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KIDDIELAND

Kiddieland International Limited

童園國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3830)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR
THE YEAR ENDED 30 APRIL 2024**

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Kiddieland International Limited (the “**Company**”) hereby announces the annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 April 2024, together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 30 April	
		2024	2023
		HK\$'000	HK\$'000
Revenue	4	215,144	176,232
Cost of sales	7	(182,459)	(169,465)
Gross profit		32,685	6,767
Other income	5	129	490
Other gains/(losses), net	6	981	(13,707)
Selling and distribution expenses	7	(13,038)	(11,784)
Administrative expenses	7	(28,601)	(33,189)
Impairment losses on financial assets, net	13	(55)	(1,496)
Operating loss		(7,899)	(52,919)
Finance income		552	133
Finance expenses		(787)	(936)
Finance costs, net	8	(235)	(803)
Loss before taxation		(8,134)	(53,722)
Income tax expenses	9	(1,057)	(368)
Loss for the year		(9,191)	(54,090)
Other comprehensive loss for the year			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		(1,849)	(1,652)
Other comprehensive loss for the year, net of tax		(1,849)	(1,652)
Total comprehensive loss for the year		(11,040)	(55,742)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Year ended 30 April	
		2024	2023
		HK\$'000	HK\$'000
	<i>Note</i>		
Loss for the year attributable to:			
Owners of the Company		(7,338)	(50,549)
Non-controlling interests		<u>(1,853)</u>	<u>(3,541)</u>
		<u>(9,191)</u>	<u>(54,090)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(9,097)	(51,842)
Non-controlling interests		<u>(1,943)</u>	<u>(3,900)</u>
		<u>(11,040)</u>	<u>(55,742)</u>
Basic and diluted losses per share (HK cents)	<i>11</i>	<u>(0.7)</u>	<u>(5.1)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 April	
	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,662	7,988
Right-of-use assets		2,648	4,885
Intangible assets		7,056	9,727
Deferred income tax assets		10,447	10,989
Deposits and prepayments	13	76	567
		25,889	34,156
Current assets			
Inventories		9,831	19,603
Trade receivables	13	8,731	12,036
Other receivables, deposits and prepayments	13	6,395	7,705
Contract assets		110	–
Income tax recoverable		8	1,336
Cash and bank balances		7,340	3,379
		32,415	44,059
Total assets		58,304	78,215
EQUITY			
Owners of the Company			
Share capital		100,000	100,000
Other reserves		6,242	6,242
Exchange reserves		(1,672)	87
Accumulated losses		(78,887)	(71,549)
		25,683	34,780
Non-controlling interests		1,429	3,372
Total equity		27,112	38,152

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at 30 April	
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Accruals and other payables		1,563	2,619
Deferred income tax liabilities		550	–
Lease liabilities		105	2,467
		<u>2,218</u>	<u>5,086</u>
Current liabilities			
Trade and bills payables	<i>14</i>	4,908	10,883
Accruals and other payables		14,530	9,844
Contract liabilities		6,840	11,736
Lease liabilities		2,696	2,514
		<u>28,974</u>	<u>34,977</u>
Total liabilities		<u>31,192</u>	<u>40,063</u>
Total equity and liabilities		<u>58,304</u>	<u>78,215</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Kiddieland International Limited was incorporated in the Cayman Islands on 3 June 2016 as an exempted company with limited liability. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacturing and selling of plastic toy products and laboratory equipments.

The consolidated financial information are presented in Hong Kong Dollars (“**HK\$**”) unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial information of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial information have been prepared under the historical cost convention.

The preparation of the consolidated financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards and interpretations for the first time for its annual period commencing on 1 May 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
HKFRS 17	Insurance Contract
HKFRS 17	Amendments to HKFRS 17
HKFRS 17 and HKFRS 9	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and require the recognition of additional deferred tax assets and liabilities.

Adoption of the new and amended standards listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 BASIS OF PREPARATION (CONTINUED)

- (b) Amendments to standards and interpretation (collectively refer as “**Amendments**”) that are not yet effective and have not been early adopted by the Group

The following amendments are not effective for annual periods commencing on or after 1 May 2023 and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

Notes:

- (1) Effective for annual periods commencing on or after 1 May 2024
- (2) Effective for annual periods commencing on or after 1 May 2025
- (3) To be determined

The above amendments have been published but are not mandatory for the reporting period of 30 April 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

The executive Directors of the Company have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

During the year ended 30 April 2024, the Group engaged in two operating segments namely, toy business and laboratory equipment business. The chief operating decision-makers assess the business performance based on a measure of operating results. Information reported to the chief operating decision-makers for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the related revenue and results, assets and liabilities of the operating segments of toy business and laboratory equipment business are presented for the years ended 30 April 2024 and 2023.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 30 April 2024

	Toy business <i>HK\$'000</i>	Laboratory equipment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	155,670	59,474	215,144
Cost of sales	<u>(134,249)</u>	<u>(48,210)</u>	<u>(182,459)</u>
Gross profit	<u>21,421</u>	<u>11,264</u>	<u>32,685</u>
Segment results	(251)	(7,077)	(7,328)
Unallocated:			
Other income			129
Other gains, net			323
Administrative expenses			(1,023)
Finance costs, net			<u>(235)</u>
Loss before income tax			<u><u>(8,134)</u></u>

3 SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended 30 April 2023

	Toy business <i>HK\$'000</i>	Laboratory equipment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	141,164	35,068	176,232
Cost of sales	<u>(138,675)</u>	<u>(30,790)</u>	<u>(169,465)</u>
Gross profit	<u>2,489</u>	<u>4,278</u>	<u>6,767</u>
Segment results	(36,903)	(15,674)	(52,577)
Unallocated:			
Other income			490
Other gains, net			107
Administrative expenses			(939)
Finance costs, net			<u>(803)</u>
Loss before income tax			<u><u>(53,722)</u></u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

As at 30 April 2024

	Toy business <i>HK\$'000</i>	Laboratory equipment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets			
Segment assets	36,015	21,838	57,853
Unallocated:			
Property, plant and equipment			345
Cash and bank balances			<u>106</u>
Total assets			<u>58,304</u>
Liabilities			
Segment liabilities	15,073	16,119	<u>31,192</u>
Total liabilities			<u><u>31,192</u></u>

3 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

As at 30 April 2023

	Toy business <i>HK\$'000</i>	Laboratory equipment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets			
Segment assets	44,936	33,220	78,156
Unallocated:			
Property, plant and equipment			42
Cash and bank balances			17
Total assets			<u>78,215</u>
Liabilities			
Segment liabilities	20,333	19,730	<u>40,063</u>
Total liabilities			<u><u>40,063</u></u>

The Group's revenue by geographical location, which is determined by the continent where the goods were delivered, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
America	93,474	72,544
Europe	48,077	53,530
Asia Pacific and Oceania (exclude the PRC)	12,022	15,090
The PRC	61,571	35,068
	<u>215,144</u>	<u>176,232</u>

The Group's non-current assets (excluding deferred income tax assets and intangible assets) by geographical location, which is determined by the city/country in which the asset is located, are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	345	42
The PRC	8,041	13,398
	<u>8,386</u>	<u>13,440</u>

3 SEGMENT INFORMATION (CONTINUED)

For the year ended 30 April 2024, there was no (2023: two) customers which individually contributed over 10% of the Group's total revenue. During the years ended 30 April 2024 and 2023, the revenue contributed from the customers are as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	N/A*	21,758
Customer B	N/A*	19,551

* Represent less than 10% of the Group's total revenue for the respective year.

The five largest customers accounted for approximately 36.4% (2023: 38.6%) of the revenue of the Group for the year ended 30 April 2024.

4 REVENUE

	2024 HK\$'000	2023 HK\$'000
Sales of toys	155,670	141,164
Sales of laboratory equipments	59,474	35,068
Sales of goods	215,144	176,232

Sales of goods are recognised at the point in time that the control of the goods have passed to the customers, which is primarily upon the acceptance of the products by the customers.

5 OTHER INCOME

	2024 HK\$'000	2023 <i>HK\$'000</i>
Sundry income	<u>129</u>	<u>490</u>

6 OTHER GAINS/(LOSSES), NET

	2024 HK\$'000	2023 <i>HK\$'000</i>
Exchange gain, net	323	107
Loss on disposal of raw materials (<i>note (i)</i>)	–	(9,802)
One-off severance payment (<i>note (ii)</i>)	–	(7,909)
Net gain on disposal and write-off of property, plant and equipment	<u>658</u>	<u>3,897</u>
	<u>981</u>	<u>(13,707)</u>

Notes:

- (i) During the year ended 30 April 2023, the Group restructured its toy business and ceased to operate its own manufacturing plant in Dongguan and to engage subcontractors for the ongoing production activities. Under the new arrangement, the subcontractors will procure their own materials for productions and the Group disposed majority of the raw materials which are unable to be used for future productions amounted to approximately HK\$17,130,000 in a total consideration of approximately HK\$7,328,000 resulting in a loss of approximately HK\$9,802,000.
- (ii) During the year ended 30 April 2023, one of the subsidiary of the Group has incurred one-off severance payment in the PRC of approximately HK\$7,909,000 due to cease of operation of the manufacturing plant of the toy business.

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration		
— Audit services	1,100	1,100
— Non-audit services	282	338
Advertising and promotion expenses	2,947	2,759
Amortisation of intangible assets	6,398	10,367
Impairment losses on property, plant and equipment (<i>note 12</i>)	1,680	–
Impairment losses on intangible asset	912	1,860
Bank charges	424	300
Commissions	3,616	1,370
Consumables	811	986
Cost of inventories sold	149,363	115,733
Custom and declaration handling expenses	26	759
Depreciation of property, plant and equipment (<i>note 12</i>)	2,315	3,359
Depreciation of right-of-use assets	2,678	4,112
Expenses for short-term and low-value operating leases	2,572	5,907
Legal and professional fee	525	1,010
Licenses fees	8,514	3,261
Logistics and warehousing expenses	2,475	2,540
Other taxes	707	515
Repair and maintenance expenses	568	1,649
Product testing expenses	1,464	1,436
Provision/(reversal of provision) for impairment of inventories	69	(32)
Staff costs, including Directors' emoluments	25,310	44,558
Subcontracting expenses	3,566	1,746
Utilities	318	3,342
Other expenses	5,458	5,463
	<u>224,098</u>	<u>214,438</u>

During the year ended 30 April 2024, the Group did not receive any subsidies (2023: HK\$520,000) from the Hong Kong government for paying wages and salaries of Hong Kong employees. In addition, the Group did not receive subsidies (2023: HK\$270,000) from the government of People's Republic of China for contributions to defined contribution plans of PRC employees during the year ended 30 April 2024.

8 FINANCE COSTS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Finance income:		
Bank interest income	<u>552</u>	<u>133</u>
Finance expenses:		
Bank overdraft interest	(1)	(15)
Other bank borrowing interest	(513)	(381)
Interest on lease liabilities	<u>(273)</u>	<u>(540)</u>
	<u>(787)</u>	<u>(936)</u>
Finance costs, net	<u>(235)</u>	<u>(803)</u>

9 INCOME TAX EXPENSES

For the year ended 30 April 2024, Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit. The Group's subsidiaries in the PRC are subject to China corporate income tax at a rate of 25% (2023: 25%) on the estimated assessable profits. The Group's subsidiary in the U.S. is subject to U.S. corporate income tax at progressive tax rates ranged from 5% to 39% (2023: 5% to 39%) on the estimated assessable profit.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current taxation		
— Hong Kong profits tax	2	—
— U.S. corporate income tax	(37)	—
	<u>(35)</u>	<u>—</u>
Deferred taxation		
— Origination and reversal of temporary differences	1,092	368
	<u>1,092</u>	<u>368</u>
Income tax expenses	<u>1,057</u>	<u>368</u>

10 DIVIDENDS

No final dividend for the year ended 30 April 2024 was declared or paid by the Company (2023: Nil).

11 LOSSES PER SHARE

(a) Basic losses per share

	2024	2023
Loss attributable to the owners of the Company (<i>HK\$'000</i>)	<u>(7,338)</u>	<u>(50,549)</u>
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	<u>1,000,000</u>	<u>1,000,000</u>
Basic losses per share (<i>HK cents</i>)	<u>(0.7)</u>	<u>(5.1)</u>

Basic losses per share is calculated by dividing the loss attributable to the Company's owners by the weighted average number of ordinary shares in issue during the year.

(b) Diluted losses per share

Diluted losses per share for the year ended 30 April 2024 and 2023 are the same as basic losses per share as there is no potential dilutive share.

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Moulds and tools <i>HK\$'000</i>	Moulds work-in- progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 May 2022								
Cost	13,264	11,301	10,241	8,743	85,192	40,368	1,400	170,509
Accumulated depreciation and impairment losses	(12,388)	(10,972)	(9,618)	(8,676)	(81,522)	(34,861)	-	(158,037)
Net book value	<u>876</u>	<u>329</u>	<u>623</u>	<u>67</u>	<u>3,670</u>	<u>5,507</u>	<u>1,400</u>	<u>12,472</u>
Year ended 30 April 2023								
Beginning of the year	876	329	623	67	3,670	5,507	1,400	12,472
Addition	73	17	73	102	148	-	1,845	2,258
Depreciation (<i>note 7</i>)	(851)	(87)	(349)	(39)	(388)	(1,645)	-	(3,359)
Disposal and write-off	-	(9)	-	(33)	(2,060)	(1)	(745)	(2,848)
Transfer upon completion	-	-	-	-	-	2,242	(2,242)	-
Exchange differences	(28)	(13)	(26)	1	(197)	(230)	(42)	(535)
End of the year	<u>70</u>	<u>237</u>	<u>321</u>	<u>98</u>	<u>1,173</u>	<u>5,873</u>	<u>216</u>	<u>7,988</u>
As at 30 April 2023 and 1 May 2023								
Cost	12,390	4,800	6,766	7,306	2,959	28,577	216	63,014
Accumulated depreciation and impairment losses	(12,320)	(4,563)	(6,445)	(7,208)	(1,786)	(22,704)	-	(55,026)
Net book value	<u>70</u>	<u>237</u>	<u>321</u>	<u>98</u>	<u>1,173</u>	<u>5,873</u>	<u>216</u>	<u>7,988</u>
Year ended 30 April 2024								
Beginning of the year	70	237	321	98	1,173	5,873	216	7,988
Addition	-	4	382	205	-	746	1,285	2,622
Depreciation (<i>note 7</i>)	(5)	(62)	(238)	(31)	(241)	(1,738)	-	(2,315)
Impairment losses (<i>note 7</i>)	-	-	-	-	-	(1,680)	-	(1,680)
Disposal and write-off	(65)	(85)	(1)	-	(82)	(602)	(1)	(836)
Transfer upon completion	-	-	-	-	-	1,272	(1,272)	-
Exchange differences	-	(6)	(10)	(3)	(34)	(64)	-	(117)
End of the year	<u>-</u>	<u>88</u>	<u>454</u>	<u>269</u>	<u>816</u>	<u>3,807</u>	<u>228</u>	<u>5,662</u>
As at 30 April 2024								
Cost	12,234	4,535	7,126	7,507	2,708	24,602	228	58,940
Accumulated depreciation and impairment losses	(12,234)	(4,447)	(6,672)	(7,238)	(1,892)	(20,795)	-	(53,278)
Net book value	<u>-</u>	<u>88</u>	<u>454</u>	<u>269</u>	<u>816</u>	<u>3,807</u>	<u>228</u>	<u>5,662</u>

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation expenses recognised in the consolidated statement of comprehensive income

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of sales	2,034	2,861
Administrative expenses	281	498
	<u>2,315</u>	<u>3,359</u>

(b) Impairment of property, plant and equipment, right-of-use assets, intangible assets and prepayments for non-current assets

The carrying amounts of property, plant and equipment, right-of-use assets, intangible assets and prepayments for non-current assets are assessed at the end of each reporting period for indications of impairment with reference to evaluation undertaken by the management. For assets with impairment indicators, the management performed evaluation to assess the recoverable amount of each asset being the higher of its value in use or its fair value less costs of disposal. As at 30 April 2024, the management performed two separate impairment assessments for the toy business and laboratory equipment business.

The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by the management, with major assumptions such as revenue growth rate, gross profit margin and discount rate. Except for specific impairment loss recognised during the year, the management determined that no further provision for impairment is required at the year end and it is not necessary to access the recoverable amount using fair value less cost of disposal method.

Toy business segment

During the year ended 30 April 2024, specific impairment loss of approximately HK\$1,680,000 was recognised for several moulds and tools which are unable to generate cash flow during the year, other than that, no impairment indicators have been identified by the management for the carrying amounts of the remaining property, plant and equipment, right-of-use assets, intangible assets and prepayments for non-current assets in relation to the toy business segment, having taken into consideration both internal financial reports and external factors such as economic condition, industry risk and market risk.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Impairment of property, plant and equipment, right-of-use assets, intangible assets and prepayments for non-current assets (continued)

Laboratory equipment business segment

As at 30 April 2024, the carrying amounts of the property, plant and equipment, right-of-use assets, intangible assets and prepayments for non-current assets in relation to the laboratory equipment business segment were approximately HK\$4,182,000 (2023: HK\$11,229,000). Except for specific impairment loss of approximately HK\$912,000 (2023: HK\$1,860,000) recognised during the year for several software, no additional provision for impairment loss was recognised as at 30 April 2024 and 2023.

Key assumptions used in the value-in-use calculations for the recoverable amounts of non-financial assets are as follows:

	2024	2023
Weighted average annual revenue growth rate:	6%	15%
Gross profit margin:	24%	28%
Discount rate:	15%	15%

13 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	9,138	12,388
Less: loss allowance	<u>(407)</u>	<u>(352)</u>
Trade receivables, net	<u>8,731</u>	<u>12,036</u>
Deposits	3,760	5,440
Prepayments	620	1,656
Other receivables	<u>14,414</u>	<u>13,862</u>
	18,794	20,958
Less: loss allowance	<u>(12,323)</u>	<u>(12,686)</u>
Other receivables, deposits and prepayments, net	6,471	8,272
Less: prepayments for property, plant and equipment and factory rental deposits classified as non-current assets	<u>(76)</u>	<u>(567)</u>
Current portion	<u>6,395</u>	<u>7,705</u>

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on geographical locations, shared credit risk characteristics and ageing profiles.

**13 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS
(CONTINUED)**

The carrying amounts of trade receivables, other receivables, deposits and prepayments approximate their fair values.

The gross carrying amounts of trade receivables, other receivables, deposits and prepayments are denominated in the following currencies:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
US\$	10,475	11,915
HK\$	391	483
RMB	17,065	20,944
Others	1	4
	<u>27,932</u>	<u>33,346</u>

The Group grants credit periods to customers ranged from 0 to 120 days. As at 30 April 2024, the ageing analysis of trade receivables in gross amount based on invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	7,780	10,821
3 months to 1 year	1,034	1,243
Over 1 year	324	324
	<u>9,138</u>	<u>12,388</u>

Movement of the Group's provision for impairment of trade receivables is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Beginning of the year	(352)	(375)
(Provision)/reversal of provision for impairment for the year	(55)	23
End of the year	<u>(407)</u>	<u>(352)</u>

14 TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables based on invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	3,822	4,542
1 to 2 months	710	5,760
2 to 3 months	182	196
Over 3 months	194	385
	<u>4,908</u>	<u>10,883</u>

Trade and bills payables are denominated in the following currencies:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
US\$	3,309	9,541
HK\$	11	103
RMB	1,588	1,239
	<u>4,908</u>	<u>10,883</u>

The carrying amounts of trade and bills payables approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As mentioned in the “Business Review” and “Outlook/future prospects and strategies” sections in the last few annual reports and interim reports, since the toy business is expected to continue to suffer in the near term due to the factors beyond the Group’s control, especially the poor economy of our major target markets like Europe and U.S., the Group has decided and finally switched the more than 20 years toy business from self-manufacturing to outsource subcontracting during the year ended 30 April 2023. With the new business model change, its cost efficiency effect has been fully reflected in this year. Taking out the one-off impairment against property, plant and equipment of approximately HK\$1.7 million, the toy business has turned to be profitable in this year.

The revenue derived from our major market U.S. is getting better due to the improvement of its economic environment. On the other hand, with “Red Sea Crisis” in relation to the new conflict between Israel and Palestine and the prolonged war between Russia and Ukraine, some of the shipping routes have to be rerouted and the global trade has been disrupted. Thus, transportation cost has been increased dramatically and become the biggest concern of our customers in the last few months of the financial year, especially from January to April 2024, which hurt our sales performance during the period. The revenue generated from toy business rebounded after rock bottom in this year and increased by 10.3% from approximately HK\$141.2 million to approximately HK\$155.7 million.

For the laboratory equipment business, Kiddieland Technology has been setup on January 2022 to cater to the educational policy of the Government of the PRC and meet the development needs of China’s vast education market. Kiddieland Technology invested heavily in laboratory product research and development, launched the “K” series intelligent laboratory products and developed the AI scoring system to replace the traditional laboratory evaluation in order to facilitate intelligent teaching and examination during the past two years.

With the experiences gained in last year, we are committed to leading the development of the education industry and striving to become a leader in educational equipment and information teaching in China. The revenue generated from laboratory equipment business has increased by 69.7% from approximately HK\$35.0 million to approximately HK\$59.4 million.

The Group’s revenue for the year was approximately HK\$215.1 million, which has increased by 22.1% as compared to that of last year (2023: HK\$176.2 million). The Group recorded a net loss attributable to owners of the Company of approximately HK\$7.3 million for the year ended 30 April 2024 (2023: HK\$50.5 million). The decrease in net loss recorded by the Group this year was attributed to (i) the 22.1% increase in revenue; (ii) the increase in gross profit margin due to the change of the business model; (iii) the decrease in administrative expenses; and (iv) the absence of one-off abnormal expenses due to the change of operation model of the toy business.

Financial Review

Revenue

As mentioned in Business Review, revenue generated from North America increased by 29.4% to approximately HK\$92.5 million (2023: HK\$71.5 million). Sales orders increased while average selling price had decreased. The increase was mainly attributed to revenue increase from a top developed country in the region. In addition, with the late arrival of goods due to the shipment delay and the backlogs at U.S. ports in the year before last, the retailers had a high stock level in the year 2022 and thus preferred not to place as many orders as that in year 2022. Therefore, it mostly hurt the sales performance to North America in last year.

On the other hand, revenue generated from Europe decreased by 10.1% to approximately HK\$48.1 million (2023: HK\$53.5 million). Sales orders decreased while average selling price had increased. The revenue decrease was mainly attributed to (i) the sluggish economy in several developing countries in Eastern Europe, especially Ukraine and Russia due to the war against each other; and (ii) the currency appreciation of USD which hurt the purchasing power in the European region.

Revenue generated from the laboratory equipment business increased by 69.7% to approximately HK\$59.4 million (2023: HK\$35.0 million). The huge growth rate reflects that it is a new business segment that the Group has invested in since January 2022 with growth potential in the future.

As a result of the above, the Group's overall revenue increased by 22.1% to approximately HK\$215.1 million (2023: HK\$176.2 million).

Gross profit

The Group's gross profit was approximately HK\$32.7 million for the year (2023: HK\$6.8 million). Although there was a 7.7% increase in the cost of sales during the year, the increasing amplitude in revenue outweighs the range of the increase in cost of sales.

The increase in gross profit was attributed to (i) the 22.1% increase in revenue discussed above; and (ii) the decrease in manufacturing overhead cost due to the change of operation model of the toy business. As a result of the above, the gross profit margin was increased from 1.8% and 12.2% in last year to 13.8% and 18.9% in this year for the toy business and laboratory equipment business respectively.

Other gains/(losses), net

The Group recorded other gains of approximately HK\$1.0 million for the year (2023: other losses HK\$13.7 million). The other gains recorded this year were mainly from the disposal of property, plant and equipment. On the other hand, the relative huge amount of other losses recorded in last year were mainly attributed to (i) the one-off severance payment in the PRC due to the change of operation model of the toy business; and (ii) the loss on disposal of raw materials.

Financial Review (Continued)

Selling and distribution expenses

Selling and distribution expenses increased by 10.2% to approximately HK\$13.0 million for the year (2023: HK\$11.8 million). The increase was mainly attributed to the increase in commissions and advertising and promotion expenses, which are in line with the increase in revenue.

Administrative expenses

Administrative expenses decreased by 13.9% to approximately HK\$28.6 million for the year (2023: HK\$33.2 million). The decrease was mainly attributed to the decrease in administrative staff costs and operating lease expenses of the headquarter in Hong Kong.

Impairment losses on financial assets

The Group recognised an impairment loss on financial assets of approximately HK\$0.1 million for the year (2023: HK\$1.5 million). The impairment losses recorded in last year were mainly related to the credit risk increase in some of the other receivables.

Finance costs

Net finance costs decreased by 75.0% to approximately HK\$0.2 million for the year (2023: HK\$0.8 million). The decrease was attributed to the increase in finance income generated from placing fixed deposit during the year.

Income tax expenses

The Group recorded income tax expenses of approximately HK\$1.1 million for the year (2023: HK\$0.4 million). The income tax expenses recorded this year were mainly attributable to the derecognition of deferred tax assets of the laboratory equipment business. On the other hand, the income tax expenses for last year were attributable to the derecognition of deferred tax assets of Dongguan toy factory.

Net loss

The Group recorded a net loss of approximately HK\$7.3 million for the year (2023: HK\$50.5 million). The decrease in net loss recorded in this year was mainly attributed to (i) the 22.1% increase in revenue; (ii) the increase in gross profit margin; (iii) the decrease in administrative expenses; and (iv) the absence of one-off abnormal expenses recognised in relation to the cession of operation of the manufacturing plant in Dongguan. It was partially offset by the derecognition of deferred tax assets of the laboratory equipment business.

Financial Review (Continued)

Inventories

Inventories as at 30 April 2024 were approximately HK\$9.8 million, decreased from approximately HK\$19.6 million as at 30 April 2023. Inventory turnover days for the year were 29.4 days (2023: 121.7 days). The decrease in stock level was primarily attributed to the change of operation model of the toy business as the Group does not hold too much inventories under the toy business.

Trade receivables

Trade receivables as at 30 April 2024 were approximately HK\$8.7 million, decreased from approximately HK\$12.0 million as at 30 April 2023. Trade receivables turnover days for the year were 17.6 days (2023: 31.4 days). The decrease in receivables level was attributed to the decrease in sales level during the last 3 months of the financial year.

Trade and bills payables

Trade and bills payables as at 30 April 2024 were approximately HK\$4.9 million, decreased from approximately HK\$10.9 million as at 30 April 2023. Trade and bills payables turnover days for the year were 15.8 days (2023: 27.1 days). The decrease in payables level was attributed to the decrease in purchase activity during the last 3 months of the financial year.

Liquidity and financial resources

During the year ended 30 April 2024, the Group mainly financed its working capital by internal resources and bank borrowings. As at 30 April 2024, cash and cash equivalents amounted to approximately HK\$7.3 million (2023: HK\$3.4 million). The increase was mainly due to the decrease in inventories and trade receivables level while it was partially offset by the decrease in trade payables level. The current ratio of the Group, as calculated by total current assets over total current liabilities, was 1.1 as at 30 April 2024 (2023: 1.3).

As at 30 April 2024, the Group's net current assets were approximately HK\$3.4 million (2023: HK\$9.1 million). The Group did not have any bank borrowings as at 30 April 2024 (2023: Nil). The Group's financial gearing, based on the total bank borrowings compared to the total equity, was 0% (2023: 0%). All bank borrowings and banking facilities were subject to floating interest rates. As at 30 April 2024, the Group had undrawn banking facilities of approximately HK\$212.1 million (2023: HK\$242.1 million). The Group and the Directors will maintain the availability of bank facilities and negotiate with banks to increase the borrowings limit for working capital needs, if necessary.

Foreign Currency Exposure

The Group's sales, purchases and expenses incurred in toy business are mainly denominated in Hong Kong and US Dollar. And for production factory located in the PRC related to laboratory equipment business, sales, purchases and expenses incurred there are denominated in Renminbi.

Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial exposure in this area, and will closely monitor the trend of Renminbi to see if any action is required.

As at 30 April 2024, the Group had not entered into any financial instrument for the hedging of foreign currency.

Employees and Remuneration Policy

As at 30 April 2024, the Group employed 131 full-time management, administrative and production staff in Hong Kong and the PRC. The Group has seasonal fluctuations in the number of workers employed in its production plant while the number of management and administrative staff remains stable. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

Environmental, Social and Corporate Responsibility

The Group is committed to achieving environmental sustainability and has implemented its Corporate Social Responsibility strategy across the organisation by embedding social responsibility into daily operations. The Group's production plant substantially complied with all applicable local and international environmental regulations.

The Group has installed solar panels as well as energy saving devices for machines at its factory in the PRC. The Group also encourages environmental protection practices such as setting up recycling bins, promoting using recycled papers and reducing energy consumption by switching off lightings and electrical appliances. The Group resolves to adopt and encourages practices that prevent or minimise pollution and optimise efficient use of energy and natural resources in order to provide employees with a safe and healthy working and living environment.

Significant Investment Held

Except for investments in subsidiaries, the Group did not hold any significant investment during the year.

Capital Commitments

As at 30 April 2024, the Group did not have any commitments for acquisition of property, plant and equipment which have been contracted, but not provided for in the consolidated financial statements.

Contingent Liabilities

As at 30 April 2024, the Group did not have any contingent liabilities.

Outlook/Future Prospects and Strategies

Reflecting on the past fiscal year, Kiddieland has navigated a landscape filled with challenges and opportunities, with each playing a crucial role in our continued growth and success. The lingering effects of the prolonged war between Russia and Ukraine, compounded by the new conflict between Israel and Palestine, have complicated the economic situation. Such global settings have impacted our daily operations with increased freight costs and often extended delivery lead time. In addition to these geopolitical tensions, fluctuating currency values with the weak Euro and Yen have further muddied the global economic landscape. While consumer spending is improving, these external factors pose new challenges worldwide.

Despite such, Kiddieland's commitment to innovation and progress remains unwavering. Our dedication to developing innovative, high-quality, and competitive products has been pivotal in enhancing our profitability. We have successfully obtained new, exciting licensed properties to grow our product range to best accommodate the dynamic market today. Moreover, Kiddieland has adapted improved packaging with a growing focus on sustainability. Our collaboration with trusted subcontractors has further established an efficient connection for seamless operations with maximum efficiency. We remain steadfast in our mission to expand our extensive product range and deliver exceptional value to our customers.

Looking ahead, our strategic initiatives will be geared towards leveraging anticipated market trends and evolving consumer preferences. Kiddieland will continue to enhance its portfolio with innovative products, adapting to consumer trends to ensure our product offerings remain relevant and desirable. Our focus to expanding our online presence and improving our e-commerce capabilities will also enable us to reach a broader audience. Simultaneously, seeking ways to improve our supply chain resilience by diversifying our sourcing and logistics partners will remain our priority.

In parallel with our toy business, looking forward to the forthcoming year, in addition to continuing to deepen the highly effective work, Kiddieland Technology (laboratory equipment business) strives to specialize in the following two aspects: the first is to further specialize, optimize, upgrade and innovate the intelligent laboratory products and series products of laboratory operation evaluation system of the high school entrance examinations, and also to provide professional customized services for customers' individual needs at the same time, so as to strongly build up the popularity and satisfaction of the Company's products by letting the product speak for itself; and the second is to deepen the sales management, continue to cultivate technical sales elites, provide customers with nanny-style one-stop service in the pre-sales, sale and after-sales process as soon as possible to alleviate customers' worries and create more opportunities for subsequent orders.

At the beginning of the new year, in order to implement the spirit of the “Notice by the State Council of Issuing the Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins (國務院關於印發<推動大規模設備更新和消費品以舊換新行動方案>的通知)” (Guofa [2024] No.7), the large-scale equipment renewals and consumer goods trade-ins has been promoted successively across the country, thereby effectively promoting investment and consumption, and Kiddieland Technology actively responds to national policies and continuously improves its two series of products, namely “science, chemistry and biology intelligent laboratory” and “laboratory operation evaluation system of the high school entrance examinations”. We believe that Kiddieland Technology is able to gain a foothold in China’s education market on the basis of increased order sales, improved product quality and brand influence. Kiddieland Technology will continue to take the mission of creating digital and intelligent products suitable for the strategic goals of national education, and empowering education with technological innovation.

Based on the above, our ability to adapt to conditions, be innovative and to succeed in the market has gradually increased over the past year, and the Company is optimistic about the future and potential market opportunities.

In terms of product research and development, Kiddieland Technology, according to market needs and the actual needs of the school, has invested heavily in laboratory product research and development, and launched the “K” series intelligent laboratory products, including star products such as “teachers’ lifting demonstration platform”, “K series lifting table”, “intelligent control cabinet” and “new intelligent control tower crane” etc., which are upgraded on the basis of the original five laboratory series brand matrix to realise the new mode of intelligent teaching in intelligent laboratories. In terms of evaluation system, we developed the AI scoring system to replace the traditional laboratory evaluation with AI vision and deep learning technology to facilitate intelligent teaching and examination, and truly achieve the purpose of “one set of system, multi-purpose teaching and examination, supervise teaching by examination, assist examination by teaching (一套系統，教考多用，以考督教，以教助考)”, and we continued to optimise the third generation of examination terminals for more consistent product quality. Meanwhile, the “AI scoring system”, which was launched this year, was verified again in the high school entrance examination across the country in May, and was highly recognised by the school authorities and the education administration departments again.

At the 83rd China Educational Equipment Exhibition (Chongqing) in April 2024, Kiddieland Technology made a grand appearance with its brand new products. The exhibition site focused on the application needs of different scenarios of science, chemistry and biology laboratory operation examination of the junior high school, teaching and practical training, and created a variety of application scenarios such as science, chemistry and biology intelligent laboratory, science, chemistry and biology laboratory operation examination room and AI scoring in the exhibition area. It demonstrated its rich products and application solutions to on-site guests and audiences in real-life situations, interpreting its multi-dimensional layout and technical strength, and won high praise from leaders at all levels and exhibitors. The Company’s two major categories of products, namely intelligent laboratory and the laboratory operation evaluation system of the high school entrance examinations have been perfected and matured.

In terms of sales, Kiddieland Technology has established and continuously improved the “1+4 Strategic Layout” to continue the strategy of “division of functions” and “regional synergy”, covering 31 provinces, cities and autonomous regions across the country. Meanwhile, we are also expanding new business pipelines and exploring quality pipeline operators across the country as our core partners in order to capture a larger market share.

In terms of supply chain management, the Company adheres to the belief that “quality is the life of an enterprise” and continues to work with raw material suppliers with good reputations to lay a good foundation for ensuring timely delivery of high-quality products to customers.

In conclusion, Kiddieland looks to the future with optimism and enthusiasm. Our commitment to innovation, quality, and sustainability will continue to drive our growth and success. We are confident our strategic initiatives will enable us to navigate the challenges ahead and capitalize on emerging opportunities.

OTHER INFORMATION

Final Dividend

The Board has resolved not to declare final dividend for the year ended 30 April 2024.

Closure of Register of Members

For the purpose of determining the shareholders’ eligibility to attend and vote at the annual general meeting (the “AGM”) to be held on Friday, 04 October 2024, the register of members of the Company will be closed from Wednesday, 02 October 2024 to Friday, 04 October 2024, both days inclusive, during which no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 30 September 2024.

Annual General Meeting

The AGM will be held on Friday, 04 October 2024. Notice of the AGM will be sent to the shareholders of the Company in due course.

Purchase, Sale or Redemption of Listed Securities

During the year ended 30 April 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Corporate Governance Code

Throughout the year ended 30 April 2024, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Code for Dealing in Company's Securities by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 30 April 2024.

Audit Committee and Review of Results

The Audit Committee of the Company has reviewed with the management the consolidated financial statements of the Group for the year ended 30 April 2024, accounting principles and practices adopted by the Group, and discussed auditing, internal controls, risk management and financial reporting matters relating to the preparation of the annual results of the Group for the year ended 30 April 2024.

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 April 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

Publication of Annual Results Announcement and Annual Report

This results announcement is published on the website of the Stock Exchange at (www.hkexnews.hk) and that of the Company at (www.kiddieland.com.hk). The 2024 annual report of the Company will be despatched to the shareholders of the Company and made available on the website of the Stock Exchange and that of the Company in due course.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere thanks and gratitude all our shareholders, business partners, customers, suppliers, bankers, the management and staff for their support and contribution to the Group and its business throughout the year.

By Order of the Board
Kiddieland International Limited
Lo Hung
Chairman

Hong Kong, 30 July 2024

As at the date of this announcement, the Board comprises Ms. LO Shiu Shan Suzanne, Ms. SIN LO Siu Wai Sylvia, Mr. LO Hung and Ms. LEUNG Siu Lin Esther as the Executive Directors and Mr. MAN Ka Ho Donald, Mr. CHENG Dominic and Mr. SIT Hon Wing as the Independent Non-executive Directors.