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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 2025

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Change
	2025	2024	
	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	
Revenue	249,838	332,923	-25.0%
Gross profit	51,096	87,481	-41.6%
(Loss)/profit attributable to owners of the Company	(40,978)	3,426	-1,296.1%
Basic and diluted (loss)/earnings per share (HK cents)	(5.9)	0.5	

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 results of the Company and its subsidiaries (collectively referred hereafter as the “Group”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
	<i>Notes</i>	2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	249,838	332,923
Cost of sales		<u>(198,742)</u>	<u>(245,442)</u>
Gross profit		51,096	87,481
Other income and gains and losses, net	6	(6,831)	3,683
Distribution expenses		(18,384)	(19,596)
Administrative expenses		(65,408)	(59,642)
Share of results of associates		240	(638)
Finance costs	7	<u>(3,374)</u>	<u>(3,637)</u>
(Loss)/profit before income tax	8	(42,661)	7,651
Income tax credit/(expenses)	9	<u>246</u>	<u>(5,559)</u>
(Loss)/profit for the period		<u>(42,415)</u>	<u>2,092</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>2,139</u>	<u>(2,131)</u>
Other comprehensive income for the period		<u>2,139</u>	<u>(2,131)</u>
Total comprehensive income for the period		<u>(40,276)</u>	<u>(39)</u>
(Loss)/profit for the period attributable to:			
Owners of the Company		(40,978)	3,426
Non-controlling interests		<u>(1,437)</u>	<u>(1,334)</u>
		<u>(42,415)</u>	<u>2,092</u>

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Total comprehensive income attributable to:			
Owners of the Company		(39,633)	2,460
Non-controlling interests		(643)	(2,499)
		(40,276)	(39)
		HK cents	HK cents
(Loss)/earnings per share:			
	<i>10</i>		
– Basic		(5.9)	0.5
– Diluted		(5.9)	0.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025	As at 31 December 2024
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>12</i>	120,015	133,057
Investment properties		92,900	109,800
Goodwill		76	76
Other asset		172	172
Interests in associates		22,018	21,000
Intangible assets		10,603	10,603
Deposits paid for property, plant and equipment		4,034	4,034
Financial assets at fair value through other comprehensive income		10	10
Deferred tax assets		5,352	3,918
		<hr/> 255,180	<hr/> 282,670
Current assets			
Inventories	<i>13</i>	82,940	90,708
Trade receivables	<i>14</i>	169,405	198,169
Prepayments, deposits and other receivables		32,773	41,212
Financial assets at fair value through profit or loss	<i>15</i>	23	29,469
Amounts due from associates		2,059	849
Pledged bank deposits		20,705	20,492
Cash and bank balances		183,012	116,720
		<hr/> 490,917	<hr/> 497,619

		As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade payables	16	33,857	39,918
Other payables and accruals		10,985	12,207
Financial liabilities at fair value through profit or loss	15	148	2,519
Contract liabilities		2,841	2,391
Bank overdraft		1,031	28,612
Bank borrowings		115,258	68,100
Lease liabilities		8,609	8,876
Loans from non-controlling interests		3,885	3,885
Amount due to an associate		–	691
Dividend payable		28,000	–
Provision for tax		6,234	4,879
		<u>210,848</u>	<u>172,078</u>
Net current assets		<u>280,069</u>	<u>325,541</u>
Total assets less current liabilities		<u>535,249</u>	<u>608,211</u>
Non-current liabilities			
Lease liabilities		18,087	22,234
Deferred tax liabilities		412	951
		<u>18,499</u>	<u>23,185</u>
Net assets		<u>516,750</u>	<u>585,026</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	7,000	7,000
Reserves		499,089	566,722
		<u>506,089</u>	<u>573,722</u>
Non-controlling interests		10,661	11,304
Total equity		<u>516,750</u>	<u>585,026</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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.

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.

As at 30 June 2025 and up to the date of authorisation of these financial statements, in the opinion of the directors, the Company's ultimate holding company is City Concord Limited, a company incorporated in the British Virgin Islands ("BVI"). The Company's controlling party is Dr. Wong Siu Wah, who is also the Chairman and Chief Executive Officer of the Company.

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 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 2024 (the "2024 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 2024 Annual Report.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and those financial assets that are measured at fair values. The condensed consolidated interim financial statements are unaudited but have 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. ADOPTION OF HKFRS ACCOUNTING STANDARDS

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

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard 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 HKFRS Accounting Standards that have been issued but are not yet effective in the condensed consolidated interim financial statements.

4. SEGMENT INFORMATION

(i) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation to the Group's business components and review of the components' performance. The Group is organised around differences in products. There are two (2024: two) business components in the internal reporting to the executive Directors, which are (i) trading of kitchenware and household products, including drinkware, tools and gadgets, bakeware and accessories and food preparation products and (ii) trading of raw materials, including mainly plastic and silicone.

There were no inter-segment sales between different business segments for the six months ended 30 June 2025 and 2024.

	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	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Segment revenue						
Revenue from external customers	216,115	312,985	33,723	19,938	249,838	332,923
Segment results	(45,428)	9,582	4,393	1,208	(41,035)	10,790
Share of results of associates					240	(638)
Unallocated income					131	1
Unallocated expenses					(1,997)	(2,502)
(Loss)/profit before income tax					(42,661)	7,651
	Trading of kitchenware and household products		Trading of raw materials		Total	
	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Segment assets	598,869	675,039	84,816	74,428	683,685	749,467
Deferred tax assets					5,352	3,918
Interests in associates					22,018	21,000
Unallocated corporate assets [#]					35,042	5,904
Consolidated total assets					746,097	780,289
Segment liabilities	194,581	188,825	–	432	194,581	189,257
Provision for tax					6,234	4,879
Deferred tax liabilities					412	951
Dividend payable					28,000	–
Unallocated corporate liabilities					120	176
Consolidated total liabilities					229,347	195,263

[#] 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	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other segment information:						
Interest income	643	1,433	2	1	645	1,434
Interest expenses	(3,374)	(3,637)	-	-	(3,374)	(3,637)
Fair value loss on investment properties	(16,900)	(4,000)	-	-	(16,900)	(4,000)
Depreciation of property, plant and equipment	(13,257)	(9,093)	-	-	(13,257)	(9,093)
Research expenses	(15)	(108)	-	-	(15)	(108)
Provision for impairment loss of trade receivables	(88)	(60)	(135)	(131)	(223)	(191)
Fair value gain of financial assets/liabilities at fair value through profit or loss, net	5,686	2,717	-	-	5,686	2,717

(ii) Disaggregated revenue and geographical segment information

The management determines that 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, recognised on point in time basis, is divided into the following geographical areas:

	Notes	Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
United States		94,925	181,110
Asia	(a)	97,520	85,766
Europe	(b)	42,381	53,859
Canada		12,146	9,972
Other locations	(c)	2,866	2,216
		249,838	332,923

Notes:

- (a) Principally included the Mainland China*, Hong Kong* and Japan
- (b) Principally included United Kingdom, Belgium and Germany
- (c) Principally included Australia

* Including revenue from the Mainland China and Hong Kong of approximately HK\$83,835,000 for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK\$73,665,000)

The geographical location of customers is based on the location of customers. As at 30 June 2025 and 31 December 2024, over 85% of the Group's non-current assets (other than financial instruments and deferred tax assets) are physically located in Hong Kong.

(iii) Information about major customers

An analysis of revenue from customers with whom transactions have exceeded 10% of the Group's revenue for the period was as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Company A (<i>note a</i>)	38,195	74,917
Company B (<i>note a</i>)	33,746	35,105
Company C (<i>note a, b</i>)	36,565	N/A

Notes:

- (a) The revenue from those three (six months ended 30 June 2024: two) customers was all derived from the segment engaging in trading of kitchenware and household products.
- (b) Revenue from transactions with Company C did not exceed 10% of the Group revenue for the six months ended 30 June 2024 and the respective amount was not disclosed accordingly.

5. REVENUE

The Group is principally engaged in trading of kitchenware and household products and raw materials including mainly silicone for certain of these products. Revenue from sales of kitchenware and household products and raw materials are recognised at a point in time when there is evidence that the control of goods has been transferred to the customer, the customer has adequate control over the goods and the Group has no unfulfilled obligations that affect customer accepting the goods. Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
– Sales of kitchenware and household products	216,115	312,985
– Sales of raw materials	33,723	19,938
	249,838	332,923

6. OTHER INCOME AND GAINS AND LOSSES, NET

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	645	1,434
Dividend income from listed equity securities	1,778	–
Rental income	1,311	1,561
Recharge from customers	194	–
Government grants	89	1,469
Fair value gain on financial assets/liabilities at fair value through profit or loss, net	5,686	2,717
Fair value loss on investment properties	(16,900)	(4,000)
Others	366	502
	(6,831)	3,683

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest charges on financial liabilities at amortised cost:		
Bank borrowings	1,605	2,058
Bank overdrafts	746	384
Lease liabilities	1,023	1,195
	3,374	3,637

8. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (Unaudited)	2024 <i>HK\$'000</i> (Unaudited)
(Loss)/profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold recognised as expense	190,812	233,612
Provision for impairment loss of trade receivables	223	191
Depreciation of property, plant and equipment	13,257	9,093
Research expenses	15	108
Short-term lease expenses	1,504	650
Low-value lease expenses	78	107
Employee benefit expenses (including directors' remuneration)		
Wages, salaries and other benefits	26,290	26,966
Discretionary bonuses	2,635	1,908
Contributions to defined contribution schemes	2,089	2,377
	31,014	31,251
Exchange gain/(loss), net	1,039	(662)

9. INCOME TAX (CREDIT)/EXPENSES

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (Unaudited)	2024 <i>HK\$'000</i> (Unaudited)
The taxation attributable to the Group's operation comprises:		
Current tax		
– Hong Kong profits tax	1,639	4,577
– Income tax outside Hong Kong	32	417
– Withholding tax outside Hong Kong	–	1,832
	1,671	6,826
(Under)/over provision in prior years		
– Hong Kong profits tax	(3)	18
Deferred tax		
– Credit for the period	(1,914)	(1,285)
Income tax (credit)/expenses	(246)	5,559

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% (six months ended 30 June 2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision of profits tax for this subsidiary was calculated at the same bases in 2024.

Enterprise income tax (“EIT”) for the period was calculated at 25% (six months ended 30 June 2024: 25%) of the estimated assessable profits arising from the Mainland China. The income tax for other jurisdictions is calculated at the rates applicable in the respective jurisdictions.

Withholding tax outside Hong Kong represents tax charged by the PRC tax authority on dividends distributed by one of the Group’s PRC subsidiaries during the six months ended 30 June 2025.

United States income tax has not been provided as there is no assessable profit arising in United States during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company for the period of approximately HK\$40,978,000 (six months ended 30 June 2024: approximately a profit of HK\$3,426,000) and the weighted average of 700,000,000 (six months ended 30 June 2024: 700,000,000) ordinary shares in issue during the interim period.

Diluted (loss)/earnings per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2025 and 2024, and hence the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

11. DIVIDENDS

- i. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).
- ii. Dividends to equity shareholders attributable to previous financial year, approved and payable/paid during the interim period:

	Six months ended 30 June	
	2025	2024
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, approved and payable during the following interim period, of HK4.0 cents per share (six months ended 30 June 2024: approved and paid during the following interim period of HK2.0 cents per share)	28,000	14,000

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment at a total cost of approximately HK\$107,000 (six months ended 30 June 2024: approximately HK\$341,000).

During the six months ended 30 June 2025, the Group has not disposed property, plant and equipment (six months ended 30 June 2024: Nil).

At 30 June 2025, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$14,300,000 (31 December 2024: approximately HK\$14,494,000) were pledged to secure general banking facilities granted to the Group.

13. INVENTORIES

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Merchandises held for resale	33,810	34,446
Raw materials	49,130	56,262
	<u>82,940</u>	<u>90,708</u>

14. TRADE RECEIVABLES

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Trade receivables	173,312	201,853
Less: impairment loss allowance	(3,907)	(3,684)
	<u>169,405</u>	<u>198,169</u>

The Group's trading terms with customers are mainly on credit. The credit terms are generally 0 to 90 days from the invoice date.

The directors of the Company considered the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception. An ageing analysis of the Group's trade receivables (net of impairment allowance) as at end of the reporting period, based on the invoices date, is as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
0–30 days	47,506	51,874
31–60 days	43,793	82,467
61–90 days	15,969	51,614
Over 90 days	62,137	12,214
	169,405	198,169

15. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Financial assets at fair value through profit or loss:		
Listed equity securities in Hong Kong, at fair value (<i>note (a)</i>)	–	29,469
Derivative financial instruments at fair value (<i>noted (b)</i>)	23	–
	23	29,469
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments at fair value (<i>noted (b)</i>)	(148)	(2,519)

Notes:

- a) The fair values of the Group's investment in listed equity securities have been determined by reference to their quoted market prices at the end of the reporting period.
- b) As at 30 June 2025, the Group's derivative financial instruments represented foreign currency forward contracts denominated in USD and the fair values are based on the quoted prices from the relevant financial institutions. The notional amounts of these forward contracts are RMB6,000,000 (31 December 2024: RMB59,000,000) and the forward currency rates of all these contracts ranged from USD1:RMB6.9876 to USD1:RMB6.9949 (31 December 2024: USD1:RMB6.9876 to USD1:RMB7.0747) with various maturity dates from July 2025 to August 2025 (31 December 2024: January 2025 to August 2025).

16. TRADE PAYABLES

Trade payables normally have a credit period of 0 to 90 days from the invoice date.

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade payables	<u>33,857</u>	<u>39,918</u>

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
0–90 days	33,154	38,590
91–180 days	703	1,197
181–365 days	–	64
Over 365 days	–	67
	<u>33,857</u>	<u>39,918</u>

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

17. SHARE CAPITAL

	As at 30 June 2025		As at 31 December 2024	
	Number of shares ('000) (Unaudited)	HK\$'000 (Unaudited)	Number of shares ('000) (Audited)	HK\$'000 (Audited)
Authorised: Shares of HK\$0.01 each	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid: Shares of HK\$0.01 each	<u>700,000</u>	<u>7,000</u>	<u>700,000</u>	<u>7,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of year 2025, the global market condition and operation environment remained unstable and unpredictable due to the tightened monetary policies and the continued geopolitical tensions worldwide. Uncertainties in US tariff policies and their prolonged extensions during the period further disrupted trade flows and pressured margins. Customers spending habits on houseware and drinkware retail market for mid-priced to premium products in North America was also compressed during the period.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2025, the Group recorded a decrease in revenue of approximately HK\$249.8 million, representing a considerable decrease of approximately 25.0% as compared to approximately HK\$332.9 million for the six months ended 30 June 2024. This decrease in revenue was mainly due to the uncertainties in the US tariffs and extended policies.

Gross profit and gross profit margin

Gross profit decreased by approximately 41.6% to approximately HK\$51.1 million for six months ended 30 June 2025 (six months ended 30 June 2024: HK\$87.5 million), with gross profit margin decreased by approximately 5.8 percentage points to approximately 20.5% (six months ended 30 June 2024: 26.3%). The decline in gross profit was primarily driven by lower Group revenue, while the reduced gross profit margin was largely due to compressed customers consumption during the period.

Other income and gains and losses, net

During the six months ended 30 June 2025, other income and gains and losses, net decreased by approximately 285.5% to other losses of approximately HK\$6.8 million (six months ended 30 June 2024: other income and gain of HK\$3.7 million), primarily due to fair value loss on the investment properties driven by the current unfavorable conditions in the commercial and industrial real estate market.

Distribution expenses

During the six months ended 30 June 2025, distribution expenses decreased by approximately 6.2% to approximately HK\$18.4 million (six months ended 30 June 2024: HK\$19.6 million). The decrease was mainly attributable to the corresponding decrease in marketing expenses and transportation cost with the amount of Group's revenue.

Administrative expenses

During the six months ended 30 June 2025, administrative expenses increased by approximately 9.7% to approximately HK\$65.4 million (six months ended 30 June 2024: HK\$59.6 million). The increase was mainly due to depreciation and other operating costs incurred in the commencement of the Group's nanofiber manufacturing operation at the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate.

Finance costs

During the six months ended 30 June 2025, finance costs decreased by approximately 7.2% to approximately HK\$3.4 million (six months ended 30 June 2024: HK\$3.6 million), primarily due to the decrease in bank borrowing interest rate.

(Loss)/profit attributable to owners of the Company

The Company recorded a loss attributable to owners of the Company for the six months ended 30 June 2025 of approximately HK\$41.0 million (six months ended 30 June 2024: profit attributable to owner of HK\$3.4 million). The turnaround from profit to loss was mainly due to the decrease in revenue resulted from the uncertainties in the US tariffs and extended policies, and the continued loss in the fair value of investment property during the period. In addition, there has been an increase in depreciation and operating expenses due to the launch of the Group's nanofiber manufacturing operations at the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate.

FUTURE STRATEGY

Our Group is strategically pivoting to strengthen our own product line through innovative design and technological advancements, enabling us to expand our proprietary offerings and capture new markets. This shift will help offset softer demand from brand owners amidst ongoing geopolitical tensions, with a heightened focus on growth opportunities in Asia Pacific market.

We remain committed to driving sustained growth in the household goods industry by leveraging cutting-edge technology, eco-friendly materials, and operational excellence. By refining our product portfolio, enhancing supply chain resilience, and optimizing cost structures, we are well-positioned to navigate market challenges and deliver high-quality, high-margin products.

Further to the successful launch of our nano production line in Q3 2024, we are preparing for the first commercial release of our nano-enhanced product line in Q4 2025. These innovations are expected to significantly enhance our drinkware business, offering superior functionality, durability, and market appeal. Equipped with advanced automation and intelligent logistics, our state-of-the-art facility enables efficient production of precision-engineered products, while our proprietary nano material breakthroughs further elevate performance and differentiation in the market.

As we strengthen our in-house product development, we will continue to cultivate long-term partnerships, explore emerging markets, and uphold our commitment to sustainability through material recycling and innovative design. We expect these strategic initiatives to begin positively impacting our performance in 2026. Our focus remains on delivering exceptional value to shareholders by combining superior product quality with forward-thinking technology and targeted market expansion.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had approximately 151 employees (30 June 2024: 163 employees). Total staff costs (including Directors' emoluments) were approximately HK\$31.0 million for the six months ended 30 June 2025, as compared to approximately HK\$31.3 million for the six months ended 30 June 2024.

The Group will continue to streamline the organizational structure to increase operational efficiency through natural attrition and process re-engineering. 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-run retirement benefit schemes for employees in the Mainland China.

The emoluments of the Directors are decided by the Remuneration Committee, taking into account of 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 investment properties and financial assets at fair value through profit or loss as disclosed in the condensed consolidated statements of financial position, there was no significant investment held as at 30 June 2025.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period of six months ended 30 June 2025, the Group had not made any material acquisition or disposal of subsidiaries and associated companies.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group manages its capital structure with an aim to ensure the Group will be able to continue as a going concern, maximize the return to the shareholders of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management reviews the capital structure regularly by considering the risk and benefit associated with each class of capital and adjusts the capital structure as it sees fit and appropriate.

Cash and bank balances and borrowings

As at 30 June 2025, the Group had cash and bank balances amounted to approximately HK\$183.0 million (31 December 2024: HK\$116.7 million) which were mainly denominated in United States dollars (“USD”), Renminbi (“RMB”) and Hong Kong dollars (“HKD”). The Group had bank borrowings of approximately HK\$115.3 million (31 December 2024: approximately HK\$68.1 million) and had bank overdrafts of approximately HK\$1.0 million (31 December 2024: approximately HK\$28.6 million) as at 30 June 2025. The annual interest rate of the bank bank borrowings and bank overdrafts during the six months ended 30 June 2025 ranged from 1.3% to 6.0% (31 December 2024: ranged from 5.7% to 7.5%) and ranged from 1.5% to 6.0% (31 December 2024: ranged from 4.3% to 6.9%).

Cash flows

For the six months ended 30 June 2025, the Group recorded a cash generated from operating activities of approximately HK\$51.2 million (six months ended 30 June 2024: cash used in operating activities of approximately HK\$24.5 million). The cash generated from operating activities was mainly attributable to the orders with significant amount received from the customers of the Group near the period end.

Net cash generated from investing activities amounted to approximately HK\$2.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: net cash generated from investing activities of approximately HK\$7.6 million). This was mainly due to the decrease in purchase of property, plant and equipment during the period. There was a net cash inflow from financing activities of approximately HK\$39.3 million for the six months ended 30 June 2025 (six months ended 30 June 2024: net cash outflow of approximately HK\$26.6 million) due to the increase in bank borrowings during the period.

Gearing ratio

The Group’s gearing ratio is calculated as total borrowings, which is the summation of bank overdrafts, bank borrowings, lease liabilities and loans from non-controlling interests, divided by total equity. The gearing ratio of the Group as at 30 June 2025 and 31 December 2024 were approximately 28.4% and 22.5%, respectively. Excluding the lease liabilities, the gearing ratio of the Group as at 30 June 2025 and 31 December 2024 were approximately 23.3% and 17.2%, respectively.

Banking facilities

As at 30 June 2025, the Group has banking facilities totalling approximately HK\$430.9 million (31 December 2024: approximately HK\$430.9 million) and approximately HK\$116.3 million (31 December 2024: approximately HK\$96.7 million), of which has been utilised by the Group. The utilisation rates as at 30 June 2025 and 31 December 2024 were approximately 27.0% and 22.4% respectively. With financial supports from the banks and the low utilization rate, the Group has reserved sufficient facilities available for future draw down.

FOREIGN EXCHANGE EXPOSURE

The Group's revenue is mainly denominated in USD while its cost of sales is mainly denominated 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 financial performance. The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's operations. The Group principally uses forward foreign exchange contracts to hedge the foreign exchange risks in the ordinary course of business.

PLEDGE OF ASSETS

As at 30 June 2025, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$14.3 million (31 December 2024: HK\$14.5 million), investment properties with an aggregate carrying amount of approximately HK\$92.9 million (31 December 2024: HK\$109.8 million) and pledged bank deposits of approximately HK\$20.7 million (31 December 2024: HK\$20.5 million) were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no significant contingent liabilities (31 December 2024: Nil).

CAPITAL COMMITMENTS

As at 30 June 2025, the Group has capital commitment of approximately HK\$2.0 million (31 December 2024: approximately HK\$2.0 million) for the purchase of and addition to property, plant and equipment.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 comprises two executive Directors and four independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code ("CG Code") set out in Part 2 of Appendix C1 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 C.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.

Dr. Wong Siu Wah is both the chief executive officer and the chairman of the Board of the Company which deviates from code provision C.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 C3 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 during the period and up to the date of this announcement.

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), Professor 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 2025 and the accounting principles and practices adopted, and discussed auditing, risk management, internal controls and financial reporting matters with the Group’s management and the Company’s external auditors.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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 2025.

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 2025 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
Dr. Wong Siu Wah
Chairman and Executive Director

Hong Kong, 22 August 2025

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