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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO USE OF PROCEEDS DISCLOSED IN THE ANNUAL REPORT

Reference is made to the annual report of King's Flair International (Holdings) Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2019 (the "**Annual Report**"). Unless the context requires otherwise, capitalised terms used in this supplemental announcement shall have the meanings as they are used in the Annual Report.

The board of directors of the Company (the "**Board**") would like to provide additional information pursuant to paragraphs 11(8) and 11A of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to the use of the net proceeds raised from the Share Offer as set out below.

BREAKDOWN AND PURPOSE OF USE

Set out below is a breakdown of the planned use and actual use of the proceeds up to 31 December 2019:

Purpose of net proceeds as disclosed in the Prospectus	Planned use of proceeds as disclosed in the Prospectus <i>HK\$ million</i>	Actual use of proceeds from the listing date to 31 December 2018 <i>HK\$ million</i>	Actual use of proceeds during the year ended 31 December 2019 <i>HK\$ million</i>	Unused proceeds as at 31 December 2019 <i>HK\$ million</i>
To broaden customer base, to expand penetration in existing markets and to penetrate into new markets	11.0	11.0	—	—

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11.0

11.0

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Purpose of net proceeds as disclosed in the Prospectus	Planned use of proceeds as disclosed in the Prospectus <i>HK\$ million</i>	Actual use of proceeds from the listing date to 31 December 2018 <i>HK\$ million</i>	Actual use of proceeds during the year ended 31 December 2019 <i>HK\$ million</i>	Unused proceeds as at 31 December 2019 <i>HK\$ million</i>
To enhance the Group's product design, development and engineering capabilities	48.4	45.4	3.0	–
To establish flagship stores, with one flagship store in Shanghai by end of 2015, and expand the Group's retail sales networks and e-commerce business in the PRC	33.0	17.0	9.0	7.0
To purchase and renovate office premises	98.9	–	–	98.9
To enhance the Group's information technology infrastructure	6.5	6.5	–	–
For working capital and general corporate purposes	22.0	22.0	–	–
	<u>219.8</u>	<u>101.9</u>	<u>12.0</u>	<u>105.9</u>

REMAINING PROCEEDS

The Group has been gradually implementing its business strategy of expanding its retail sales networks and e-commerce business in the PRC and the net proceeds of the Share Offer allocated for such purpose has been applied in line with such implementation. It is expected that the remaining HK\$7 million of the proceeds allocated for this purpose will be fully utilized by the year ending 31 December 2020.

Since completion of the Share Offer in January 2015, the Company has been on the lookout for acquiring suitable premises for expansion of office space as described in the Prospectus. However, prices of office premises in Hong Kong has been in a continuous upward trend since then and prices for premises of suitable size and location on the market has exceeded the budget allocated for such purpose. The Group will continue identifying suitable premises for expansion with a view to implement the acquisition and utilise part or whole of the proceeds allocated for this purpose by the year ending 31 December 2021.

The information contained in this supplemental announcement does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

Save as disclosed above, there is no material delay or change in the use of proceeds from the Share Offer. Further announcement(s) will be made by the Company in relation to the use of the remaining proceeds as and when appropriate.

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

Hong Kong, 11 August 2020

As at the date of this announcement, the board of directors of the Company comprised two executive directors, namely, Mr. 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.