six months ended 30 June 2018, the Group had maintained a design and R&D team to a total of 15 members, which are professional in focusing on market research, data analysis, product design and development, helping our clients in monitoring consumer demands and setting the latest trends in kitchenware and household products as well as collaborating with our customers to derive patentable solutions. These capabilities differentiated us among our peers and fortified our strategic partnership with our customers.

With strong background in industrial designs as well as experiences in manufacturing, the Group's product engineering team, which currently has 7 engineers, provide innovative raw material ideas and cost-effective solutions to streamline the overall manufacturing process. As at 30 June 2018, the Group engaged a team of over 90 quality assurance professionals stationed at or near the production factories in the PRC. No major quality control issues or complaints were reported during the six months ended 30 June 2018.

International clientele

The Group has an extensive sales network and international clientele. During the six months ended 30 June 2018, clients from the United States of America (U.S.) contributed over 71.8% of total revenue. Asia, Europe and Canada contributed 22.5%, 4.5% and 1.1%, respectively, and the Group received orders from over 100 customers.

In addition to maintaining solid partnership with its existing customers, the Group also endeavored to explore new business opportunities. During the six months ended 30 June 2018, the Group visited the trade fair in Ambiente Frankfurt, NY Now, International Home + Houseware Show, and Hong Kong Houseware Fair and Playtime Tokyo. Via such platforms, the Group was able to reach merchandisers from around the globe and closely track the latest innovation and design trends in the industry.

FUTURE STRATEGY

The Group has set strong foot-holds in the global kitchenware and household product industry, especially in the mid-tier and high-end market. Leveraging on its success and foundation, the Group will continue to seek growth in its existing overseas markets while pursuing breakthrough in the PRC market. The markets in the U.S. and Europe are expected to remain stable while that of the PRC will continue to grow. However, the trade tension between the U.S. and the PRC, volatility of foreign currencies and commodity prices, may continue to cause some uncertainties in the markets. Same as the Group's strategies during the previous years, the Group will continue to enhance its capability in product innovation and better cater for the demand of its customers in the second half of 2018, with mid-tier and high-end kitchenware and household product markets will remain the Group's focus. The Group will continue to participate in major trade shows to further broaden its customer base, through which the Group is able to work with local importers and trade agents and expand potential collaborations with well-known U.S. and Europe brand owners and retailers. At the same time, the Group will continue to explore business opportunities in emerging markets such as Eastern Europe, Africa and South America.

The Group will continue to focus on expanding the retail kitchenware and household product assortment and further penetrate the PRC market. The large population of middle-class consumers in the PRC who are craving for quality and trendy products in pursuit of wellness living and higher standard of living, coupled with the introduction of the two-child policy by the PRC government in 2015 which leads to a higher demand for toddler and children products, provide ample business opportunities to the Group and an incentive to continue expanding product assortment and dedicating more resources, such as enhancing its e-commerce platform and marketing and promotion activities, to capture the mother and toddler's market and to increase its market share in the PRC.

Facing the challenge, the Group will continue to adhere to the differentiation strategy with its strong design and engineering skills and enhance its design capabilities to provide tailor-made services to its customers to increase order levels from existing customers and to attract new customers, with an aim to diversify and expand its customer base to achieve a sustainable revenue growth.

In addition, the Group also engages in raw materials trading business in order to diversify and increase its revenue source. For this business segment, the Group will continue to explore more potential commodities suppliers with high reliability around the world for enriching the raw material intelligence and increasing the varieties of raw materials to enjoy the benefits of economies of scale and synergy efficiency.

FINANCIAL REVIEW

Revenue

The Group recorded a significant growth in revenue for the first half of year 2018 comparing to the same period in year 2017. During the six months ended 30 June 2018, the Group's total revenue was approximately HK$780.9 million, representing an increase of approximately 27.0% as compared to approximately HK$614.8 million for the same period in 2017. The increase was mainly due to the Group received more orders from the engagement in some special projects with customers and also the increase in sales in the PRC.

Cost of sales

During the six months ended 30 June 2018, cost of sales of the Group increased by approximately 31.2% to approximately HK$632.3 million as compared to approximately HK$482.0 million for the same period of 2017. Cost of sales as a percentage of revenue increased to 81.0% for the six months ended 30 June 2018 as compared to 78.4% for the same period in 2017. The higher cost of sales of the Group was mainly due to the increase in revenue comparing with the same period in 2017 and the increase in the cost of raw materials consumed by the Group. The price of raw materials rose as the price of commodities increased with the crude oil price.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 11.9% to approximately HK$148.6 million for the six months ended 30 June 2018 (six months ended 30 June 2017: HK$132.8 million) and the gross profit margin decreased by approximately 2.6% to approximately 19.0% for the six months ended 30 June 2018 (six months ended 30 June 2017: 21.6%). The lower gross profit margin was mainly due to the increase of cost of raw materials as mentioned in the paragraph headed "Cost of sales" above.

Other income, net

During the six months ended 30 June 2018, other income increased by approximately 17.2% to approximately HK$3.4 million (six months ended 30 June 2017: HK$2.9 million) primarily due to the increase in interest income and the government grants received in the PRC.

Distribution expenses

Distribution expenses were primarily related to the PRC retail business. During the six months ended 30 June 2018, distribution expenses increased by 43.2% to approximately HK$23.2 million (six months ended 30 June 2017: HK$16.2 million) in the PRC. The increase was mainly due to the Group's dedication of more resources on the PRC retail business and thus the expenditure on marketing expenses and the licensing fee increased accordingly.

Administrative expenses

During the six months ended 30 June 2018, the administrative expenses increased by approximately 10.7% to approximately HK$53.7 million (six months ended 30 June 2017: HK$48.5 million). The increase was primarily due to the increase in staff cost and research cost.

Profit for the period

Profit for the six months ended 30 June 2018 increased by approximately 11.8% to approximately HK$65.5 million (six months ended 30 June 2017: HK$58.6 million). The increase in the Group's revenue, though the effect of the increment was partially off-set by the increase of cost of sales, was the major factor that led to the increase in profit for the period.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 153 employees (30 June 2017: 146 employees). Total staff costs (including Directors' emoluments) were approximately HK$28.9 million for the six months ended 30 June 2018, as compared to approximately HK$26.5 million for the same period in 2017.

The Group remunerates its employees based on their qualifications, performance, experience and prevailing industry practice. Competitive remuneration package is offered to retain elite employees including salaries, medical insurance, discretionary bonuses as well as mandatory provident fund schemes for employees in Hong Kong and state managed retirement benefit schemes for employees in the PRC.

The emoluments of the Directors are decided by the Remuneration Committee, based on the Group's operating results, individual performance and comparable market statistics.

SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS ON CAPITAL ASSETS

Other than the financial assets at fair value through profit or loss as disclosed in the condensed consolidated statement of financial position, there were no significant investment held as at 30 June 2018 nor were there plans for material investments on capital assets as at the date of this announcement.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2018, the Group had not made any material acquisition or disposal of subsidiaries and associated companies.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2018, the Group had cash and bank balances amounted to approximately HK$479.5 million (31 December 2017: HK$430.3 million) which were mainly denominated in United States dollars ("USD"), RMB and HKD. The Group's total bank overdrafts amounted to approximately HK$27.3 million (31 December 2017: HK$12.9 million) which were all denominated in HKD. Interest is determined on the basis of Best Lending Rate or Prime Rate for HKD borrowings.

There was no change to the Group's capital structure since the listing of the Company's shares on the Main Board of the Stock Exchange on 16 January 2015 (the "Listing") and up to the date of this announcement. In light of the current financial position of the Group and provided there is no unforeseeable circumstance, the management does not anticipate the need to change the capital structure. The annual interest rate of the bank overdrafts as at 30 June 2018 was approximately ranged from 4% to 5% (31 December 2017: ranged from 3% to 4%).

For the six months ended 30 June 2018, the Group recorded a positive cash inflow from operating activities of HK$68.7 million (six months ended 30 June 2017: HK$123.5 million). Net cash used in investing activities of HK$29.9 million (six months ended 30 June 2017: HK$22.5 million) was due to the acquisition of unlisted equity-linked note. There was a net cash outflow of HK$3.1 million (six months ended 30 June 2017: HK$0.1 million) from financing activities.

Gearing ratio

The Group's gearing ratio is calculated as total borrowings, which is the summation of bank overdrafts and loans from non-controlling interests, divided by total equity. The gearing ratio of the Group as at 30 June 2018 and 31 December 2017 were 6.7% and 5.1% respectively. The increase of the gearing ratio was mainly due to the increase in bank overdrafts.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue in USD and incurs cost in HKD and RMB. The Group is exposed to foreign exchange risk with respect mainly to USD and RMB which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of RMB and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any hedging policy.

PLEDGE OF ASSETS

As at 30 June 2018, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK$19.2 million (31 December 2017: HK$19.6 million), bond classified as financial assets at fair value through profit or loss of approximately HK$7.6 million (31 December 2017: HK$7.5 million classified as available-for-sale financial assets) and pledged time deposit of HK$22.0 million (31 December 2017: HK$22.0 million) were pledged to secure general banking facilities granted to the Group.

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Company's share offer in January 2015 amounted to approximately HK$219.8 million (after deducting underwriting commissions and all related expenses). Such net proceeds are intended to be or have been applied in accordance with the proposed application as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 31 December 2014 (the "Prospectus"). As at 30 June 2018, approximately HK$86.0 million of the proceeds raised has been utilised and the unused proceeds were deposited in licensed banks in Hong Kong. In the event that the Directors decided to use such net proceeds in a manner different from that stated in the Prospectus, the Company will issue further announcement in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The amounts utilised as at 30 June 2018 are as follows:

			As at 30 June 2018		
Purposes of net proceeds		**Percentage**	**Amount of net proceeds** *(HK' million)*	**Amount utilised** *(HK' million)*	**Remaining balance** *(HK' million)*
1.	To broaden customer base, to expand penetration in existing markets and to penetrate into new markets	5%	11.0	11.0	–
2.	To enhance our product design, development and engineering capabilities	22%	48.4	44.7	3.7
3.	To establish flagship stores, with one flagship store in Shanghai by end of 2015, and expand our retail sales networks and e-commerce business in the PRC	15%	33.0	15.1	17.9
4.	To purchase and renovate office premises	45%	98.9	–	98.9
5.	To enhance our information technology infrastructure	3%	6.5	5.4	1.1
6.	For working capital and general corporate purposes	10%	22.0	9.8	12.2
		100%	219.8	86.0	133.8

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no significant contingent liabilities (31 December 2017: Nil).

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had no significant outstanding capital commitment (31 December 2017: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and has steered its development and protection of the interests of the shareholders of the Company ("Shareholders") in an enlightened and open manner. The Board has adopted the code provisions of the Corporate Governance Code ("CG Code") set out in Appendix 14 to the Listing Rules. During the period under review and up to the date of this announcement, the Company has complied with the CG Code, except for code provision A.2.1, which provides that, among other things, the role of chairman of the board and the chief executive officer of a listed issuer shall be separate and shall not be performed by the same individual.

Mr. Wong Siu Wah is both the chief executive officer and the chairman of the Board of the Company which deviates from code provision A.2.1. The Board considers that vesting the role of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board composition and structure taking into account the background and experience of the Directors and the number of independent non-executive Directors on the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee, comprising Ms. Leung Wai Ling, Wylie (Chairman), Dr. Lau Kin Tak and Mr. Anthony Graeme Michaels, has reviewed the Company's unaudited condensed interim financial statements for the six months ended 30 June 2018 and the accounting principles and practices adopted, and discussed auditing, risk management, internal controls and financial reporting matters with our management and the Company's external auditors.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board resolved to declare an interim dividend of HK5.5 cents per share (six months ended 30 June 2017: interim dividend HK4.5 cents per share) and a special dividend of HK1.5 cents per share (six months ended 30 June 2017: HK1.5 cents) to Shareholders whose names appear on the register of members on 17 September 2018 representing a payout ratio of approximately 87.6% of profit attributable to shareholders for the six months ended 30 June 2018. The interim dividend and special dividend will be paid on or around 27 September 2018.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlements to the interim dividend and special dividend, the register of members of the Company will be closed from 14 September 2018 to 17 September 2018 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend and special dividend, all transfers accompanied by the relevant share certificate must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 13 September 2018 for registration.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2018.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This result announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.kingsflair.com.hk. The interim report of the Company for the six months ended 30 June 2018 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
King's Flair International (Holdings) Limited
Wong Siu Wah
Chairman and Executive Director

Hong Kong, 20 August 2018

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Wong Siu Wah and Ms. Wong Fook Chi; and three independent non-executive directors, namely Dr. Lau Kin Tak, Mr. Anthony Graeme Michaels and Ms. Leung Wai Ling, Wylie.