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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “Board”) of directors (the “Directors”) of King’s Flair International (Holdings) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred hereafter as the “Group”) for the year ended 31 December 2025, together with the comparative audited figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	464,602	833,909
Cost of sales		(381,670)	(626,974)
Gross profit		82,932	206,935
Other income and gains and losses, net	6	(9,991)	2,096
Distribution expenses		(39,322)	(41,192)
Administrative expenses		(133,421)	(128,061)
Share of result of associates		719	(592)
Finance costs	7	(6,028)	(8,075)
(Loss)/Profit before income tax	8	(105,111)	31,111
Income tax expenses	9	(3,195)	(10,922)
(Loss)/Profit for the year		(108,306)	20,189

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>3,392</u>	<u>(3,106)</u>
Other comprehensive income for the year		<u>3,392</u>	<u>(3,106)</u>
Total comprehensive income for the year		<u>(104,914)</u>	<u>17,083</u>
(Loss)/Profit for the year attributable to:			
Owners of the Company		(108,913)	21,835
Non-controlling interests		<u>607</u>	<u>(1,646)</u>
		<u>(108,306)</u>	<u>20,189</u>
Total comprehensive income attributable to:			
Owners of the Company		(106,910)	20,309
Non-controlling interests		<u>1,996</u>	<u>(3,226)</u>
		<u>(104,914)</u>	<u>17,083</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share:	<i>10</i>		
– Basic		(15.6)	3.1
– Diluted		<u>(15.6)</u>	<u>3.1</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		111,892	133,057
Investment properties		85,900	109,800
Goodwill		–	76
Other asset		172	172
Interests in associates		18,293	21,000
Intangible assets		10,279	10,603
Deposits paid for property, plant and equipment		3,424	4,034
Financial assets at fair value through other comprehensive income		10	10
Deferred tax assets		3,311	3,918
		233,281	282,670
Current assets			
Inventories	12	80,002	90,708
Trade receivables	13	129,843	198,169
Prepayments, deposits and other receivables		30,170	41,212
Financial assets at fair value through profit or loss		234	29,469
Amounts due from associates		1,312	849
Tax recoverable		5,283	–
Pledged bank deposits		16,712	20,492
Cash and bank balances		122,123	116,720
		385,679	497,619

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 31 December 2025*

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Current liabilities			
Trade payables	14	43,249	39,918
Other payables and accruals		14,263	12,207
Financial liabilities at fair value through profit or loss		–	2,519
Contract liabilities		1,552	2,391
Bank overdrafts		17,783	28,612
Bank borrowings		58,150	68,100
Lease liabilities		9,351	8,876
Loans from non-controlling interests		3,885	3,885
Amount due to an associate		–	691
Provision for tax		1,549	4,879
		149,782	172,078
Net current assets		235,897	325,541
Total assets less current liabilities		469,178	608,211
Non-current liabilities			
Lease liabilities		14,916	22,234
Deferred tax liabilities		2,146	951
		17,062	23,185
Net assets		452,116	585,026
EQUITY			
Equity attributable to owners of the Company			
Share capital		7,000	7,000
Reserves		417,576	566,722
		424,576	573,722
Non-controlling interests		27,540	11,304
Total equity		452,116	585,026

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are trading of kitchenware and household products and raw materials. The Company and its subsidiaries' (collectively referred to as the "Group") principal places of business are Hong Kong, United States ("US") and the Mainland China. There were no significant changes in the Group's operations during the year.

As at 31 December 2025 and up to the date of authorisation of these consolidated 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. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of revised HKFRS Accounting Standards – first effective on 1 January 2025

In the current year, the Group has applied for the first time the following amendments to HKFRS Accounting Standards issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to and effective for the Group's consolidated financial statements for annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8 and HKAS 37	Disclosure about Uncertainties in the Financial Statements

None of these amendments has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(b) New and revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new and revised HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

Notes:

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined by available for adoption

Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with Environmental, Social and Governance linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

Amendments to HKFRS 9 and HKFRS 7, Contracts Referencing Nature-dependent Electricity

The amendments include guidance on the 'own-use' exemption for purchasers of electricity under such power purchase agreements; and hedge accounting requirements for companies that hedge their purchases or sales of electricity using power purchase agreements.

HKFRS 18, Presentation and Disclosure in Financial Statements

HKFRS 18 sets out significant new requirements for how financial statements are presented, with particular focus on the statement of profit or loss, including requirements for mandatory sub-totals to be presented, aggregation and disaggregation of information, as well as disclosures related to management-defined performance measures. The aim of HKFRS 18 is to improve comparability and transparency of companies' performance reporting.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(b) New and revised HKFRS Accounting Standards that have been issued but are not yet effective (Continued)

Amendments to HKFRS Accounting Standards, Annual Improvements to HKFRS Accounting Standards – Volume 11

The amendments include clarifications, simplifications, corrections, and changes intended to improve consistency in (i) HKFRS 1, First-time Adoption of International Financial Reporting Standards; (ii) HKFRS 7, Financial Instruments: Disclosures and Guidance on implementing HKFRS 7; (iii) HKFRS 9, Financial Instruments; (iv) HKFRS 10, Consolidated Financial Statements; and (v) HKAS 7, Statement of Cash Flows.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company have performed an assessment of the above amendments to standards and interpretations and have concluded on a preliminary basis that other than HKFRS 18, these pronouncements do not to have a material impact on the Group's financial statements.

HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, but it is expected to have a material effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation or disaggregation and labelling of information, and disclosure of management-defined performance measures.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (collectively "HKFRS Accounting Standards") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for investment properties and those financial instruments stated at fair values, which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated.

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 plastic and silicone.

There were no inter-segment sales between different business segments for the years ended 31 December 2025 and 2024.

	Trading of kitchenware and household products		Trading of raw materials		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Revenue from external customers	<u>428,198</u>	786,580	<u>36,404</u>	47,329	<u>464,602</u>	833,909
Segment results	<u>(105,615)</u>	<u>33,139</u>	<u>3,244</u>	<u>4,487</u>	<u>(102,371)</u>	<u>37,626</u>
Share of result of associates					719	(592)
Unallocated income					8	7
Unallocated expenses					<u>(3,467)</u>	<u>(5,930)</u>
(Loss)/Profit before income tax					<u>(105,111)</u>	<u>31,111</u>

4. SEGMENT INFORMATION (Continued)

(i) Operating segment information (Continued)

	Trading of kitchenware and household products		Trading of raw materials		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	511,337	675,039	78,771	74,428	590,108	749,467
Tax recoverable					5,283	–
Deferred tax assets					3,311	3,918
Interests in associates					18,293	21,000
Unallocated corporate assets [#]					1,965	5,904
Consolidated total assets					618,960	780,289
Segment liabilities	162,807	188,825	243	432	163,050	189,257
Provision for tax					1,549	4,879
Deferred tax liabilities					2,146	951
Unallocated corporate liabilities					99	176
Consolidated total liabilities					166,844	195,263

[#] Unallocated corporate assets comprised prepayment and cash and bank balance held by headquarter which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

	Trading of kitchenware and household products		Trading of raw materials		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss or assets:						
Interest income	1,242	2,715	3	3	1,245	2,718
Interest expenses	(6,028)	(8,075)	–	–	(6,028)	(8,075)
Fair value loss on investment properties	(23,900)	(9,600)	–	–	(23,900)	(9,600)
Depreciation of property, plant and equipment	(25,366)	(21,302)	–	–	(25,366)	(21,302)
Research expenses	(1,457)	(1,048)	–	–	(1,457)	(1,048)
Impairment of trade receivables	(7,797)	(1,101)	(93)	(438)	(7,890)	(1,539)
Impairment of goodwill and intangible assets	(400)	(4,049)	–	–	(400)	(4,049)
Fair value gain of financial assets at fair value through profit or loss, net	6,043	3,821	–	–	6,043	3,821
Additions to non-current assets*	1,019	14,870	–	–	1,019	14,870

* These consist of additions to property, plant and equipment, deposit paid for property, plant and equipment.

4. SEGMENT INFORMATION (Continued)

(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:

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
United States		181,406	503,926
Asia	(a)	184,483	183,829
Europe	(b)	88,950	115,789
Canada		5,134	25,453
Other locations	(c)	4,629	4,912
		464,602	833,909

Notes:

(a) Principally included the Mainland China*, Hong Kong* and Japan

(b) Principally included United Kingdom, Switzerland, Belgium and Germany

(c) Principally included Australia

* Including revenue from the Mainland China and Hong Kong of HK\$160,406,000 (2024: HK\$158,097,000).

The geographical analysis of the Group's revenue from external customers is based on the location of customers. As at 31 December 2025, over 84% (2024: 85%) of the Group's non-current assets (other than financial instruments and deferred tax assets) are physically located in Hong Kong.

4. SEGMENT INFORMATION (Continued)

(iii) Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Company A (notes a, b)	61,780	119,827
Company B (notes a, b)	78,315	111,080
Company C (notes a, c)	96,615	N/A
Company D (notes b, c)	N/A	248,932

The revenue from these three customers were all derived by the segment engaging in trading of kitchenware and household products.

Notes:

- (a) As at 31 December 2025, 50.9% of the Group's trade receivables were due from the abovementioned three major customers.
- (b) As at 31 December 2024, 69.8% of the Group's trade receivables were due from the abovementioned three major customers.
- (c) Revenue from transactions with Company D (2024: Company C) did not exceed 10% of the Group's revenue for the year ended 31 December 2025 and the respective amount was not disclosed accordingly.

5. REVENUE

The Group is principally engaged in sales of kitchenware and household products and raw materials including plastic 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 year is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers		
– Sales of kitchenware and household products	428,198	786,580
– Sales of raw materials	36,404	47,329
	464,602	833,909

6. OTHER INCOME AND GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Bank interest income	1,245	2,718
Dividend income from listed equity securities	1,778	1,794
Recharge to customers	219	1,540
Rental income	2,360	3,122
Government grants	1,826	2,143
Fair value gain on financial assets at fair value through profit or loss, net	6,043	3,821
Fair value loss on investment properties	(23,900)	(9,600)
Impairment loss on goodwill and intangible assets	(400)	(4,049)
Gain on deemed disposal of a subsidiary	–	43
Others	838	564
	(9,991)	2,096

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest charges on financial liabilities at amortised cost:		
Bank borrowings	2,943	4,424
Bank overdrafts	1,158	1,277
Lease liabilities	1,927	2,374
	6,028	8,075

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2025 HK\$'000	2024 HK\$'000
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	978	978
Cost of inventories sold recognised as expense	351,915	599,550
Provision for impairment of trade receivables	7,890	1,539
Depreciation of property, plant and equipment (<i>note a</i>)	25,366	21,302
Loss on write-off of property, plant and equipment	2	7
Research expenses (<i>note c</i>)	1,457	1,048
Short-term lease expenses	2,357	2,145
Low-value lease expenses	155	166
Marketing expenses (<i>note b</i>)	7,977	10,139
Licensing fee (<i>note b</i>)	1,208	2,150
Transportation cost (<i>note b</i>)	7,980	8,229
Quality inspection expenses (<i>note c</i>)	12,474	13,425
Employee benefit expenses (including directors' remuneration) (<i>note d</i>)		
Wages, salaries and other benefits	52,403	53,930
Discretionary bonuses	2,662	2,153
Contributions to defined contribution schemes (<i>note e</i>)	4,407	4,759
	59,472	60,842
Exchange loss/(gain), net	1,733	(280)

Notes:

- (a) Depreciation charges are recognised in the consolidated statement of comprehensive income as distribution expenses of approximately HK\$95,000 (2024: approximately HK\$94,000) and administrative expenses of approximately HK\$25,271,000 (2024: approximately HK\$21,208,000) for the year ended 31 December 2025.
- (b) These items are included in distribution expenses in the consolidated statement of comprehensive income.
- (c) These items are included in administrative expenses in the consolidated statement of comprehensive income.
- (d) Employee benefit expenses are recognised in the consolidated statement of comprehensive income as distribution expenses of approximately HK\$7,880,000 (2024: approximately HK\$8,689,000) and administrative expenses of approximately HK\$51,592,000 (2024: approximately HK\$52,153,000) for the year ended 31 December 2025.
- (e) The Group's contributions to defined contribution scheme vest fully and immediately with the employees. Accordingly, there are no forfeited contributions under the defined contribution scheme which may be used by the Group to reduce its existing level of contributions or contributions payable in future years as at and during each of the years ended 31 December 2025 and 2024.

9. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
The taxation attributable to the Group's operations comprises:		
Current tax		
– Hong Kong profits tax	646	6,904
– PRC withholding tax	–	1,823
– PRC Enterprise Income Tax	495	1,333
	<u>1,141</u>	<u>10,060</u>
Under provision in prior years		
– Hong Kong profits tax	159	775
	<u>1,300</u>	<u>10,835</u>
Deferred tax		
– Credit for the year	1,895	87
	<u>3,195</u>	<u>10,922</u>
Income tax expenses		

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% (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 8.3% and the remaining assessable profits are taxed at 16.5%. The provision of profits tax for this subsidiary was calculated at the same basis in 2024.

Enterprise income tax (“EIT”) for the year was calculated at 25.0% (2024: 25.0%) 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.

PRC withholding tax represents tax charged by the PRC tax authority on dividends distributed by one of the Group's PRC subsidiaries in 2024.

US income tax has not been provided as there is no assessable profit arising in US during the year ended 31 December 2025 and 2024.

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

The Group operates in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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 year of HK\$108,913,000 (2024: profit of HK\$21,835,000) and the weighted average of 700,000,000 (2024: 700,000,000) ordinary shares in issue during the year.

Diluted (loss)/earnings per share

There were no potential ordinary shares outstanding during the years ended 31 December 2025 and 2024, and hence the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

11. DIVIDENDS

Dividends to equity shareholders attributable to the year:

	2025 HK\$'000	2024 HK\$'000
Final dividend declared and paid in respect of the prior year of HK4 cents (2024: HK2 cents) per share	<u>28,000</u>	<u>14,000</u>

At the board meeting held on 23 March 2026, the Board resolved not to recommend any final dividend for the year ended 31 December 2025 (2024: HK4 cents per ordinary share).

12. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Merchandises held for resale	32,985	34,446
Raw materials	<u>47,017</u>	<u>56,262</u>
	<u>80,002</u>	<u>90,708</u>

13. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	141,417	201,853
Less: impairment loss allowance	<u>(11,574)</u>	<u>(3,684)</u>
	<u>129,843</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.

13. TRADE RECEIVABLES (Continued)

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 the end of the reporting period, based on the invoices date, is as follows:

	2025 HK\$'000	2024 HK\$'000
0–30 days	39,317	51,874
31–60 days	29,376	82,467
61–90 days	6,369	51,614
Over 90 days	54,781	12,214
	<u>129,843</u>	<u>198,169</u>

14. TRADE PAYABLES

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

	2025 HK\$'000	2024 HK\$'000
Trade payables	<u>43,249</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:

	2025 HK\$'000	2024 HK\$'000
0–90 days	40,429	38,590
91–180 days	2,713	1,197
181–365 days	73	64
Over 365 days	34	67
	<u>43,249</u>	<u>39,918</u>

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

15. COMMITMENTS

Capital commitments

	2025 HK\$'000	2024 HK\$'000
Capital expenditures contracted but not provided for in the consolidated financial statements in respect of:		
– Purchase of and addition to property, plant and equipment	<u>1,371</u>	<u>1,981</u>

FINAL DIVIDEND

To preserve the Company's financial resources, the Board has resolved not to recommend any payment of a final dividend for the year ended 31 December 2025 (2024: HK\$4.0 cents per share).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company ("AGM") is proposed to be held on Wednesday, 27 May 2026. In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 21 May 2026 to Wednesday, 27 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the AGM, all transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 May 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the 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 extension during the year further disrupted trade flows and pressured margins. Customer spending habits on houseware and drinkware retail market for mid-priced to premium products in North America was also compressed during the year.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2025, the Group recorded a significant decrease in revenue from approximately HK\$833.9 million in 2024 to approximately HK\$464.6 million, representing a decrease of approximately 44.3%. This decrease in revenue was mainly due to the uncertainties in the US tariffs and extended policies, coupled with ongoing international trade tensions during the year. These external factors have led our key customers to adopt a more cautious approach, resulting a reduction of purchase orders.

Gross profit and gross profit margin

Gross profit decreased by approximately 59.9% to approximately HK\$82.9 million for the year ended 31 December 2025 (2024: HK\$206.9 million), with gross profit margin decreased by approximately 6.9 percentage points to approximately 17.9% (2024: 24.8%). 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 year. The decrease in gross profit was also due to the inclusion of one-off product costs of approximately HK\$11.3 million. Factoring out this one-off product cost, gross profit and gross profit margin would have been approximately HK\$94.2 million and 20.3%, respectively.

Other income and gains and losses, net

During the year ended 31 December 2025, other income and gains and losses turned negative at HK\$10.0 million (2024: other gains of HK\$2.1 million), primarily due to the significant increase in the fair value loss on investment properties during the year.

Distribution expenses

During the year ended 31 December 2025, distribution expenses decreased by approximately 4.5% to approximately HK\$39.3 million (2024: HK\$41.2 million). The decrease was mainly attributable to the decrease in marketing expenses and transportation cost with the amount of Group's revenue.

Administrative expenses

During the year ended 31 December 2025, administrative expenses increased by approximately 4.2% to approximately HK\$133.4 million (2024: HK\$128.1 million). The increase was mainly due to depreciation and other operating costs incurred in the Group's nanofiber manufacturing operation at the Advanced Manufacturing Centre in Tsung Kwan O Industrial Estate and provision of expected credit loss on trade receivable.

Finance costs

During the year ended 31 December 2025, finance costs decreased by approximately 25.3% to approximately HK\$6.0 million (2024: HK\$8.1 million), primarily due to the decrease in bank borrowing and interest rate during the year.

(Loss)/Profit attributable to owners of the Company

For the year ended 31 December 2025, the Group incurred a loss attributable to owners of the Company with amount approximately HK\$108.9 million (2024: profit attributable to owners of the Company HK\$21.8 million). The turnabout from profit to loss was mainly due to the combined effect of the significant increase in other losses and administrative expenses during the year. There has been a significant fair value loss on the Group's investment properties, which was affected by the unfavorable market conditions during the year. In addition, there has been an increase in depreciation and operation expenses due to the launch of the Group's nanofiber manufacturing operations at the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate and provision on expected credit loss on trade receivables.

FUTURE STRATEGY

As we look to the future, we acknowledge that the global landscape remains susceptible to external shocks. The ongoing conflict in the Middle-East, for instance, introduces the potential for significant volatility in energy markets, which could translate into persistently high oil prices and exert upward pressure on our manufacturing and logistics costs. Such dynamics reinforce the importance of our strategic evolution.

In response to these enduring challenges, our Group is executing a decisive pivot to reinforce our proprietary product lines. By harnessing innovative design and cutting-edge technological advancements, we are expanding our in-house offerings to capture new market segments. This initiative is designed to mitigate softer demand from brand owners amidst ongoing geopolitical frictions, with a strategic emphasis on cultivating growth opportunities within the Asia-Pacific region. The one-off product costs incurred during the year reflect our commitment to this strategic transformation, laying the foundation for future growth and margin enhancement.

We remain unwavering in our commitment to driving sustained growth in the household goods industry through the application of advanced technology, eco-conscious materials, and operational excellence. By continuously refining our product portfolio, bolstering supply chain resilience, and optimizing our cost structures, we are confident in our ability to navigate prevailing market challenges and deliver superior, high-margin products.

Building on the successful launch of our nano production line in the third quarter of 2024, we are now preparing for the inaugural commercial release of our nano-enhanced product line. These groundbreaking innovations are poised to significantly elevate our drinkware business, offering unparalleled functionality, durability, and consumer appeal. Our state-of-the-art facility, equipped with advanced automation and intelligent logistics, enables the efficient production of precision-engineered goods, while our proprietary nano-material breakthroughs ensure distinct market differentiation.

As we fortify our in-house product development capabilities, we will continue to nurture long-term partnerships, explore emerging markets, and steadfastly uphold our commitment to sustainability through material recycling and thoughtful design. We anticipate these strategic initiatives will begin to positively influence our financial performance in 2026. Our paramount focus remains on delivering exceptional value to our shareholders by harmonizing superior product quality with forward-thinking technology and targeted market expansion.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had approximately 151 employees (2024: 152 employees). Total staff costs (including Directors' emoluments) were approximately HK\$59.5 million for the year ended 31 December 2025, as compared to approximately HK\$60.8 million for the year ended 31 December 2024.

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.

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 borrowing

As at 31 December 2025, the Group had cash and bank balances amounted to approximately HK\$122.1 million (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\$58.2 million (2024: approximately HK\$68.1 million) and bank overdrafts of approximately HK\$17.8 million (2024: approximately HK\$28.6 million) as at 31 December 2025. The annual interest rate of the bank overdrafts and bank borrowings during the year ended 31 December 2025 ranged from 1.5% to 6.5% (2024: ranged from 4.3% to 6.9%) and ranged from 1.2% to 5.2% (2024: ranged from 5.7% to 7.5%) respectively.

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 31 December 2025 and 2024 were approximately 23.0% and 22.5%, respectively. Excluding the lease liabilities, the gearing ratio of the Group as at 31 December 2025 and 2024 were approximately 17.7% and 17.2%, respectively.

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 31 December 2025, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$14.1 million (2024: HK\$14.5 million), investment properties with an aggregate carrying amount of approximately HK\$85.9 million (2024: HK\$109.8 million) and pledged bank deposits of approximately HK\$16.7 million (2024: HK\$20.5 million) were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

As at 31 December 2025, the Group has capital commitment of approximately HK\$1.4 million (2024: approximately HK\$2.0 million) for the purchase of and addition to property, plant and equipment.

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 year and up to the date of this announcement.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

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 year 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.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirement of Rule 3.21 of the Listing Rules for the purposes to assist the Board in reviewing, supervising and providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties as assigned by the Board. The Audit Committee, comprising Professor Lau Kin Tak, Mr. Anthony Graeme Michaels and Ms. Leung Wai Ling, Wylie, has reviewed the audited financial results of the Group for the year ended 31 December 2025.

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

The 2025 annual report of the Company containing all applicable information required by the Listing Rules will be dispatched to the Shareholders and available on the Company’s website at www.kingsflair.com.hk and Stock Exchange’s website at www.hkexnews.hk in due course.

By Order of the Board
King’s Flair International (Holdings) Limited
Dr. Wong Siu Wah
Chairman and Executive Director

Hong Kong, 23 March 2026

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.