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## **FLYKE INTERNATIONAL HOLDINGS LTD.**

### **飛克國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1998)**

### **PROFIT WARNING**

This announcement is made by the Group pursuant to listing rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that after a preliminary review of the Group's unaudited consolidated management account for the year ended 31 December 2012, the unaudited consolidated net profit is expected to have decreased as compared to the year ended 31 December 2011.

**Shareholders of the Company and potential investors are advised to exercise cautions when dealing in the securities of the Company.**

This announcement is made by Flyke International Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to listing rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company and potential investors that after a preliminary review of the Group's unaudited consolidated management account for the year ended 31 December 2012, the unaudited consolidated net profit is expected to have decreased as compared to the year ended 31 December 2011. The decrease in profitability is attributed to the following factors;

- (1) Competition within the sportswear markets has continued to intensify as international and domestic brands that have traditionally operated in first and second tier cities are now gaining market share in third and fourth tier cities. Several of our competitors have conducted buyback arrangements with distributors as well as deep discounts in order to normalize inventories. This has added significant pricing pressure across the industry. The Company to-date has not had to engage in any significant buyback arrangements or heavy discounting.

- (2) Throughout 2012, our company has strategically consolidated the number of authorized retail stores in third and fourth tier cities as well as controlling the sales order volume to our distributors in order to prevent the potential of overstocking of our sportswear brand by our authorized distributors. The Group has reduced the number of authorized retail stores from 2,160 in December 2011 to 1,574 in December 2012. We will continue to consolidate the less efficient sportswear authorized retail stores throughout 2013 if needed in order to improve the future growth of the brand and single store revenue.
- (3) In the fourth quarter of 2012 we launched our new casualwear brand which has been positioned in first and second-tier cities of Mainland China. Our long-term strategy is to position the company as a multi-brand apparel and footwear group and to expand into the first and second tier cities in China.

This profit warning announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group subject to finalization and other potential adjustments if found necessary, which have not been confirmed or audited by the Company's auditor.

The Company is still in the course of finalizing the audited final results of the Group for the year end 31 December 2012, which will be announced in March 2013. Shareholders of the Company and potential investors are advised to read the audited final results announcement of the Company when it is published.

**Shareholders of the Company and potential investors are advised to exercise cautions when dealing in the securities of the Company.**

By order of the Board  
**Flyke International Holdings Ltd.**  
**LIN Wenjian**  
*Chairman*

Hong Kong, 8 February 2013

*As at the date of this announcement, the executive Directors are Mr. LIN Wenjian (Chairman and Chief Executive), Mr. LIN Mingxu, Mr. LIN Wenzu and Mr. LI Yong, and the independent non-executive Directors are Mr. CHU Kin Wang, Peleus, Mr. WANG Dong and Mr. ZHU Guohe.*