

END TO END CONTROL

Design
Engineering
Material
Technology

Patents

Pause
Resume

Distribution Platform

Branding Management

Marketing Strategy

Logistic and Warehouse

Business Intelligence

Interim Report 2025

Quality Inspection

Smart
Manufacturing

Tooling

Supply Chain
Management



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

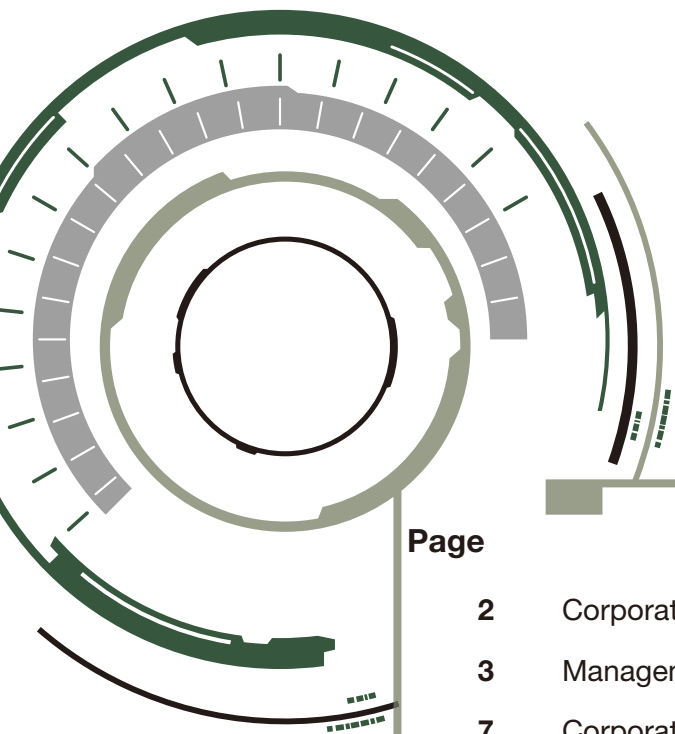


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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Wong Siu Wah (*Chairman and Chief Executive Officer*)
Ms. Wong Fook Chi

Independent Non-Executive Directors

Professor Lau Kin Tak
Mr. Anthony Graeme Michaels
Ms. Leung Wai Ling, Wylie
Professor Shyy Wei

BOARD COMMITTEES

Audit Committee

Ms. Leung Wai Ling, Wylie (*Chairman*)
Professor Lau Kin Tak
Mr. Anthony Graeme Michaels

Remuneration Committee

Professor Lau Kin Tak (*Chairman*)
Mr. Anthony Graeme Michaels
Ms. Leung Wai Ling, Wylie
Dr. Wong Siu Wah
Ms. Wong Fook Chi

Nomination Committee

Dr. Wong Siu Wah (*Chairman*)
Professor Lau Kin Tak
Mr. Anthony Graeme Michaels
Ms. Leung Wai Ling, Wylie

Risk Management Committee

Ms. Wong Fook Chi (*Chairman*)
Professor Lau Kin Tak
Ms. Leung Wai Ling, Wylie

COMPANY SECRETARY

Mr. Wan Hok Yin, *HKICPA and CPA Australia*

AUDITOR

BDO Limited
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

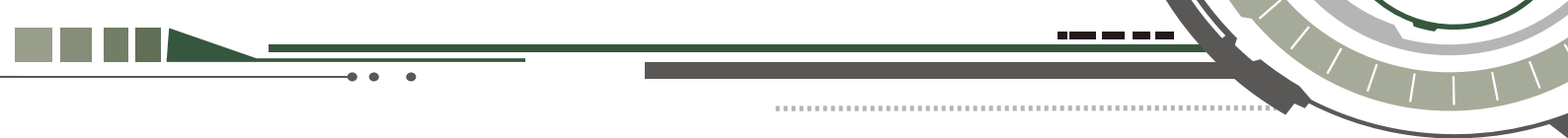
12/F., Yardley Commercial Building
3 Connaught Road West
Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 6822

WEBSITE

www.kingsflair.com.hk



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 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 extensions during the period further disrupted trade flows and pressured margins. Customers spending habits on houseware and drinkware retail market for mid-priced to premium products in North America was also compressed during the period.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2025, the Group recorded a decrease in revenue of approximately HK\$249.8 million, representing a considerable decrease of approximately 25.0% as compared to approximately HK\$332.9 million for the six months ended 30 June 2024. This decrease in revenue was mainly due to the uncertainties in the US tariffs and extended policies.

Gross profit and gross profit margin

Gross profit decreased by approximately 41.6% to approximately HK\$51.1 million for six months ended 30 June 2025 (six months ended 30 June 2024: HK\$87.5 million), with gross profit margin decreased by approximately 5.8 percentage points to approximately 20.5% (six months ended 30 June 2024: 26.3%). 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 period.

Other income and gains and losses, net

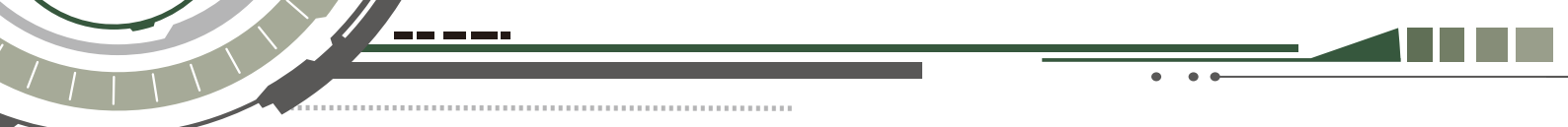
During the six months ended 30 June 2025, other income and gains and losses, net decreased by approximately 285.5% to other losses of approximately HK\$6.8 million (six months ended 30 June 2024: other income and gain of HK\$3.7 million), primarily due to fair value loss on the investment properties driven by the current unfavorable conditions in the commercial and industrial real estate market.

Distribution expenses

During the six months ended 30 June 2025, distribution expenses decreased by approximately 6.2% to approximately HK\$18.4 million (six months ended 30 June 2024: HK\$19.6 million). The decrease was mainly attributable to the corresponding decrease in marketing expenses and transportation cost with the amount of Group's revenue.

Administrative expenses

During the six months ended 30 June 2025, administrative expenses increased by approximately 9.7% to approximately HK\$65.4 million (six months ended 30 June 2024: HK\$59.6 million). The increase was mainly due to depreciation and other operating costs incurred in the commencement of the Group's nanofiber manufacturing operation at the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate.



Management Discussion and Analysis

Finance costs

During the six months ended 30 June 2025, finance costs decreased by approximately 7.2% to approximately HK\$3.4 million (six months ended 30 June 2024: HK\$3.6 million), primarily due to the decrease in bank borrowing interest rate.

(Loss)/profit attributable to owners of the Company

The Company recorded a loss attributable to owners of the Company for the six months ended 30 June 2025 of approximately HK\$41.0 million (six months ended 30 June 2024: profit attributable to owner of HK\$3.4 million). The turnaround from profit to loss was mainly due to decrease in revenue resulted from the uncertainties in the US tariffs and extended policies, and the continued loss in the fair value of investment property during the period. In addition, there has been an increase in depreciation and operating expenses due to the launch of the Group's nanofiber manufacturing operations at the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate.

FUTURE STRATEGY

Our Group is strategically pivoting to strengthen our own product line through innovative design and technological advancements, enabling us to expand our proprietary offerings and capture new markets. This shift will help offset softer demand from brand owners amidst ongoing geopolitical tensions, with a heightened focus on growth opportunities in Asia Pacific market.

We remain committed to driving sustained growth in the household goods industry by leveraging cutting-edge technology, eco-friendly materials, and operational excellence. By refining our product portfolio, enhancing supply chain resilience, and optimizing cost structures, we are well-positioned to navigate market challenges and deliver high-quality, high-margin products.

Further to the successful launch of our nano production line in Q3 2024, we are preparing for the first commercial release of our nano-enhanced product line in Q4 2025. These innovations are expected to significantly enhance our drinkware business, offering superior functionality, durability, and market appeal. Equipped with advanced automation and intelligent logistics, our state-of-the-art facility enables efficient production of precision-engineered products, while our proprietary nano material breakthroughs further elevate performance and differentiation in the market.

As we strengthen our in-house product development, we will continue to cultivate long-term partnerships, explore emerging markets, and uphold our commitment to sustainability through material recycling and innovative design. We expect these strategic initiatives to begin positively impacting our performance in 2026. Our focus remains on delivering exceptional value to shareholders by combining superior product quality with forward-thinking technology and targeted market expansion.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had approximately 151 employees (30 June 2024: 163 employees). Total staff costs (including Directors' emoluments) were approximately HK\$31.0 million for the six months ended 30 June 2025, as compared to approximately HK\$31.3 million for the six months ended 30 June 2024.

The Group will continue to streamline the organizational structure to increase operational efficiency through natural attrition and process re-engineering. 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.

SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS ON CAPITAL ASSETS

Other than the investment properties and financial assets at fair value through profit or loss as disclosed in the condensed consolidated statements of financial position, there was no significant investment held as at 30 June 2025.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2025, the Group had not made any material acquisition or disposal of subsidiaries and associated companies.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

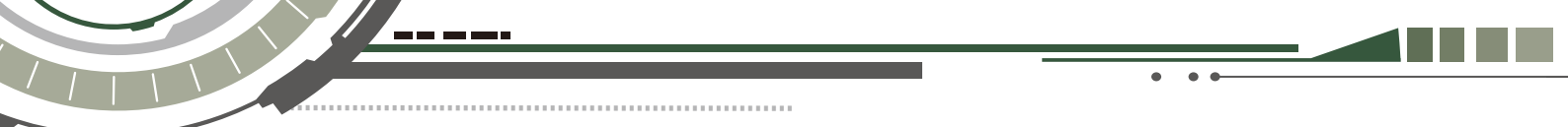
The Group manages its capital structure with an aim to ensure the Group will be able to continue as a going concern, maximize the return to the shareholders of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management reviews 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 borrowings

As at 30 June 2025, the Group had cash and bank balances amounted to approximately HK\$183.0 million (31 December 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\$115.3 million (31 December 2024: approximately HK\$68.1 million) and had bank overdrafts of approximately HK\$1.0 million (31 December 2024: approximately HK\$28.6 million) as at 30 June 2025. The annual interest rate of the bank borrowings and bank overdrafts during the six months ended 30 June 2025 ranged from 1.3% to 6.0% (31 December 2024: ranged from 5.7% to 7.5%) and ranged from 1.5% to 6.0% (31 December 2024: ranged from 4.3% to 6.9%).

Cash flows

For the six months ended 30 June 2025, the Group recorded a cash generated from operating activities of approximately HK\$51.2 million (six months ended 30 June 2024: cash used in operating activities of approximately HK\$24.5 million). The cash generated from operating activities was mainly attributable to the orders with significant amount received from the customers of the Group near the period end.



Management Discussion and Analysis

Net cash generated from investing activities amounted to approximately HK\$2.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: net cash generated from investing activities of approximately HK\$7.6 million). This was mainly due to the decrease in purchase of property, plant and equipment during the period. There was a net cash inflow from financing activities of approximately HK\$39.3 million for the six months ended 30 June 2025 (six months ended 30 June 2024: net cash outflow of approximately HK\$26.6 million) due to the increase in bank borrowings during the period.

Gearing ratio

The Group's gearing ratio is calculated as total borrowings, which is the summation of bank borrowings, lease liabilities and loans from non-controlling interests, divided by total equity. The gearing ratio of the Group as at 30 June 2025 and 31 December 2024 were approximately 28.4% and 22.5%, respectively. Excluding the lease liabilities, the gearing ratio of the Group as at 30 June 2025 and 31 December 2024 were approximately 23.3% and 17.2%, respectively.

Banking facilities

As at 30 June 2025, the Group has banking facilities totalling approximately HK\$430.9 million (31 December 2024: approximately HK\$430.9 million) and approximately HK\$116.3 million (31 December 2024: approximately HK\$96.7 million), of which has been utilised by the Group. The utilisation rates as at 30 June 2025 and 31 December 2024 were approximately 27.0% and 22.4% respectively. With financial supports from the banks and the low utilization rate, the Group has reserved sufficient facilities available for future draw down.

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

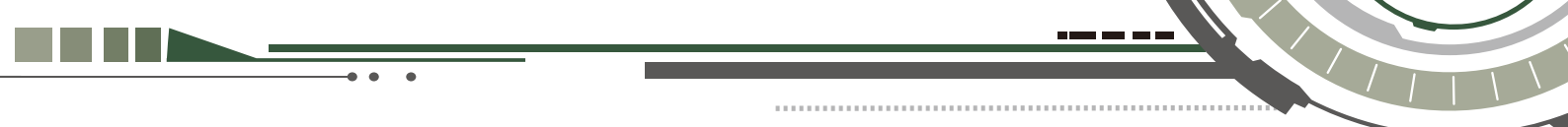
As at 30 June 2025, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$14.3 million (31 December 2024: HK\$14.5 million), investment properties with an aggregate carrying amount of approximately HK\$92.9 million (31 December 2024: HK\$109.8 million) and pledged bank deposits of approximately HK\$20.7 million (31 December 2024: HK\$20.5 million) were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no significant contingent liabilities (31 December 2024: Nil).

CAPITAL COMMITMENTS

As at 30 June 2025, the Group has capital commitment of approximately HK\$2.0 million (31 December 2024: approximately HK\$2.0 million) for the purchase of and addition to property, plant and equipment.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

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 period under review and up to the date of this report, 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.

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 period and up to the date of this report.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. The Audit Committee, comprising Ms. Leung Wai Ling, Wylie (Chairman), Professor Lau Kin Tak and Mr. Anthony Graeme Michaels, has reviewed the Company’s unaudited condensed interim financial statements for the six months ended 30 June 2025 and the accounting principles and practices adopted, and discussed auditing, risk management, internal controls and financial reporting matters with the Group’s management and the Company’s external auditors.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2025.

SUFFICIENCY OF PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public (as defined in the Listing Rules) as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2025, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Long positions in the shares of the Company				Total	Percentage (%)
	Personal interests	Family interests	Corporate interests	Other interests		
Dr. Wong Siu Wah ("Dr. Wong")	—	—	525,000,000 (Note)	—	525,000,000	75%

Note:

The 525,000,000 shares comprise 105,000,000 shares held by First Concord Limited, which is held as to 60% by Dr. Wong and as to 40% by Ms. Cheng Rebecca Hew Hong ("Ms. Cheng") and 420,000,000 Shares held by City Concord Limited, which is 100% held by Dr. Wong. Accordingly, Dr. Wong is deemed to be interested in the shares held by First Concord Limited and City Concord Limited.

Save as disclosed above, as at 30 June 2025, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the six months ended 30 June 2025 was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, the following persons (not being the directors or chief executive of the Company) who had interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Interests in Shares

Name of substantial shareholder	Capacity/nature of interests	Number of shares held (Note 1)	Approximate percentage of issued share capital (%)
First Concord Limited (Note 2)	Beneficial owner	105,000,000 ^(L)	15%
City Concord Limited (Note 3)	Beneficial owner	420,000,000 ^(L)	60%
Ms. Cheng	Interest of controlled corporation and interest of spouse	525,000,000 ^(L)	75%

Notes:

- The letter "L" denotes a long position in the Shareholder's interest in the share capital of the Company.
- First Concord Limited is held as to 60% by Dr. Wong and 40% by Ms. Cheng. Dr. Wong and Ms. Cheng are both deemed to be interested in the 105,000,000 shares held by First Concord Limited.
- City Concord Limited is wholly and beneficially owned by Dr. Wong. Dr. Wong is therefore deemed to be interested in the 420,000,000 shares held by City Concord Limited. Ms. Cheng is deemed to be interested in the 420,000,000 shares held by City Concord Limited by reason of her being the spouse of Dr. Wong.

Interests in other member(s) of the Group

Name of non-wholly owned subsidiary of the Company	Name of registered substantial shareholders (other than members of the Group)	Percentage of issued share capital (%)
Manweal Development Limited	Primehill Holdings Limited	32.00%
寧波家之良品國際貿易有限公司 (Ningbo Homesbrands International Trading Company Limited)	Mr. Lin Zhao	25.00%
Kor Water, Inc.	Mr. J. Eric Barnes	23.56%
Kor Water, Inc.	Mr. Paul Shustak	11.19%

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any other person having an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

During the six months ended 30 June 2025, there is no change in the Director's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	5	249,838	332,923
Cost of sales		(198,742)	(245,442)
Gross profit		51,096	87,481
Other income and gains and losses, net	6	(6,831)	3,683
Distribution expenses		(18,384)	(19,596)
Administrative expenses		(65,408)	(59,642)
Share of results of associates		240	(638)
Finance costs	7	(3,374)	(3,637)
(Loss)/profit before income tax	8	(42,661)	7,651
Income tax credit/(expenses)	9	246	(5,559)
(Loss)/profit for the period		(42,415)	2,092
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		2,139	(2,131)
Other comprehensive income for the period		2,139	(2,131)
Total comprehensive income for the period		(40,276)	(39)
Profit for the period attributable to:			
Owners of the Company		(40,978)	3,426
Non-controlling interests		(1,437)	(1,334)
		(42,415)	2,092
Total comprehensive income attributable to:			
Owners of the Company		(39,633)	2,460
Non-controlling interests		(643)	(2,499)
		(40,276)	(39)
		HK cents	HK cents
(Loss)/earnings per share:	10		
– Basic		(5.9)	0.5
– Diluted		(5.9)	0.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	120,015	133,057
Investment properties		92,900	109,800
Goodwill		76	76
Other asset		172	172
Interests in associates		22,018	21,000
Intangible assets		10,603	10,603
Deposits paid for property, plant and equipment		4,034	4,034
Financial assets at fair value through other comprehensive income		10	10
Deferred tax assets		5,352	3,918
		255,180	282,670
Current assets			
Inventories	13	82,940	90,708
Trade receivables	14	169,405	198,169
Prepayments, deposits and other receivables		32,773	41,212
Financial assets at fair value through profit or loss	15	23	29,469
Amounts due from associates		2,059	849
Pledged bank deposits		20,705	20,492
Cash and bank balances		183,012	116,720
		490,917	497,619
Current liabilities			
Trade payables	16	33,857	39,918
Other payables and accruals		10,985	12,207
Financial liabilities at fair value through profit or loss	15	148	2,519
Contract liabilities		2,841	2,391
Bank overdraft		1,031	28,612
Bank borrowings		115,258	68,100
Lease liabilities		8,609	8,876
Loans from non-controlling interests		3,885	3,885
Amount due to an associate		–	691
Dividend payable		28,000	–
Provision for tax		6,234	4,879
		210,848	172,078
Net current assets		280,069	325,541
Total assets less current liabilities		535,249	608,211

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		18,087	22,234
Deferred tax liabilities		412	951
		18,499	23,185
Net assets		516,750	585,026
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	7,000	7,000
Reserves		499,089	566,722
		506,089	573,722
Non-controlling interests		10,661	11,304
Total equity		516,750	585,026

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Equity attributable to owners of the Company										Non-controlling interests	Total Equity
	Share capital	Share premium*	Merger reserve*	comprehensive income reserve*	Exchange reserve*	Statutory reserve*	Other reserve*	Retained profits*	Sub-total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (Audited)	7,000	215,385	(4,231)	(3,450)	(2,338)	6,241	2,072	346,734	567,413	37,183		604,596
2023 final dividend (note 11(iii))	-	-	-	-	-	-	-	(14,000)	(14,000)	-		(14,000)
Dividend to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(22,777)		(22,777)
Transactions with Owners	-	-	-	-	-	-	-	(14,000)	(14,000)	(22,777)		(36,777)
Profit/(loss) for the period	-	-	-	-	-	-	-	3,426	3,426	(1,334)		2,092
Other comprehensive income												
– Exchange difference arising on translation of foreign operations	-	-	-	-	(966)	-	-	-	(966)	(1,165)		(2,131)
Total comprehensive income for the period	-	-	-	-	(966)	-	-	3,426	2,460	(2,499)		(39)
At 30 June 2024 (Unaudited)	7,000	215,385	(4,231)	(3,450)	(3,304)	6,241	2,072	336,160	555,873	11,907		567,780

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Equity attributable to owners of the Company										
	Share capital	Share premium*	Merger reserve*	Financial assets at fair value through other comprehensive income reserve*	Exchange reserve*	Statutory reserve*	Other reserve*	Retained profits*	Sub-total	Non-controlling interests	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2025 (Audited)	7,000	215,385	(4,231)	(3,450)	(3,864)	6,241	2,072	354,569	573,722	11,304	585,026
2024 final dividend (note 11(iii))	-	-	-	-	-	-	-	(28,000)	(28,000)	-	(28,000)
Transactions with owners	-	-	-	-	-	-	-	(28,000)	(28,000)	-	(28,000)
Loss for the period	-	-	-	-	-	-	-	(40,978)	(40,978)	(1,437)	(42,415)
Other comprehensive income											
– Exchange difference arising on translation of foreign operations	-	-	-	-	1,345	-	-	-	1,345	794	2,139
Total comprehensive income for the period	-	-	-	-	1,345	-	-	(40,978)	(39,633)	(643)	(40,276)
At 30 June 2025 (Unaudited)	7,000	215,385	(4,231)	(3,450)	(2,519)	6,241	2,072	285,591	506,089	10,661	516,750

* The aggregate balances of these reserve accounts of approximately HK\$499,089,000 (30 June 2024: approximately HK\$548,873,000) are included as reserves as at 30 June 2025 in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	51,191	(24,523)
Net cash generated from investing activities	2,107	7,558
Net cash generated from/(used in) financing activities	39,318	(26,627)
Net increase/(decrease) in cash and cash equivalents	92,616	(43,592)
Cash and cash equivalents at the beginning of period	88,108	155,791
Effect on foreign exchange rate changes	1,257	(2,029)
Cash and cash equivalents at the end of period	181,981	110,170
Analysis of cash and cash equivalents		
Cash and bank balances	183,012	110,170
Bank overdrafts	(1,031)	–
Cash and cash equivalents at the end of period	181,981	110,170

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 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 Stock Exchange.

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are trading, retail, wholesale and distribution of kitchenware and household products and trading of raw materials. There were no significant changes in the Group's operations during the period.

As at 30 June 2025 and up to the date of authorisation of these 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. BASIS OF PREPARATION

The condensed consolidated interim financial statements has been prepared in accordance with the applicable disclosure requirement of Appendix 16 of the Listing Rules, and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The condensed consolidated interim financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 December 2024 (the "2024 Annual Report"). The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and should be read in conjunction with the Group's 2024 Annual Report.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and those financial assets that are measured at fair values. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

This condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") unless otherwise indicated.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied, for the first time, the following amendments issued by the HKICPA:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has no material effect on the amounts reported in the condensed consolidated interim financial statements and/or disclosures set out in the condensed consolidated interim financial statements.

The Group has not early adopted any new or revised HKFRS Accounting Standards that have been issued but are not yet effective in the condensed consolidated interim financial statements.

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 mainly plastic and silicone.

There were no inter-segment sales between different business segments for the six months ended 30 June 2025 and 2024.

	Trading of kitchenware and household products		Trading of raw materials		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue						
Revenue from external customers	216,115	312,985	33,723	19,938	249,838	332,923
Segment results	(45,428)	9,582	4,393	1,208	(41,035)	10,790
Share of results of associates					240	(638)
Unallocated income					131	1
Unallocated expenses					(1,997)	(2,502)
(Loss)/profit before income tax					(42,661)	7,651

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (Continued)

(i) Operating segment information (Continued)

	Trading of kitchenware and household products		Trading of raw materials		Total	
	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Segment assets	598,869	675,039	84,816	74,428	683,685	749,467
Deferred tax assets					5,352	3,918
Interests in associates					22,018	21,000
Unallocated corporate assets [#]					35,042	5,904
Consolidated total assets					746,097	780,289
Segment liabilities	194,581	188,825	–	432	194,581	189,257
Provision for tax					6,234	4,879
Deferred tax liabilities					412	951
Dividend payable					28,000	–
Unallocated corporate liabilities					120	176
Consolidated total liabilities					229,347	195,263

[#] Unallocated corporate assets mainly comprised cash and bank balances which held as general working capital of the Group which are not directly attributable to any operating segment.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

4. SEGMENT INFORMATION *(Continued)*

(i) Operating segment information *(Continued)*

	Trading of kitchenware and household products		Trading of raw materials		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other segment information:						
Interest income	643	1,433	2	1	645	1,434
Interest expenses	(3,374)	(3,637)	-	-	(3,374)	(3,637)
Fair value loss on investment properties	(16,900)	(4,000)	-	-	(16,900)	(4,000)
Depreciation of property, plant and equipment	(13,257)	(9,093)	-	-	(13,257)	(9,093)
Research expenses	(15)	(108)	-	-	(15)	(108)
Provision for impairment of trade receivables	(88)	(60)	(135)	(131)	(223)	(191)
Fair value gain of financial assets/liabilities at fair value through profit or loss, net	5,686	2,717	-	-	5,686	2,717

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

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:

	Notes	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
United States		94,925	181,110
Asia	(a)	97,520	85,766
Europe	(b)	42,381	53,859
Canada		12,146	9,972
Other locations	(c)	2,866	2,216
		249,838	332,923

Notes:

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

(b) Principally included United Kingdom, Belgium and Germany

(c) Principally included Australia

* Including revenue from the Mainland China and Hong Kong of approximately HK\$83,835,000 for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK\$73,665,000)

The geographical location of customers is based on the location of customers. As at 30 June 2025 and 31 December 2024, over 85% of the Group's non-current assets (other than financial instruments and deferred tax assets) are physically located in Hong Kong.

(iii) Information about major customers

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

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Company A (note a)	38,195	74,917
Company B (note a)	33,746	35,105
Company C (note a, b)	36,565	N/A

Notes:

(a) The revenue from those three (six month ended 30 June 2024: two) customers was all derived from the segment engaging in trading of kitchenware and household products.

(b) Revenue from transactions with Company C did not exceed 10% of the Group revenue for the six months ended 30 June 2024 and the respective amount was not disclosed accordingly.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

5. REVENUE

The Group is principally engaged in trading of kitchenware and household products and raw materials including mainly silicone 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 period is as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue from contracts with customers		
– Sales of kitchenware and household products	216,115	312,985
– Sales of raw materials	33,723	19,938
	249,838	332,923

6. OTHER INCOME AND GAINS AND LOSSES, NET

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Bank interest income	645	1,434
Dividend income from listed equity securities	1,778	–
Rental income	1,311	1,561
Recharge from customers	194	–
Government grants	89	1,469
Fair value gain on financial assets/liabilities at fair value through profit or loss, net	5,686	2,717
Fair value loss on investment properties	(16,900)	(4,000)
Others	366	502
	(6,831)	3,683

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Interest charges on financial liabilities at amortised cost:		
Bank borrowings	1,605	2,058
Bank overdrafts	746	384
Lease liabilities	1,023	1,195
	3,374	3,637

8. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold recognised as expense	190,812	233,612
Provision for impairment loss of trade receivables	223	191
Depreciation of property, plant and equipment	13,257	9,093
Research expenses	15	108
Short-term lease expenses	1,504	650
Low-value lease expenses	78	107
Employee benefit expenses (including directors' remuneration)		
Wages, salaries and other benefits	26,290	26,966
Discretionary bonuses	2,635	1,908
Contributions to defined contribution schemes	2,089	2,377
	31,014	31,251
Exchange gain/(loss), net	1,039	(662)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

9. INCOME TAX (CREDIT)/EXPENSES

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
The taxation attributable to the Group's operation comprises:		
Current tax		
– Hong Kong profits tax	1,639	4,577
– Income tax outside Hong Kong	32	417
– Withholding tax outside Hong Kong	–	1,832
	1,671	6,826
(Over)/Under provision in prior years		
– Hong Kong profits tax	(3)	18
Deferred tax		
– Credit for the period	(1,914)	(1,285)
Income tax (credit)/expenses	(246)	5,559

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% (six months ended 30 June 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 8.25% and the remaining assessable profits are taxed at 16.5%. The provision of profits tax for this subsidiary was calculated at the same bases in 2024.

Enterprise income tax ("EIT") for the period was calculated at 25% (six months ended 30 June 2024: 25%) 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.

Withholding tax outside Hong Kong represents tax charged by the PRC tax authority on dividends distributed by one of the Group's PRC subsidiaries during the six months ended 30 June 2025.

United States income tax has not been provided as there is no assessable profit arising in United States during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

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 period of approximately HK\$40,978,000 (six months ended 30 June 2024: approximately a profit of HK\$3,426,000) and the weighted average of 700,000,000 (six months ended 30 June 2024: 700,000,000) ordinary shares in issue during the interim period.

Diluted (loss)/earnings per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2025 and 2024, and hence the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

11. DIVIDENDS

- i. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).
- ii. Dividends to equity shareholders attributable to previous financial year, approved and payable/paid during the interim period:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Final dividend in respect of the previous financial year, approved and payable during the following interim period, of HK4.0 cents per share (six months ended 30 June 2024: approved and paid during the following interim period of HK2.0 cents per share)	28,000	14,000

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment at a total cost of approximately HK\$107,000 (six months ended 30 June 2024: approximately HK\$341,000).

During the six months ended 30 June 2025, the Group has not disposed property, plant and equipment (six months ended 30 June 2024: Nil).

At 30 June 2025, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$14,300,000 (31 December 2024: approximately HK\$14,494,000) were pledged to secure general banking facilities granted to the Group.

13. INVENTORIES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Merchandises held for resale	33,810	34,446
Raw materials	49,130	56,262
	82,940	90,708

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

14. TRADE RECEIVABLES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade receivables	173,312	201,853
Less: impairment loss allowance	(3,907)	(3,684)
	169,405	198,169

The Group's trading terms with customers are mainly on credit. The credit terms are generally 0 to 90 days from the invoice date.

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
0–30 days	47,506	51,874
31–60 days	43,793	82,467
61–90 days	15,969	51,614
Over 90 days	62,137	12,214
	169,405	198,169

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

15. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Financial assets at fair value through profit or loss:		
Listed equity securities in Hong Kong, at fair value (<i>note (a)</i>)	–	29,469
Derivative financial instruments at fair value (<i>note (b)</i>)	23	–
	23	29,469
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments at fair value (<i>note (b)</i>)	(148)	(2,519)

Notes:

- a) The fair values of the Group's investment in listed equity securities have been determined by reference to their quoted market prices at the end of the reporting period.
- b) As at 30 June 2025, the Group's derivative financial instruments represented foreign currency forward contracts denominated in USD and the fair values are based on the quoted prices from the relevant financial institutions. The notional amounts of these forward contracts are RMB6,000,000 (31 December 2024: RMB59,000,000) and the forward currency rates of all these contracts ranged from USD1:RMB6.9876 to USD1:RMB6.9949 (31 December 2024: USD1:RMB6.9876 to USD1:RMB7.0747) with various maturity dates from July 2025 to August 2025 (31 December 2024: January 2025 to August 2025).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

16. TRADE PAYABLES

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade payables	33,857	39,918

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:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
0–90 days	33,154	38,590
91–180 days	703	1,197
181–365 days	–	64
Over 365 days	–	67
	33,857	39,918

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

17. SHARE CAPITAL

	As at 30 June 2025		As at 31 December 2024	
	Number of	HK\$'000	Number of	HK\$'000
	shares (^{'000}) (Unaudited)	(Unaudited)	shares (^{'000}) (Audited)	(Audited)
Authorised:				
Shares of HK\$0.01 each	10,000,000	100,000	10,000,000	100,000
Issued and fully paid:				
Shares of HK\$0.01 each	700,000	7,000	700,000	7,000

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are not materially different from their carrying amounts because of the immediate or the short term maturity of those financial instruments. The following table presents assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets and liabilities is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

The financial assets and liabilities measured at fair value as at 30 June 2025 and 31 December 2024 in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000 (note (a))	Level 2 HK\$'000 (note (b))	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2025 (Unaudited)				
Financial assets at fair value through profit or loss				
– Derivative financial instruments	–	23	–	23
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities, at fair value	–	–	10	10
Financial liabilities at fair value through profit or loss				
– Derivative financial instruments	–	(148)	–	(148)
As at 31 December 2024 (Audited)				
Financial assets at fair value through profit or loss				
– Listed equity securities, at fair value	29,469	–	–	29,469
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities, at fair value	–	–	10	10
Financial liabilities at fair value through profit or loss				
– Derivative financial instruments	–	(2,519)	–	(2,519)

Notes:

- (a) The investment in listed equity securities at fair values are denominated in HK\$. Fair values have been determined by reference to their quoted market prices at the end of the reporting period.
- (b) The derivative financial instruments at fair values are denominated in USD and the fair values are determined based on the present value calculations using forward pricing and observable forward interest rate.

During the six months ended 30 June 2025 and 2024, there have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated interim financial statements, the Group also had the following significant transactions with related parties during the period:

18.1 Significant transactions with related parties

Nature of transaction	Name of related company/party	Notes	Six months ended 30 June	
			2025	2024
			HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Licensing fee	Ignite Hong Kong Limited ("Ignite HK")	(a)	459	1,458
Lease payments	Dr. Wong Siu Wah ("Dr. Wong")	(b)	510	420

Notes:

- (a) An associate of the Group.
- (b) During the six months ended 30 June 2025 and 2024, the Group had paid lease payments relating to premises which are owned by Dr. Wong. No associated lease liabilities (31 December 2024: Nil) were recognised in the condensed consolidated statement of financial position as at 30 June 2025.
- (c) All transactions as shown above were made on the Group's normal course of business and were made with reference to the terms negotiated between the relevant parties.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

18.2 Outstanding balances with related parties

The Group had the following balances with related parties included in the amounts due from/(to) associates to the condensed consolidated statement of financial position:

Name of related companies	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Ignite HK	1,197	(691)
Toddler Copenhagen Asia Ltd.	515	508
Narrative Ltd.	298	298
Cheer Mind Corp. Ltd.	49	43

Amounts due from/(to) associates are unsecured, interest-free and repayable on demand.

18.3 Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Directors were as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	3,270	3,195
Discretionary bonuses	44	26
Contributions to defined contribution scheme	9	9
	3,323	3,230

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

19. CONTINGENT LIABILITIES

As at 30 June 2025, the Group does not have any significant contingent liabilities (31 December 2024: Nil).

20. CAPITAL COMMITMENTS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Capital expenditures contracted but not provided for in the condensed consolidated financial statements in respect of:		
– purchase of and addition to property, plant and equipment	1,981	1,981