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K & P International Holdings Limited

堅寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 675)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform Shareholders and potential investors that the Company is expected to record a substantial increase in its consolidated profit attributable to owners for the year ended 31 December 2020 by around 300 per cent., as compared to that for the year ended 31 December 2019.

The Company is still in the process of finalising its consolidated financial statements for the year ended 31 December 2020. As at the date of this announcement, the Group's financial information for the year ended 31 December 2020 has not been finalised and may be subject to adjustments. As such, the information contained in this announcement is only based on a preliminary evaluation of the unaudited consolidated management accounts of the Company for the year ended 31 December 2020, which have not been reviewed or audited by the Company's auditor.

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

This announcement is made by K & P International Holdings Limited (the "**Company**", together with its subsidiaries shall be referred to as the "**Group**") pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**") and Rule 13.09(2)(a) of the Listing Rules.

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Company for the year ended 31 December 2020, the Company is expected to record a substantial increase in the consolidated profit attributable to owners of the Company for the year ended 31 December 2020 by around

300 per cent., as compared to that for the year ended 31 December 2019. Such an increase in the consolidated profit attributable to owners of the Company was primarily attributable to:-

- (i) the mark-to-market gains (being fair value gains on financial asset at fair value through profit and loss accounts) on certain Renminbi hedging contracts (such contracts were entered into by the Group based on its monthly estimated Renminbi expenditure needs; 12 of such contracts will expire in the course of 2021 and the remaining seven contracts will expire in the course of 2022); and
- (ii) as to the balance:-
 - (a) a change in the Group's product mix and the related costs;
 - (b) in view of the COVID-19 outbreak, the waiver by the relevant Chinese governmental authority of the employer's social security (社會保險) contribution obligations of the Group for 11 months in 2020; and
 - (c) realised gains on financial asset at fair value through profit and loss accounts (arising from the Group's Renminbi hedging contracts), which was partially offset by the currency exchange losses (due to the increase in the exchange rate of Renminbi against the Hong Kong Dollar) incurred in purchasing Renminbi for the Group's operations.

The Company is still in the process of finalising its consolidated financial statements for the year ended 31 December 2020. As at the date of this announcement, the Group's financial information for the year ended 31 December 2020 has not been finalised and may be subject to adjustments. As such, the information contained in this announcement is only based on a preliminary evaluation of the unaudited consolidated management accounts of the Company for the year ended 31 December 2020, which has not been audited or reviewed by the Company's auditor. Financial information and other details of the Group for the year ended 31 December 2020 will be disclosed in the Company's annual results announcement which is expected to be published in March 2021.

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

By order of the Board
K & P International Holdings Limited
Lai Pei Wor
Chairman

Hong Kong, 27 January 2021

As at the date of this announcement, the Board comprises Messrs. Lai Pei Wor and Chan Yau Wah (being executive directors) and Messrs. Kung Fan Cheong, Mak Kwai Wing and Li Yuen Kwan, Joseph (being independent non-executive directors).

** For identification purpose only*