



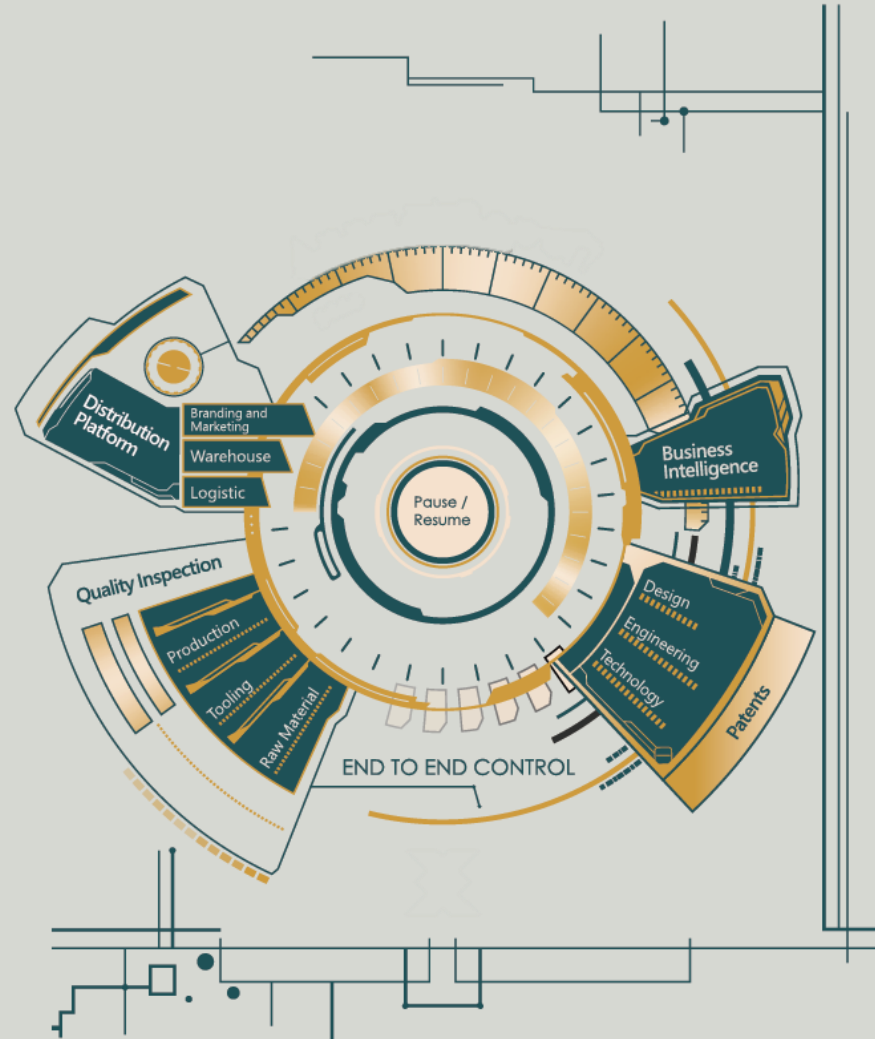
KING'S FLAIR INTERNATIONAL (HOLDINGS) LIMITED

科勁國際（控股）有限公司

(Stock code: 6822.HK)

2020 Annual Results

An integrated one-stop kitchenware & household product solutions provider





Company Overview

Stock code **6822.HK**

Stock price HKD **1.460**
As at 26 April 2021

Market cap HKD **1,022** million
As at 26 April 2021

Listing date **January 2015**

No. of issued share **700,000,000**
As at 26 April 2021

Net cash position



FY2020 payout ratio
70.6%

TTM dividend yield
c. 7.9%*

ROE

17.2%



Established client base

average 10-20 years of
relationship with clients



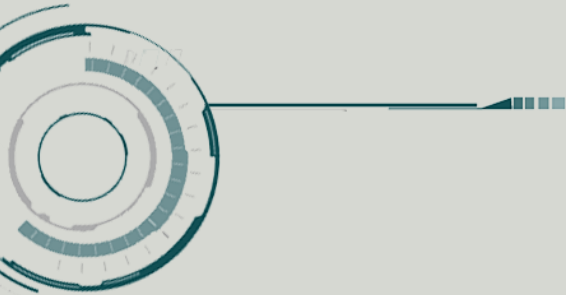
- Provide **one-stop kitchenware and household product solutions** to internationally-renowned brands
 - Provide one-stop solutions from product design, development, manufacturing, to marketing, distribution and retailing
- Major customers are **internationally-renowned kitchenware and household product brands** in North America, Europe and Asia
- Tapped into the **China kitchenware and household product market**, hosting online stores on Tmall, JD, Taobao, HKTV Mall, Yitiao & Kaola
- Collaboration with international brands to develop **toddler products**, capturing the opportunities brought by the Two-child policy in China

*Calculated using closing stock price of HKD 1.460 as at 26 April 2021



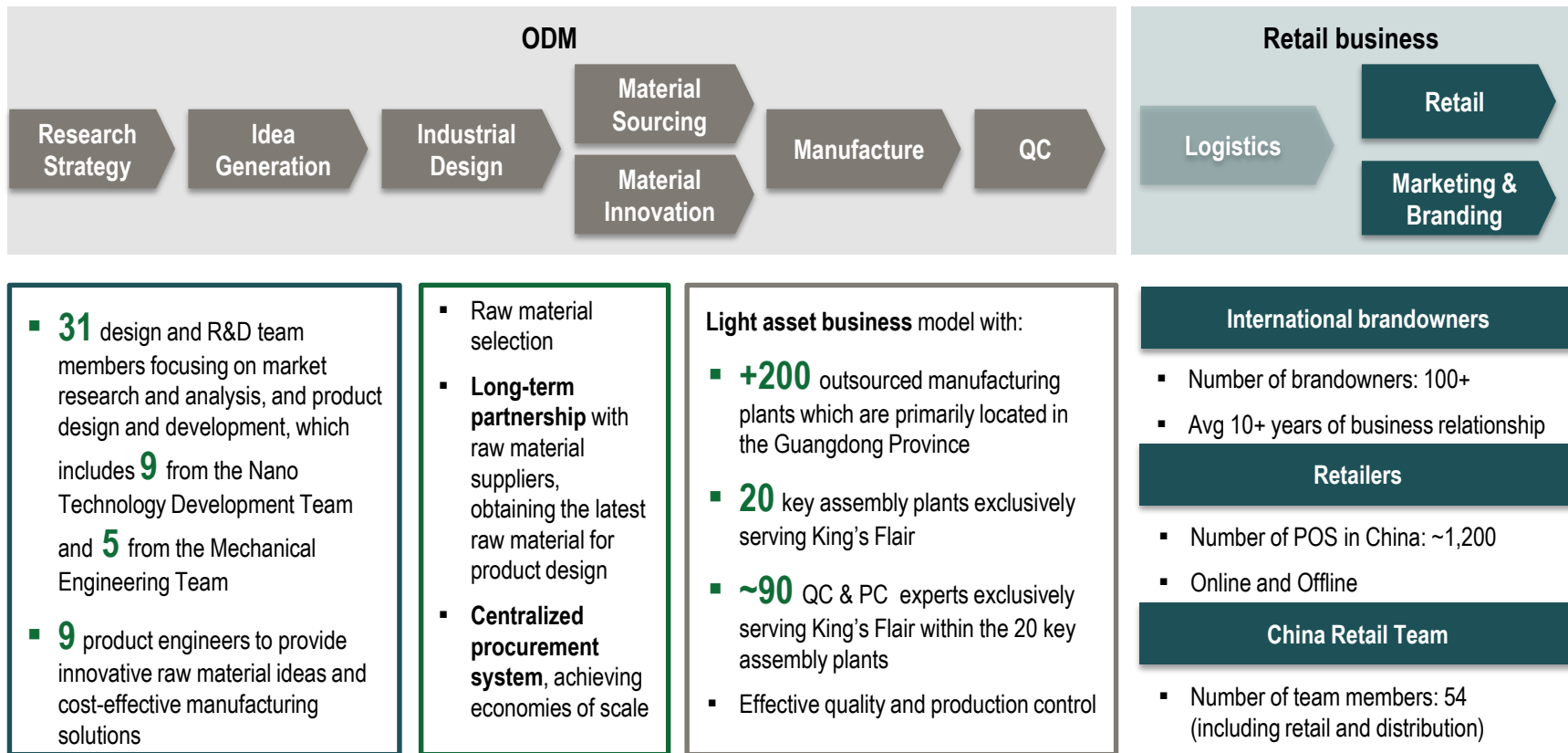
01

Business Overview





One-stop Kitchenware and Household Product Solutions Provider





Value Proposition

Manufacturers

- ✓ Ability to gain steady order
- ✓ Eliminate their receivable risks
- ✓ Technological enhancement and production support
- ✓ Long-term working relationship

Brandowners

- ✓ R&D input
- ✓ Cost-efficient procurement
- ✓ Material know-how
- ✓ Reliable production
- ✓ Timely deliveries
- ✓ Quality assurance to avoid product recall

End customers

- ✓ Reliable and high-quality products
- ✓ Fashionable design
- ✓ Value-added product engineering
- ✓ Extensive product assortment



Raw material supplier

- ✓ Customer reach through extensive client network
- ✓ Centralized order through aggregating demand of customers
- ✓ First-hand material experience and feedback

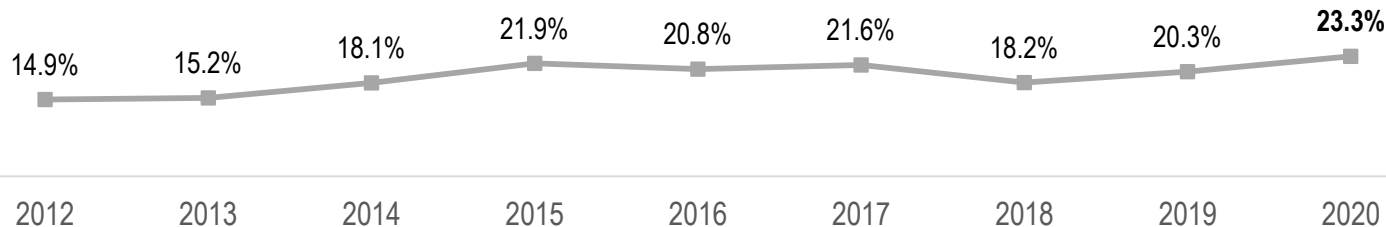
Distributors

- ✓ Speedy reaction to trend and market demand
- ✓ High quality reassurance
- ✓ Full traceability from raw material to retail
- ✓ Customization & localization of products



Competitive Advantage

Proven margin enhancement through value-added solutions



Differences between King's Flair and traditional traders

- ✓ In-house R&D and engineering capabilities
- ✓ Meticulous and efficient quality control
- ✓ Registered patents
- ✓ Raw materials expertise
- ✓ Real-time production monitoring
- ✓ Self-developed retail business
- ✓ Self-developed technological know-how
- ✓ Real-time technological enhancement

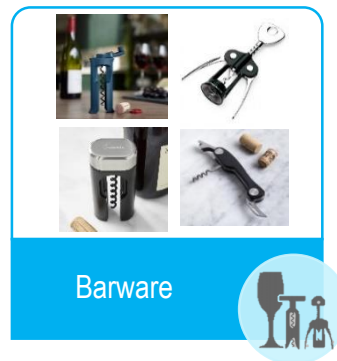
Differences between King's Flair and traditional manufacturers

- ✓ In-house R&D and engineering capabilities
- ✓ Comprehensive product range
- ✓ Expansive channels of raw materials and strong application knowledge
- ✓ Established production management and flexible production capacity
- ✓ Extensive client network
- ✓ Light-asset model with strong financial position and efficient knowledge transfer
- ✓ Real-time enhancement in latest market technological skillsets
- ✓ Full supply-chain traceability



Extensive Assortment of Kitchenware and Household Products

King's Flair as a kitchenware and household products provider with **40+** years of experience



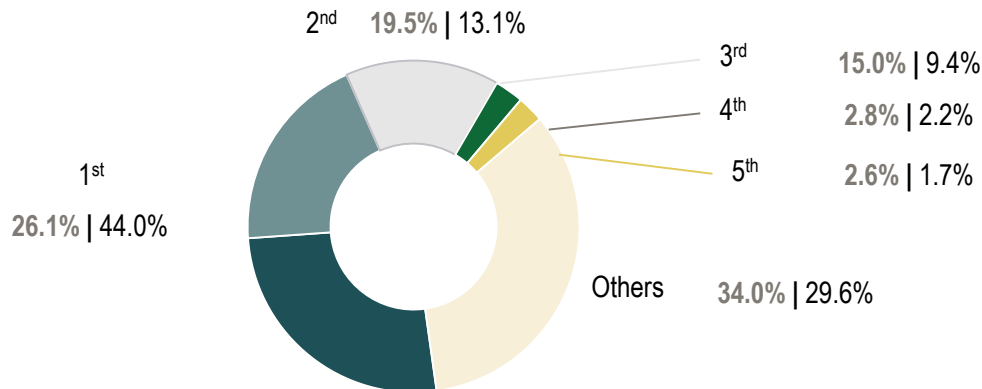


Extensive Client Network

Revenue breakdown by customers

2020 | 2019

Top 5 contributing 66.0% of the Group's total revenue

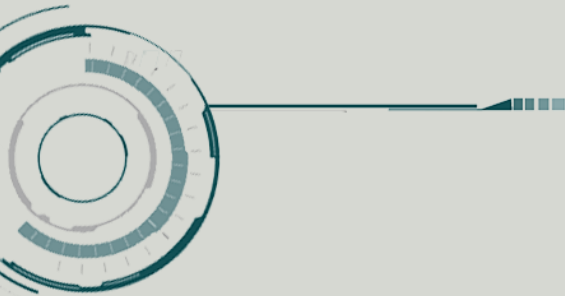


- Through our value-added services and long-term relationship with clients, our major customers are **internationally-renowned kitchenware and household product brands** in North America and Europe
- As the European and North American markets become increasingly mature, well-known brands have conducted various M&As in order to maintain business growth, in which some of the acquisitions involved KF's existing, smaller but high-potential clients, thus leading to a continuous concentration on its Top 5 clients



02

2020 Annual Results





Key Financials

For the year ended 31 December

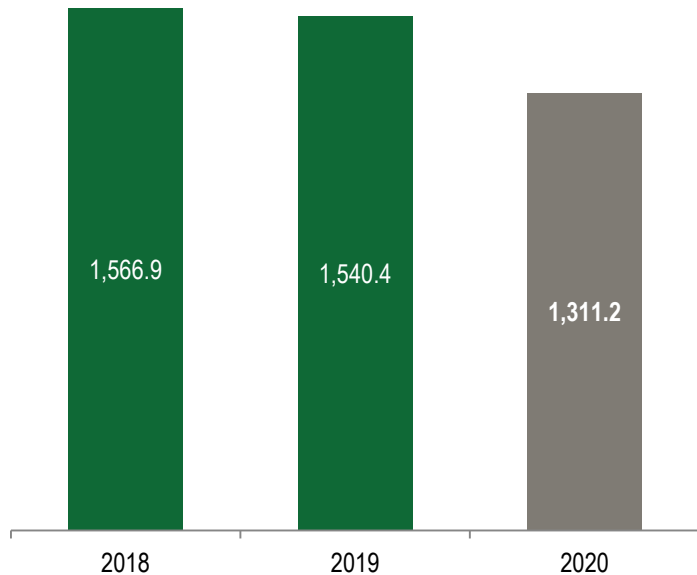
<i>HK\$ '000</i>	2018	2019	2020	Change
Revenue	1,566,864	1,540,412	1,311,184	-14.9%
Gross profit	284,619	312,521	305,597	-2.2%
Profit attributable to owners of the Company	118,003	124,945	114,081	-8.6%
Basic earnings per share (HK cents)	16.9	17.8	16.3	-8.4%
Gross profit margin	18.2%	20.3%	23.3%	+3.0p.p.
Net profit margin	7.5%	8.1%	8.7%	+0.6p.p.
Interim dividend per share (HK cents)	5.5	5.5	4.0	--
Interim special dividend per share (HK cents)	1.5	1.5	--	--
Final dividend per share (HK cents)	6.0	6.0	7.5	--
Final special dividend per share (HK cents)	--	20.0	--	--
Dividend payout ratio (excl. special dividend)	68.0%	64.6%	70.6%	+6.0 p.p.



Revenue Analysis

Revenue Analysis

HK\$ million

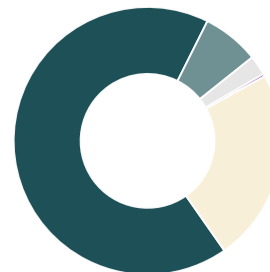


Revenue breakdown by Geography

2020 | 2019

United States

67.1% | 71.2%



Europe 6.9% | 7.0%

Canada 2.4% | 2.0%

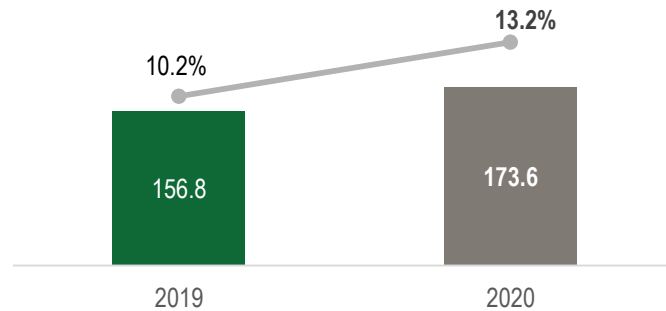
Others 0.3% | 0.5%

Asia^ 23.3% | 19.3%

^ Include ODM sales and retail sales, in which retail sales in Asia includes China, Macau, Hong Kong, Taiwan, Japan and Thailand

Retail Sales as % to Revenue

HK\$ million

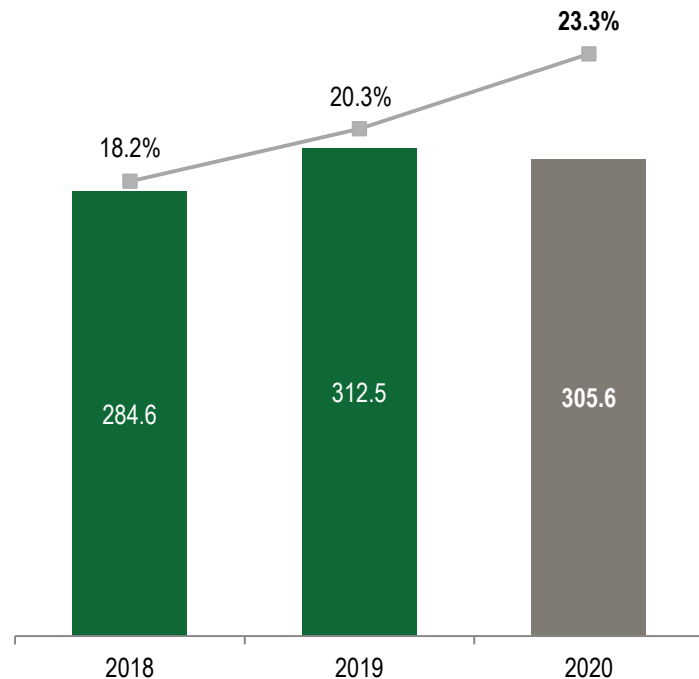




Gross Profit and Gross Profit Margin Analysis

Gross profit & gross profit margin

HK\$ million



Gross profit margin analysis

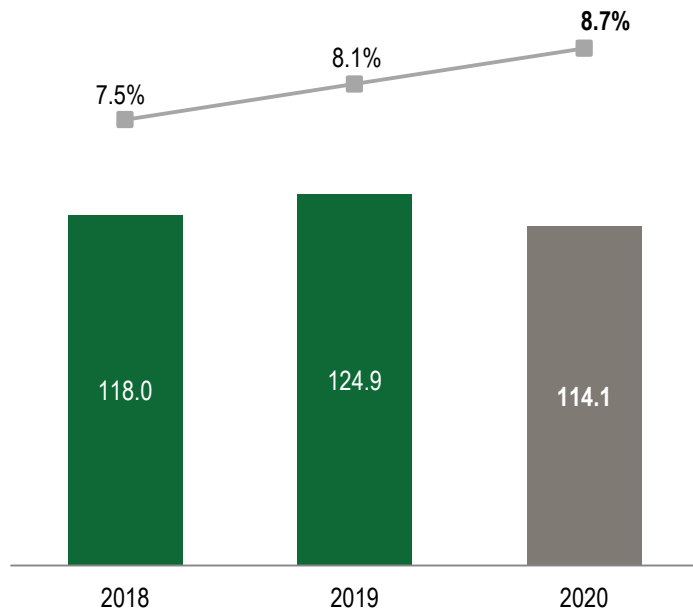
	2018	2019	2020	Change
One-stop kitchenware and household solutions	16.6%	18.2%	21.3%	+3.1 p.p.
Retail	47.4%	43.0%	41.5%	-1.5 p.p.
Trading of raw materials	3.8%	12.7%	12.0%	-0.7 p.p.



Net Profit and Net Profit Margin Analysis

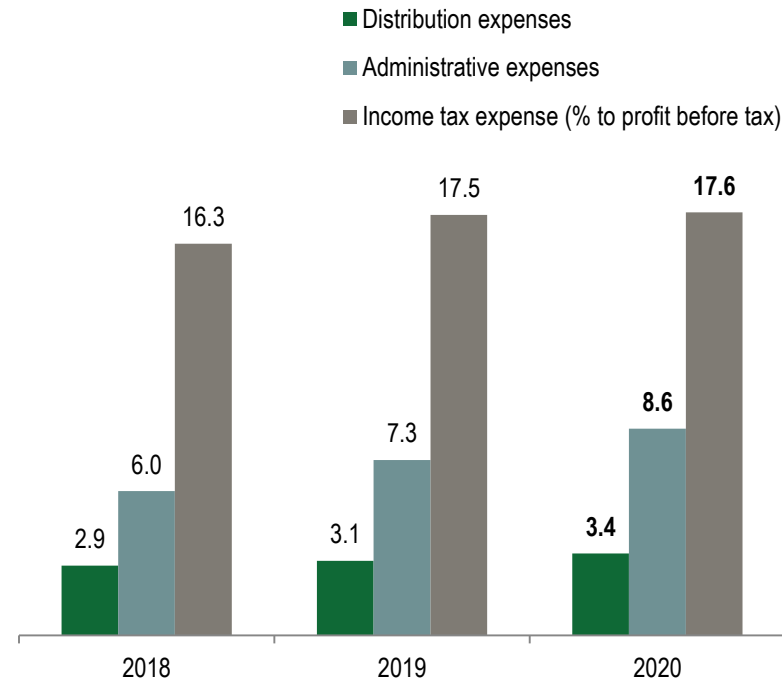
Net profit & net profit margin

HK\$ million



Key expenses

As a % of total revenue

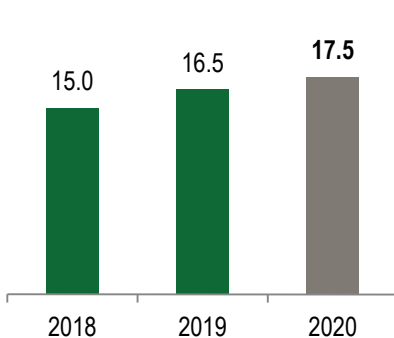




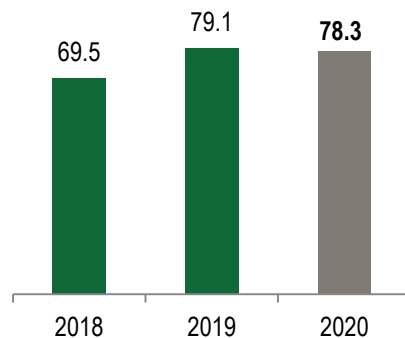
Efficiency and Liquidity

<i>HK\$ '000</i>	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	Change
Net current assets	623,916	653,516	583,649	-10.7%
Cash and bank balances	421,415	471,536	373,928	-20.7%
Current ratio	2.6	3.2	3.8	--
Quick ratio	2.4	3.1	3.5	--
Gearing ratio	Net cash	Net cash	Net cash	--
Return on assets	10.8%	11.9%	12.9%	+1.0p.p.
Return on equity	17.0%	16.9%	17.2%	+0.3p.p.

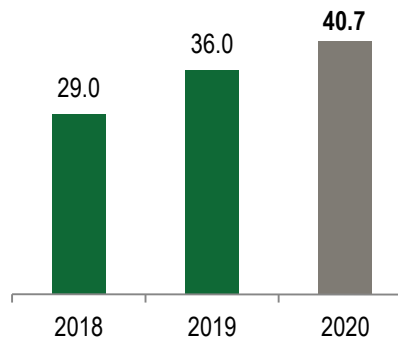
Inventory turnover days



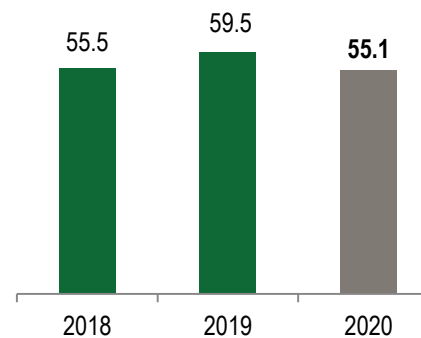
Trade receivables turnover days



Trade payable turnover days



Cash conversion days

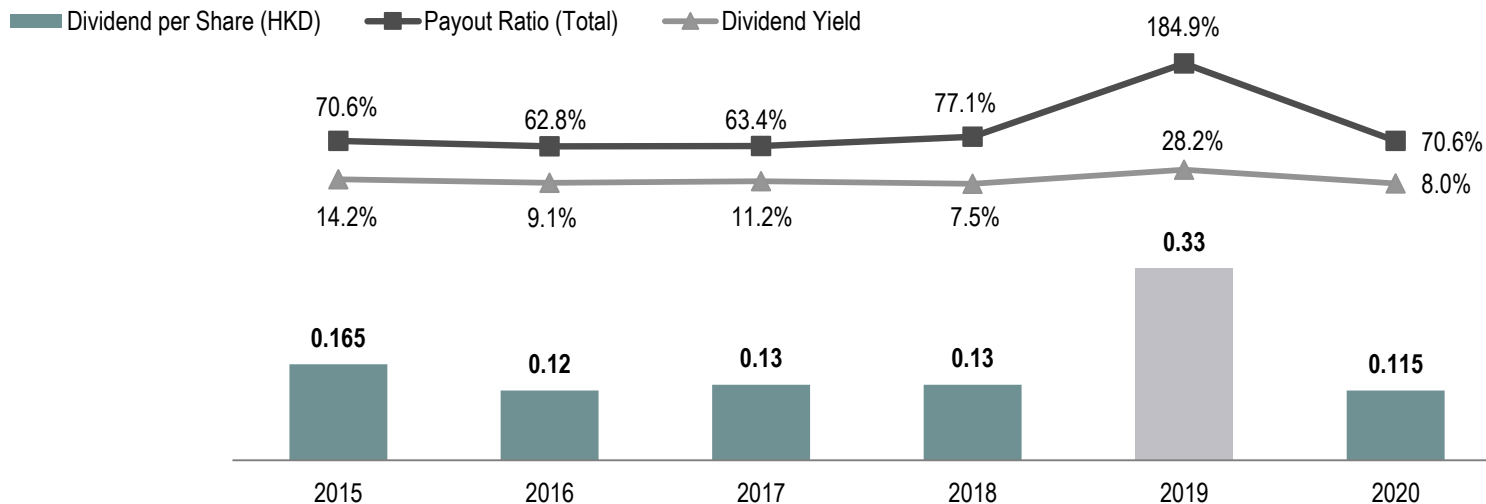




Historical Dividend Payout

Full year dividend of HK\$0.115 per share for 2020

Dividend since IPO

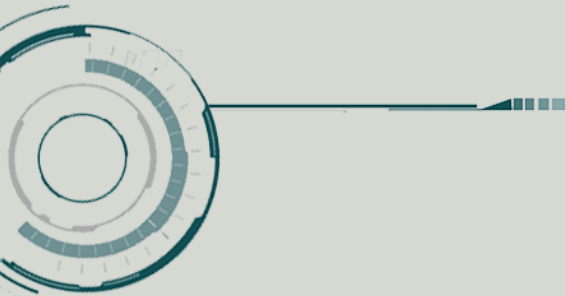


- ✓ Proposed final dividend of HK\$0.075 per share, together with interim dividend of HK\$0.04 per share
- ✓ Full year payout ratio reached 70.6%
- ✓ Total dividend since IPO of HK\$ 0.99 per share, 86.7% of total net profit



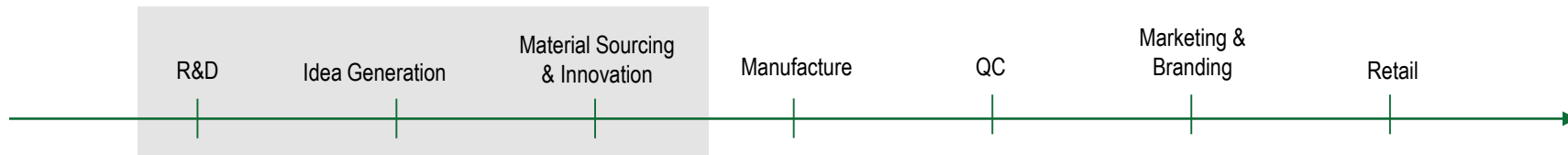
03

Development Strategy





Upstream Development through New Technology and Materials - Nanotechnology



In 2018, KF entered a strategic partnership with **NAMI** - Nano & Advanced Materials Institute Limited, investing in machineries and production line for the patented **nanotechnology project**.

- A company incorporated in the **Czech Republic** whose product/service range includes Nanotechnology (specialized in nanofiber-research and development; commercialization of nanofiber products; project implementation; mass production equipment and lab equipment)
- The **industry's first needless supplier of industrial scale electrospinning equipment**
- Needle-free **Nanospider™** technology is designed for effective production of the highest quality nanofibers

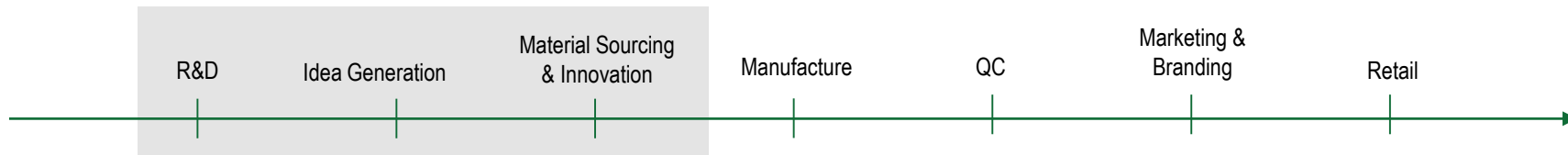
Duration of cooperation	4 years
Investment Amount	HK\$57,186,090
Machine Details	A leading commercial-ready equipment to produce solvent electrospun nanofibers using the Nanospider™ technology, which is a versatile technology easily adapted to a variety of process parameters for the optimization of the specific properties of the produced nanofibers
Applications	Air and water filtration



Why Nanofibers?

- Higher Breathability
- High surface to volume ratio for functional enhancement
- Higher flexibility in adding function to the nanofiber

Highlight of Nanospider™ Machine



Current Installation Status:

The 1st production line among the 4 has been delivered and started its operation in Tai Po, consisting of the standard version of the machine with eight-electrode solvent optimized 1600 mm width and an upward spinning configuration.

Current Product Status:

- **Nano fiber mask**, finalized the nano material formulation for Melt blow layer replacement – expected to launch during Q2~Q3 2021
- **Nano fiber water filter**, working on structure design – expected product launch during Q2~Q3 2021
- Ethylene absorbing plastic, completed the material verification and testing



Hong Kong Science and Technology Parks Corporation (“HKSTP”) is building the **Advanced Manufacturing Centre** (“AMC”) in the Tseung Kwan O Industrial Estate, which is expected to **complete in 2020**. The facility spans 1.1 million square feet and is designed to offer a scalable, efficient and serviced space for industries of any scale.

KF will be one of the first companies to move into AMC in 2022 with the remaining equipment. This will provide KF with a total production capacity of **more than 4 electro spinning lines**, greatly boosting its ability to introduce new materials and features to its products.



Continuous Technological and R&D Advancement



Our R&D team:

- Focuses on market research and analysis which includes **9** from Nano Technology Development Team
- Equipped with **professional academic background and experience**: almost all of them have a Bachelor's Degree, some in Master's Degree, and includes 2 are Doctor of Philosophy (PhD) with about **5 – 9 years** research experience in new technology like Nanotechnology
- Accountable for Research & Development projects for advance polymer/functional polymer as well as nanomaterials (inorganic materials/ organic materials/ quantum dot/ nanoparticle/ thin films) research and to develop a new generation of functionalized materials/ smart materials

R&D capability - expanding number of IP registrations

	Nano	Mechanical	Total
No. of IP granted	0	109	109
No. of active IP in force	8	157	165
No. of IP under application	11	30	41
Total no. of IP owned by KF	19	204	223
R&D and engineering team size	9	14	23

Future R&D Expansion Plan and Expenses Plan

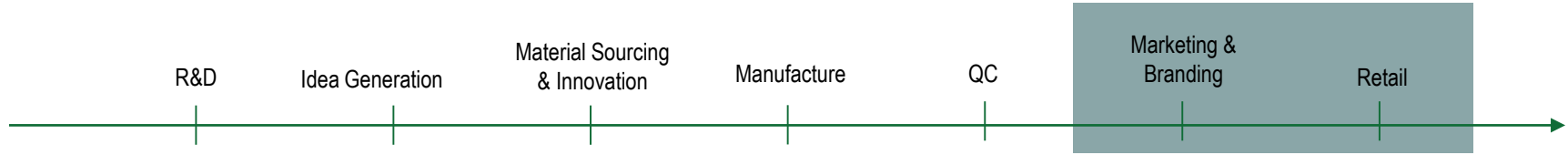
- ✓ Joint venture with design house in Australia to provide sales, marketing, product strategic consulting services, as well as expanding customer network reach



- ✓ Develop strategic partnership with customer in providing exclusive product design
- ✓ Expand manufacturing site for nano fiber
- ✓ Increase investment in patentable design and functions for its ODM products



Expanding Channels for Retail Business



Our Retail Platform





Expanding Channels for Retail Business

Our Online Stores



Visitors per day	~1,000 – 27,000
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Online store current hit rate	~35% – 70%
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Average transaction value	RMB ~130 – 270
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Our Offline Channels



# of POS in 1H2020	~1,200
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# of POS (Target by end of 2021)	~1,300
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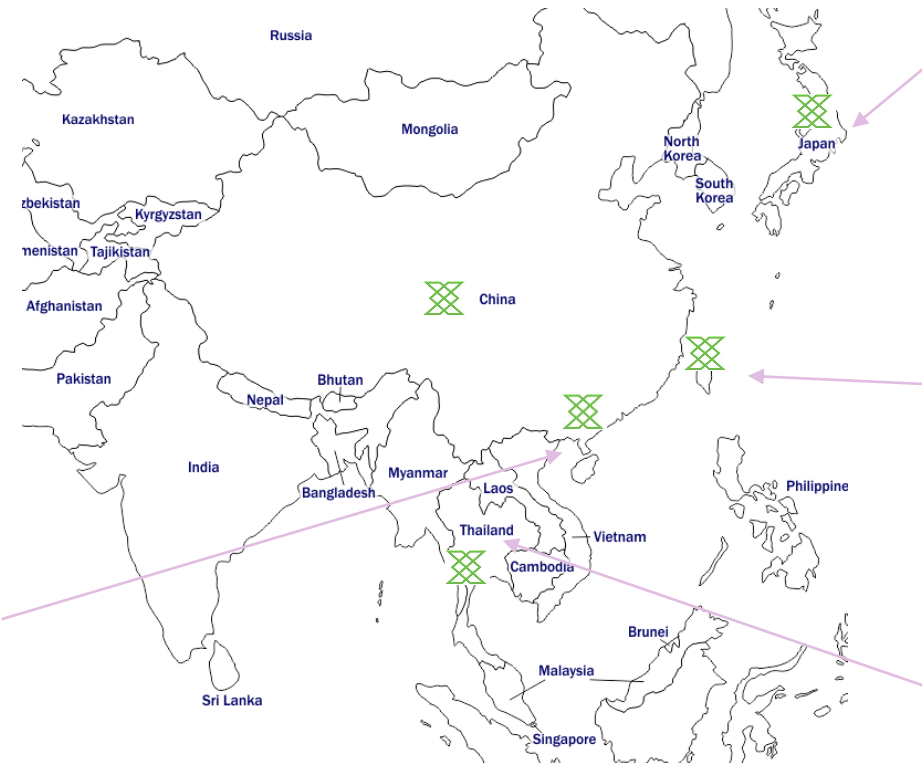
Expanding Retail Network in Asia

Geographical Coverage:

CHINA



HONG KONG & MACAU



JAPAN



TAIWAN



THAILAND





Successful Case of Retail Product Adaptation *contigo®*

Product Range

- Lifestyle, light luxury, focusing on user experience and functionality



Logistics

- Major courier and shipping companies with order tracking services
- Warehouses in Shanghai, Beijing, Guangdong and Zhejiang

China sales network

- Online POS



- Offline POS



- Offline sales - corporate sales



Marketing and promotion

流量小花、前女团火箭少女101成员傅菁同款
contigo 斐乐FILA 600ml 球保温杯



FILA x Contigo

欧阳娜娜Vlog同款水杯
Contigo 锁扣吸管果茶杯系列



热度资源咖女主角李一桐同款
contigo 星巴克粉色樱花保温杯



contigo®
全球年销量
近5000W只

平均每天售出13W+



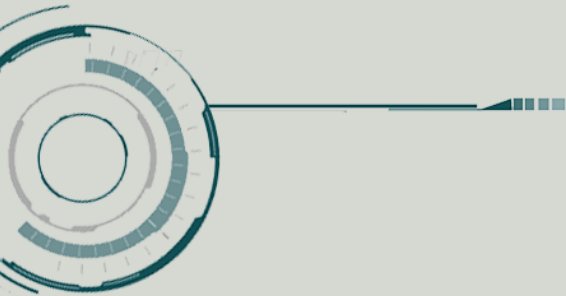
美国知名连锁
咖啡公司合作水杯
网红大咖热议水杯

*2018年海关进出口数据统计



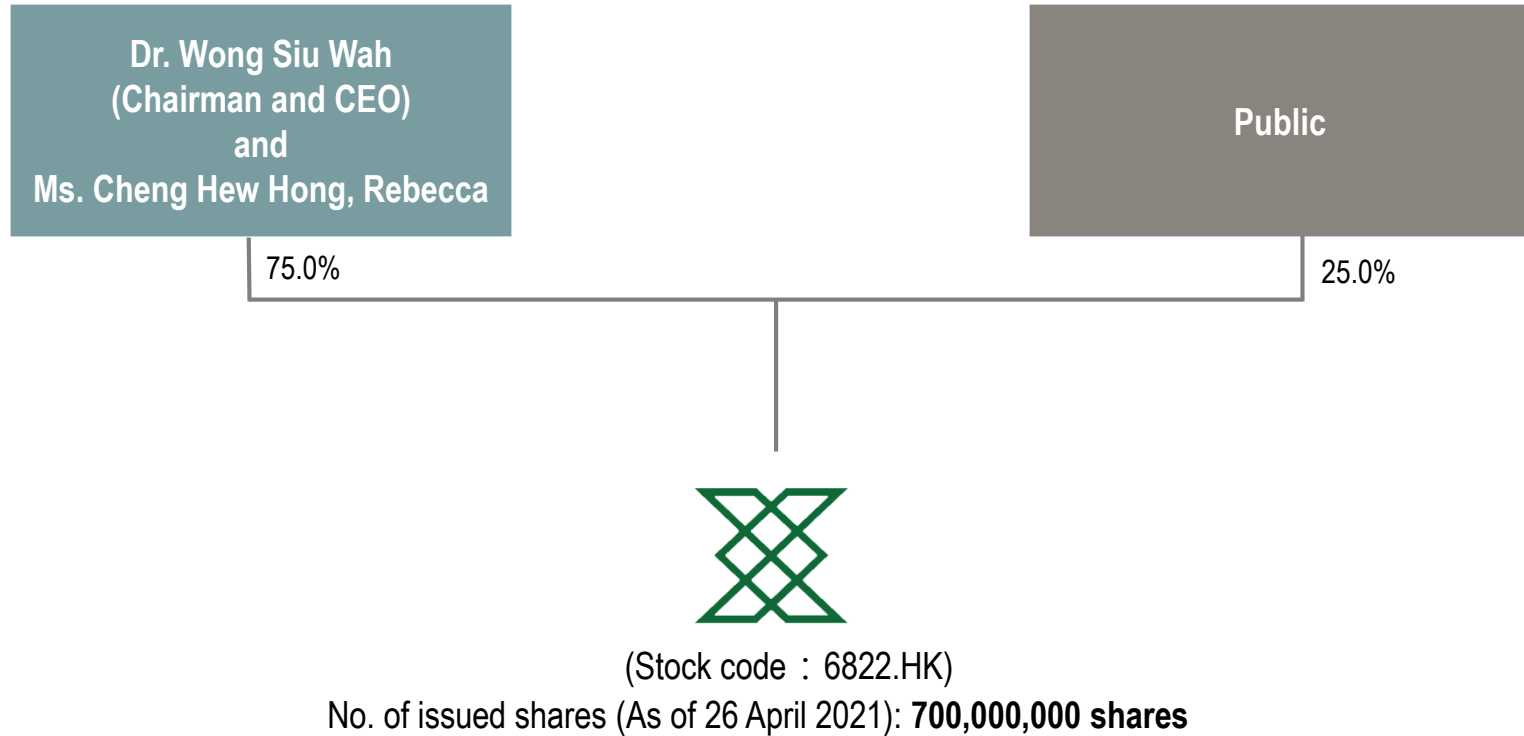
04

Appendix



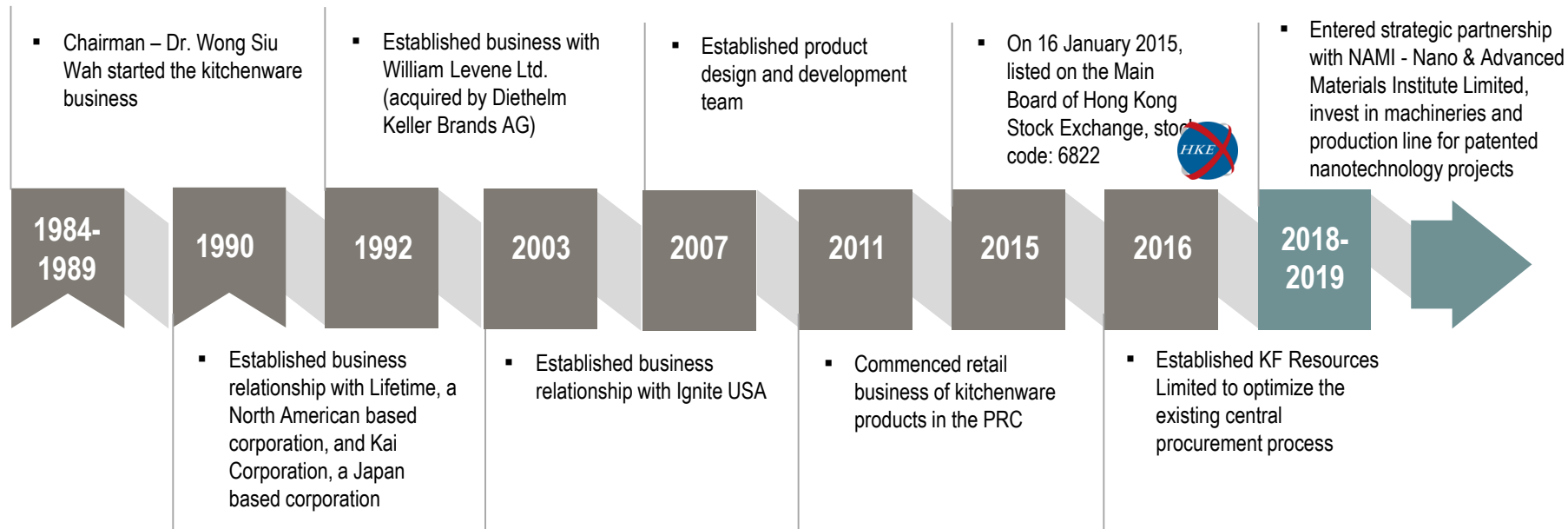


Shareholding Structure





Corporate Milestone





Management Team – Experienced Industry Professionals

Name & title	Major responsibilities & Years of professional experience
Dr. Wong Siu Wah, Alex Founder, Chairman, Executive Director and Chief Executive Officer	<ul style="list-style-type: none">• 40+ years in engineering design, production supply chain and operational management in the kitchenware business• An Honorary Life Vice President of the PolyU Foundation• Sits on the Advisory Committee of the Department of Mechanical Engineering• Holds the Doctor degree of Business Administration at Hong Kong Polytechnic University• Awarded University Fellow of the University Council by Hong Kong Polytechnic University in 2017• Awarded an Honorary Doctor of Business from Swinburne University of Technology in Australia in December 2018
Ms. Wong Fook Chi, Gigi Executive Director, Chief Operating Officer and Compliance Officer	<ul style="list-style-type: none">• 14+ years in operational management and product marketing in the kitchenware business• Awarded Young Industrialists Award of Hong Kong in 2016• Currently the Executive Committee Member of Federation of Hong Kong Industries, Design Council of Hong Kong and Hong Kong Young Industrialists Council• Invited by the Innovation & Technology Commission as their Technology Voucher Programme Committee• Member of The Hong Kong Institute of Directors and Hong Kong General Chamber of Commerce• Served as an industrial advisor to The Hong Kong Polytechnic University, the Adjunct Industry Fellow of the Faculty of Health, Arts and Design of Swinburne University of Technology and the Caring Ambassador of The Hong Kong Council of Social Service• Holds an MBA degree from University of Chicago and a BSc degree from University of Toronto
Dr. Lau Kin Tak Independent Non-Executive Director	<ul style="list-style-type: none">• 22+ years of experience in the mechanical engineering academic field• Pro-Vice-Chancellor (Research Performance and Development) of Swinburne University of Technology, Australia, and a member of many international engineering fellowships
Mr. Anthony Graeme Michaels Independent Non-Executive Director	<ul style="list-style-type: none">• 37-year veteran of the industry with DKSH Australia, retired in 2012• Joined us in 2014 to share his invaluable experience in the international consumer goods market
Ms. Leung Wai Ling, Wylie Independent Non-Executive Director	<ul style="list-style-type: none">• 17+ years of experience in the finance and accounting field• A member of Hong Kong Institute of Certified Public Accountants and Hong Kong Institute of Directors• Graduate of Business Administration from City University of New York



Management Team – Experienced Industry Professionals

Name & title	Major responsibilities & Years of professional experience
Mr. Chan Hoi Tung, Danny Senior Director, Marketing	<ul style="list-style-type: none">• Responsible for managing the Group's marketing teams and workflow improvement• Over 25 years of experience in IT & consumer electronics products distribution management, along with many years of experience in management consultancy focusing on corporate structure, re-engineering system architecture, data analysis and workflow management• Holds an MBA from The University of Ottawa
Mr. Wong Chi Man, Raymond Director, Supply Chain and Logistics	<ul style="list-style-type: none">• Responsible for the Group's production control, logistics management and supplier network portfolio management• Over 27 years' experience in the field
Mr. Wong Lok Hey, Adrian Director, Research & Development	<ul style="list-style-type: none">• Responsible for the Group's product design, product engineering development and patent application• Over 12 years of experience in the field• Holds an MSc in Mechanical Engineering and BEng in Mechanical Engineering from the University of Hong Kong
Mr. Chow Chi Wai, Kevin Director, Sales and Marketing	<ul style="list-style-type: none">• Responsible for the Group's business development and customer relationship management worldwide (excluding China)• Over 23 years of experience in the marketing and merchandising field
Mr. Chan Chi Man, Arthur Director, Quality Assurance	<ul style="list-style-type: none">• Responsible for the quality assurance system and quality control management of the Group• Over 10 years of experience in the marketing and merchandising field• Holds an MSc in Quality Management from Hong Kong Polytechnic University and a BSc (Hons) in Computer Studies from City University of Hong Kong





Corporate Social Responsibility - Education



2018機械人世界大賽，科勁贊助學生隊獲六金五銀兩銅佳績

利南國際 - KING'S FLAIR INTERNATIONAL HOLDINGS LIMITED - 2018年6月6日星期三 - 閱讀時間：1分鐘

Robogames機械人世界大賽亦被稱為「機械人奧運會」，是現今最著名和最大規模的國際機械人科技大賽之一。Robogames開展超過三十多項機械人競賽活動，有接近20個國家和地區參與，參賽者包括：學生、專業人士和工程師。

學生名單：何子龍、黃曉雲、黃曉晴、黃曉聰、陳曉賢、廖麗雲、黃曉晴、黃曉聰、黃寶導師：李志忠、陳國和

比賽成績：

Humanoid - Freestyle (Original) 冠軍及亞軍

Humanoid - Kung-Fu (LightWt-R/C) 冠軍及亞軍

Humanoid - Kung-Fu (MiddleWt-R/C) 冠軍、亞軍及季軍

Humanoid - Biped Race (R/C) 冠軍及亞軍

Humanoid - Stair Climbing 冠軍及季軍

Soccer - Biped Soccer 3:3 (R/C) 冠軍及亞軍

共獲（六金五銀兩銅）：

六項機械人世界賽冠軍

三項機械人世界賽亞軍

兩項機械人世界賽季軍

<https://hk.news.appledaily.com/international/realtime/article/20180602/58143098>

Over the years, + HKD 30 Million Education Funding donated:

- The Hong Kong Polytechnic University
 - Endowed Professorship – School of Design
 - COVID-19 Student Support Fund
 - Basketball and rowing team sponsorship
- Hong Kong University of Science and Technology
 - Named Professorship – School of Engineering
 - COVID-19 Student Hardship Relief Fund
- Swinburne University of Technology
 - Nano Technology in air filtration and water filtration
- Buddhist Ho Nam Kam College
 - STEM Project - inter-school 2.0 STEM (QTN Robot in STEM) competition
- AnAn International Education Foundation Hong Kong's Star Mural Project



佛教何南金中學
明·智·顯·悲



香港中文大學
The Chinese University of Hong Kong



香港科技大學
THE HONG KONG
UNIVERSITY OF SCIENCE
AND TECHNOLOGY



THE HONG KONG
POLYTECHNIC UNIVERSITY
香港理工大學





Corporate Social Responsibility - Charity

Over the years, donate + HKD 15 million to support Charity Organization and Local Community



香港公益金
THE COMMUNITY CHEST

智行基金會
Chi Heng Foundation





Corporate Social Responsibility - Awards





Consolidated Statement of Comprehensive Income

	For the year ended 31 December	
<i>HK\$'000</i>	2020	2019
Revenue	1,311,184	1,540,412
Cost of sales	(1,005,587)	(1,227,891)
Gross profit	305,597	312,521
Other income and gains, net	8,463	12,473
Distribution expenses	(44,711)	(48,364)
Administrative expenses	(113,077)	(111,934)
Share of results of associates	4,243	4,827
Finance costs	(1,402)	(1,932)
Profit before income tax	159,113	167,591
Income tax expenses	(28,014)	(29,256)
Profit for the year attributable to:		
Owners of the Company	114,081	124,945
Non-controlling interests	17,018	13,390
Earnings per share:		
Basic and diluted (HK cents)	16.3	17.8



Consolidated Statement of Financial Position

<i>HK\$'000</i>	As at 31 December 2020	As at 31 December 2019
Non-current assets	86,761	96,850
Property, plant and equipment	54,998	66,688
Other asset	172	172
Interests in associates	12,673	13,540
Intangible asset	--	--
Deposits paid for property, plant and equipment	16,365	13,811
Financial assets at fair value through other comprehensive income	2,276	2,570
Deferred tax assets	277	69
Current assets	795,081	949,161
Inventories	50,569	45,952
Trade receivables	256,178	306,722
Prepayments, deposits and other receivables	46,904	49,109
Financial assets at fair value through profit or loss	44,602	53,125
Amounts due from associates	646	548
Pledged bank deposits	22,254	22,169
Cash and bank balances	373,928	471,536
Total assets	881,842	1,046,011



Consolidated Statement of Financial Position

<i>HK\$'000</i>	As at 31 December 2020	As at 31 December 2019
Non-current liabilities	5,668	9,526
Lease liabilities	1,563	5,114
Deferred tax liabilities	4,105	4,412
Current liabilities	211,432	295,645
Trade and bills payables	102,975	121,534
Other payables and accruals	23,314	72,816
Contract liabilities	7,329	10,476
Bank overdrafts	--	47,788
Bank borrowings	59,450	--
Lease liabilities	3,314	4,642
Loans from non-controlling interests	1,920	10,646
Amount due to an associate	5,500	8,239
Provision for tax	7,630	19,504
Total liabilities	217,100	305,171
Net current assets	583,649	653,516
Equity		
Equity attributable to owners of the Company		
Share capital	7,000	7,000
Reserves	609,552	704,210
Non-controlling interests	48,190	29,630
Total equity	664,742	740,840



Thank you !

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