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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)

PROFIT WARNING

This announcement is made by King's Flair International (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the Shareholders and potential investors of the Company that, based on the information currently available and the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (the “**Reporting Period**”) by the Board, the Group expects to record a loss for the year as compared to a profit for the year ended 31 December 2022. The loss for the year was mainly due to:

- (i) a decrease in revenue for the Reporting Period by approximately 25% to 30% as compared to the previous year, mainly as a result of a decrease in the Group's sales, with a continued diminishing houseware and drinkware retail market for mid-priced to premium products in North America resulted from soaring inflation and shifts in consumer spending habits during the Reporting Period, which led to a further compression of orders from Group's customers in the North America (including the Group's major customers);
- (ii) a significant increase in other losses for the Reporting Period by over 200% as compared to the previous year, mainly as a result of the a significant fair value loss on investment property and the goodwill impairment of the Group's investment in a subsidiary as at the end of the Reporting Period; and
- (iii) a significant increase in finance costs for the Reporting Period by over 100% as compared to the previous year, mainly due to the increase in bank borrowing interest rate and interest on lease liabilities during the Reporting Period.

In view of the above and the fact that the administrative, selling and distribution expenses remained steady as compared to the previous year, the Group expects to record a loss attributable to shareholders for the Reporting Period as compared to a profit attributable to shareholders the previous year.

The Company is still in the process of finalising the Group's final results for the Reporting Period (the "**Final Results**") and the information contained in this announcement is only a preliminary assessment on the management accounts of the Group which has not been reviewed by the audit committee or the auditors of the Company. Shareholders and potential investors of the Company are advised to refer to the Final Results which is expected to be released on 25 March 2024.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15 March 2024

As at the date of this announcement, the board of directors of the Company comprised two executive directors, namely, Dr. Wong Siu Wah (Chairman and Chief Executive Officer) 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.