

KING'S FLAIR INTERNATIONAL (HOLDINGS) LIMITED

科勁國際（控股）有限公司

(Stock code: 6822.HK)

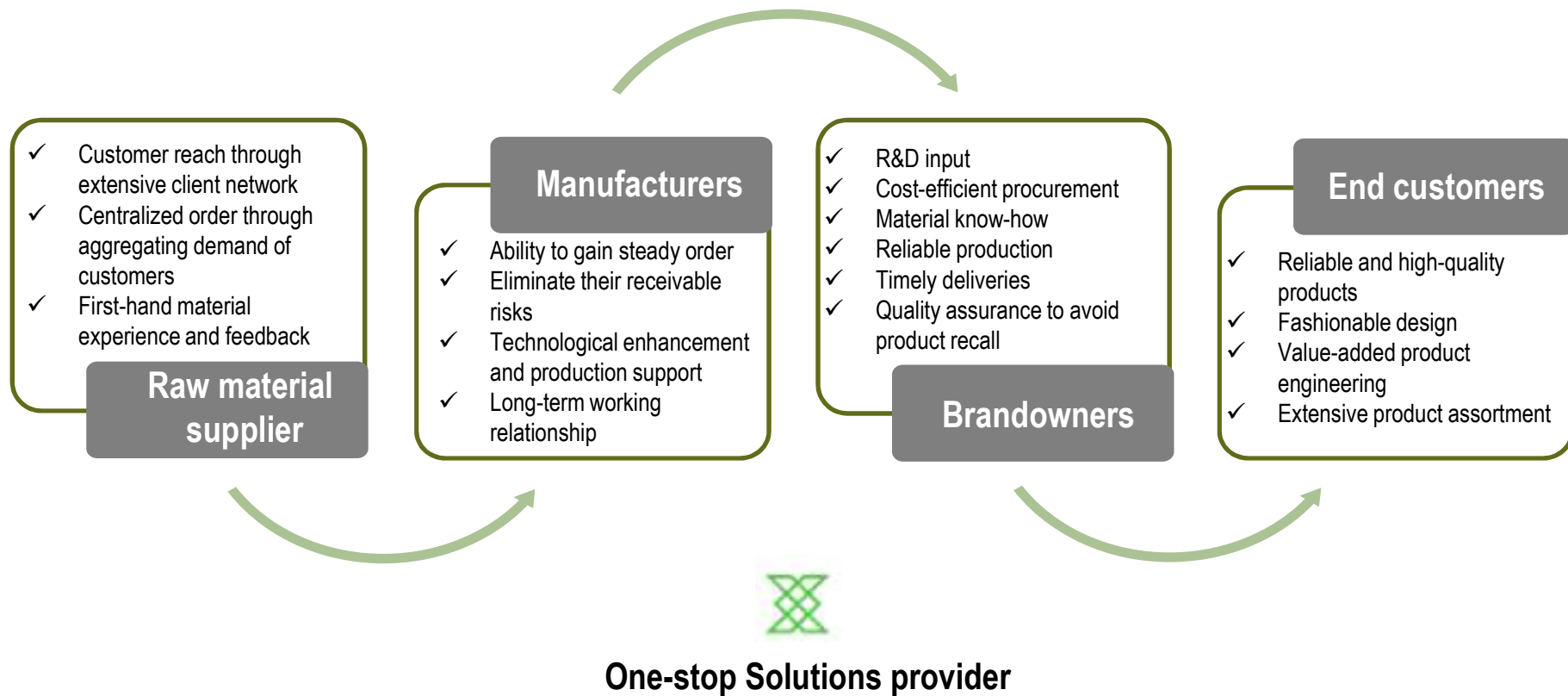
2018 Q4 Business Update



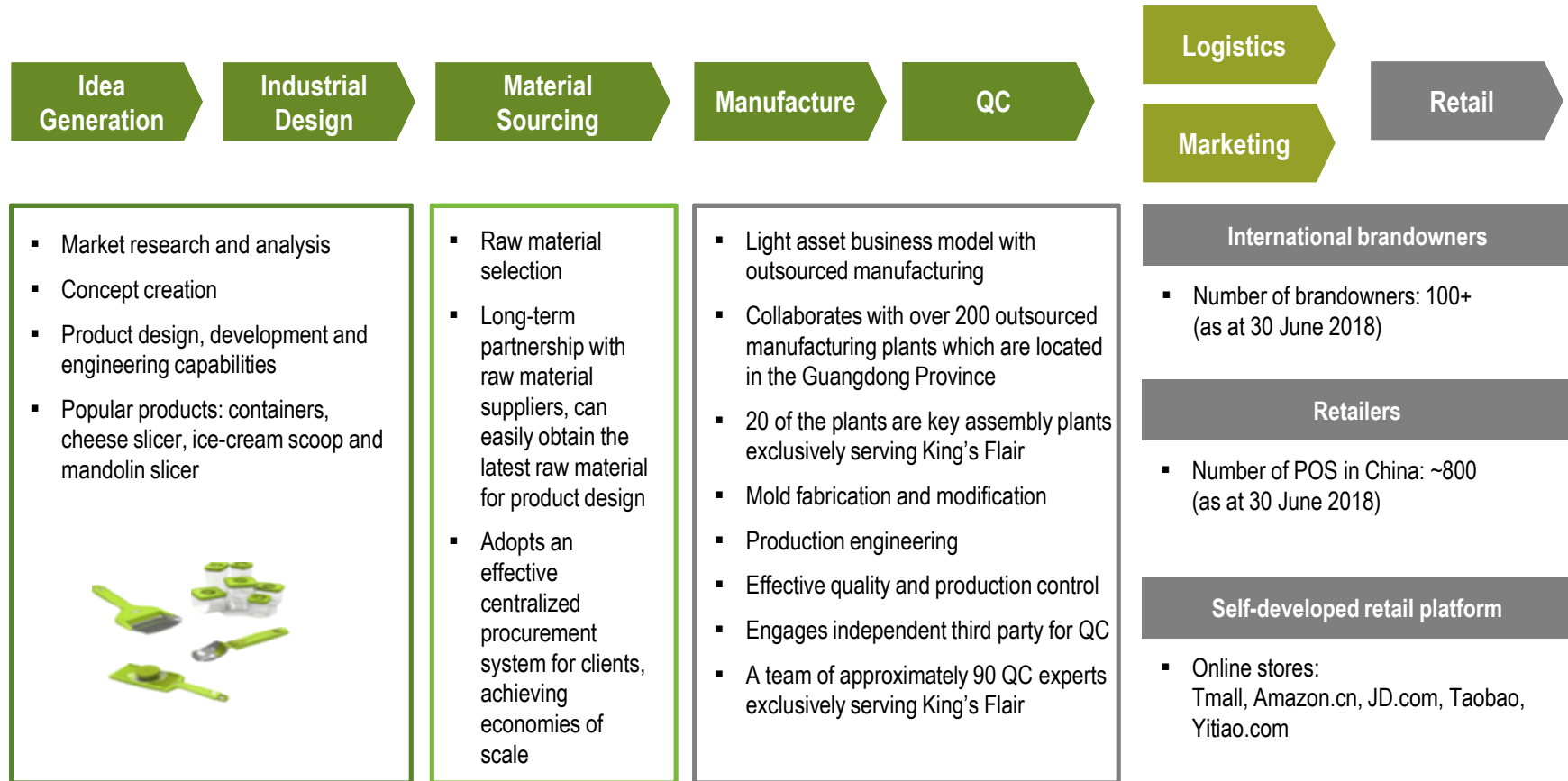
Business Model



Value Proposition

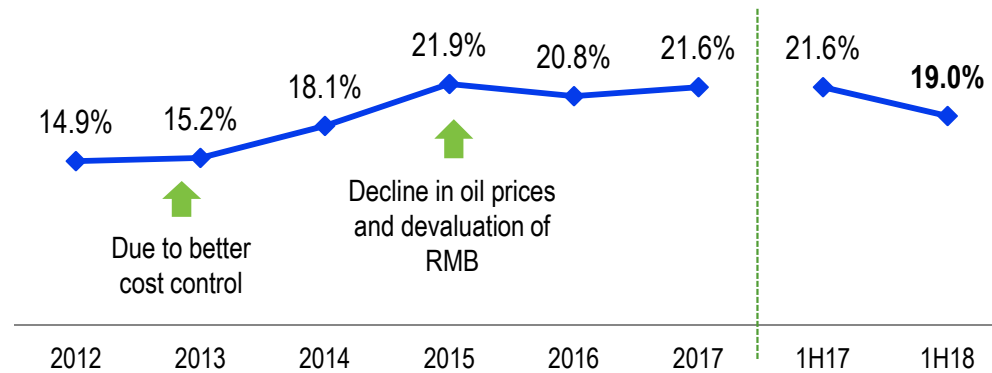


End-to-end Kitchenware and Household Product Solutions Provider



Competitive Advantage

Proven margin enhancement through value-added solutions



Differences between King's Flair and traditional traders

- ✓ In-house R&D capabilities
- ✓ Registered patents
- ✓ Raw materials expertise
- ✓ Real-time production monitoring
- ✓ Efficient quality control
- ✓ Self-developed retail business

Differences between King's Flair and traditional manufacturers

- ✓ In-house R&D capabilities
- ✓ Comprehensive product range
- ✓ Expansive channels of raw materials and application knowledge
- ✓ Established production management
- ✓ Extensive client network
- ✓ Strong operating cash flow

Extensive Assortment of Kitchenware and Household Products

King's Flair (6822.HK) is a kitchenware and household products provider for more than 20 years, mainly engaging in the design, development and supply of an extensive assortment of kitchen and household products

Drinkware



Tools and Gadgets



Sinkware



Bakewares and Accessories



Food Preparation Products



Storage and Accessories





Financial and Business Review



1H18 Financial Overview

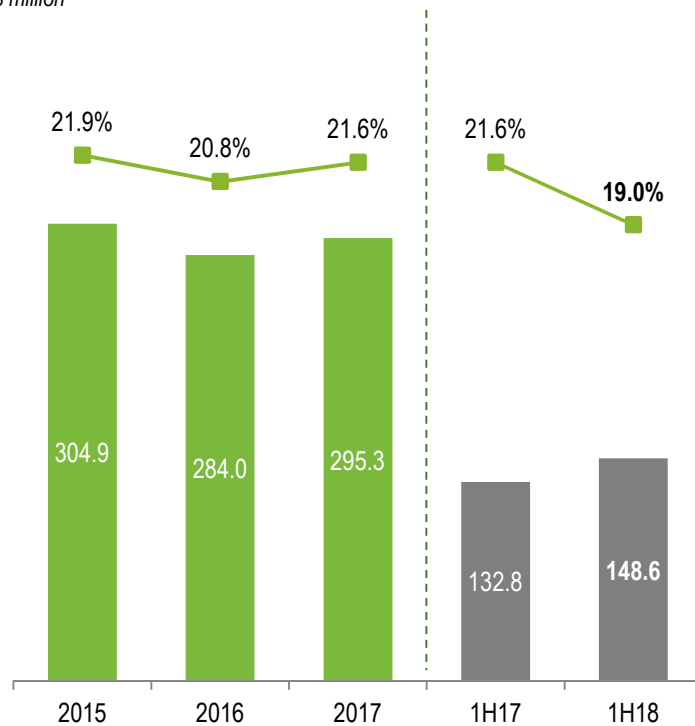
<i>HK\$ '000</i>	For the year ended 31 December	For the six months ended 30 June		
	2017	2017	2018	Change
Revenue	1,365,514	614,763	780,882	+27.0%
Gross profit	295,298	132,786	148,586	+11.9%
Operating profit	179,220	71,016	75,056	+5.7%
Profit attributable to owners of the Company	143,552	55,928	55,934	--
Basic earnings per share (<i>HK cents</i>)	20.5	8.0	8.0	--
Gross profit margin	21.6%	21.6%	19.0%	-2.6 p.p.
Operating profit margin	13.1%	11.6%	9.6%	-2.0 p.p.
Net profit margin	10.5%	9.1%	7.2%	-1.9 p.p.
Interim dividend per share (<i>HK cents</i>)	4.5	4.5	5.5	-
Final dividend per share (<i>HK cents</i>)	7.0	-	-	-
Special dividend per share (<i>HK cents</i>)	1.5	1.5	1.5	-
Dividend payout ratio	63.4%	75.1%	87.6%	-

- Increase in revenue was mainly due to the increasing sales in the PRC, as well as orders from special projects

Gross Profit and Gross Profit Margin Analysis

Gross profit & gross profit margin

HK\$ million



Gross profit margin analysis

	2017	1H17	1H18	Change
One-stop kitchenware and household solutions	20.8%	20.6%	17.8%	-2.8 p.p.
Retail	50.3%	51.0%	48.2%	-2.8 p.p.
Trading of raw materials	8.0%	10.9%	3.5%	-7.4 p.p.

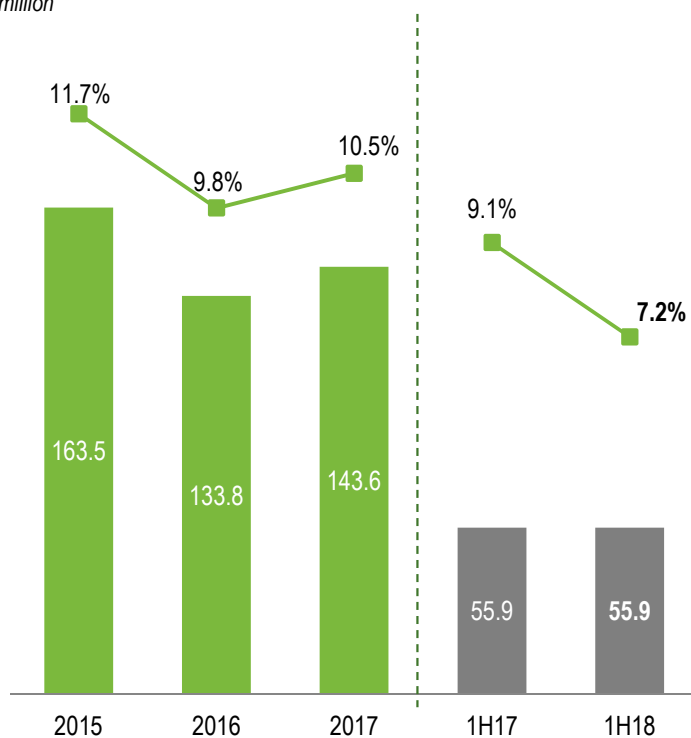
Gross profit margin decreased mainly due to:

- the increase in raw material cost

Net Profit and Net Profit Margin Analysis

Net profit & net profit margin

HK\$ million



Key expenses

% of revenue	2017	1H17	1H18	Change
Distribution expenses	2.4%	2.6%	3.0%	+0.4 p.p.
Administrative expenses	8.1%	7.9%	6.9%	-1.0 p.p.
Income tax expense (% to profit before tax)	15.3%	17.4%	12.4%	-5.0 p.p.

Net profit increased mainly due to:

- the increase in revenue being partially off-set by the increase in cost of sales

Key Financial Indicators

<i>HK\$ '000</i>	As at 31 December 2017	As at 30 June 2018	Change	
Net current assets	604,074	634,899	+5.1%	
Cash and bank balances	430,278	479,492	+11.4%	
Current ratio	4.1	3.3	--	
Quick ratio	3.9	3.1	--	
Gearing ratio	Net cash	Net cash	--	
Return on assets	16.6%	11.6%*	--	
Return on equity	21.8%	16.5%*	--	
	2017	1H17	1H18	Change
Net cash generated from operating activities	93,295	123,503	68,699	-44.4%

* Ratios are calculated based on annualized net profit of 1H2018.



Board of Directors

Name & title	Major responsibilities & Years of professional experience
<p>Mr. Wong Siu Wah, Alex Founder, Chairman, Executive Director and Chief Executive Officer</p>	<p>Mr. Wong oversees the Group's operation and strategy planning. He has over 35 years in engineering design, production supply chain management and operational experience in kitchenware business. He is an Honorary Life Vice President of Hong Kong Polytechnic University Foundation, and sits on the Advisory Committee of the Department of Mechanical Engineering of the Hong Kong Polytechnic University.</p> <p>Mr. Wong is now working towards his Doctor of Business Administration degree at Hong Kong Polytechnic University.</p>
<p>Ms. Wong Fook Chi, Gigi Executive Director, Chief Operating Officer and Compliance Officer</p>	<p>Ms. Wong oversees the operation and strategy implementation of the Group. She has over 12 years operational management and product marketing experience in kitchenware business. She was awarded for Young Industrialists Award of Hong Kong in 2016. She is currently the Executive Committee Member of Federation of Hong Kong Industries, Hong Kong Young Industrialists Council, and Design Council of Hong Kong. She is also the member of The Hong Kong Institute of Directors and Hong Kong General Chamber of Commerce. Moreover, she is the Industrial Advisor of 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.</p> <p>Ms. Wong holds a MBA degree from University of Chicago and a BSc degree from University of Toronto.</p>
<p>Professor Lau Kin Tak Independent Non-Executive Director</p>	<p>Professor Lau is a Pro-Vice-Chancellor (Research Performance and Development) of Swinburne University of Technology, Australia, and a member of many international engineering fellowships. He has over 20 years of experience in the mechanical engineering academic field.</p>
<p>Mr. Anthony Graeme Michaels Independent Non-Executive Director</p>	<p>Mr. Michaels is a 36-year veteran of the industry with DKSH Australia, retired in 2012. He joined us in 2014 to share his invaluable experience in the international consumer goods market.</p>
<p>Ms. Leung Wai Ling, Wylie Independent Non-Executive Director</p>	<p>Ms. Leung is a graduate of Business Administration from City University of New York, and a member of Hong Kong Institute of Certified Public Accountants and Hong Kong Institute of Directors. She has many years of experience in the finance and accountancy field.</p>

Management Committees

Name & title	Major responsibilities & Years of professional experience
<p>Mr. Chan Hoi Tung, Danny Senior Director, Marketing</p>	<p>Mr. Chan is responsible for the Group's marketing teams and workflow improvement. He has 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. Mr. Chan holds a MBA from The University of Ottawa.</p>
<p>Mr. Wong Chi Man, Raymond Director, Supply Chain and Logistics</p>	<p>Mr. Wong is responsible for the Group's production control, logistics management and the supplier network portfolio management, he has over 25 years' experience in the field.</p>
<p>Mr. Wong Lok Hey, Adrian Director, Research & Development</p>	<p>Mr. Wong is responsible for the Group's product design, product engineering development and patent application, he has over 10 years of experience in the field.</p> <p>Mr. Wong holds an MSc in Mechanical Engineering from the University of Hong Kong.</p>
<p>Mr. Chow Chi Wai, Kevin Director, Sales and Marketing</p>	<p>Mr. Chow is responsible for the Group's business development and customer relations worldwide (excluding China). He has over 20 years of experience in marketing and merchandising field.</p>
<p>Mr. Chan Chi Man, Arthur Manager, Quality Assurance</p>	<p>Mr. Chan is responsible for quality assurance system and quality control management of the Group. He has over 8 years' experience in marketing and merchandising field.</p> <p>Mr. Chan holds a MSc in Quality Management from Hong Kong Polytechnic University and a BSc (Hons) in Computer Studies from City University of Hong Kong.</p>

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