凱知樂

Kidsland International Holdings Limited
凱知樂國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2122)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- During the Reporting Period, the Group's revenue decreased by 15.7% to approximately RMB974.5 million from approximately RMB1,155.7 million for the Prior Period. Despite the weak market sentiment, the Group managed to increase revenue from distributors by 35.3% to approximately RMB196.8 million by strengthening and expanding its collaboration with both leading and potential brands.

- The Group's gross profit margin remained stable at 29.3% for the Reporting Period and 29.8% for the Prior Period. The Group kept exploring innovative products and optimising product assortment, which offset the depression of short-term gross profit margin resulted from stock clearance activities. Stock clearance activities continuously reduced inventory backlog by 24.1% during the Reporting Period. Inventory turnover days dropped to 141 days and cash conversion cycle improved to 97 days for the Reporting Period (Prior Period: 161 days and 131 days, respectively). Such improvements enabled the Group to keep agile in adapting to future development with a healthier foundation.

- By undertaking various measures to improve efficiency and reduce operating costs, total selling, distribution, general and administrative expenses decreased by 13.9% from approximately RMB539.9 million for the Prior Period to approximately RMB465.1 million for the Reporting Period.

- A net loss after tax of approximately RMB202.4 million was recorded for the Reporting Period (Prior Period: approximately RMB210.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The year ended 31 December 2024 (the "**Reporting Period**") marked a pivotal year for the consumer market. While challenges persisted, clearer trends and evolving consumer needs began to emerge.

Consumers are no longer solely focused on products with high price-to-value ratios, they are increasingly seeking emotional value. This shift has led to a divergence in brand performance, with some experiencing double-digit growth while others struggled to adapt to the new consumption sentiment. The rise of domestic trends highlights that Gen Z (the generation born between the mid-to-late 1990s and the early 2010s, typically, from 1997 to 2012) consumers are no longer infatuated with foreign brands. In the retail sector, competition has intensified with the advent of new retail models and heightened consumer experience expectations. In this environment, making strategic choices – what to prioritize and what to scale back – have become critical.

In response to these market dynamics, Kidsland International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") has implemented several initiatives during the Reporting Period to enhance its business performance.

During the Reporting Period, the Group has strengthened its collaboration with various brands, such as Spin Master (becoming its exclusive offline distributor for the iconic intellectual property ("**IP**"), Paw Patrol, and the innovative digi-pet brands, Bitzee and Punirunes), and Kayou (a leading trading card company, accelerated with the soaring popularity of My Little Pony Trading Cards). The Group has also expanded collaborations with local Chinese brands like Blockee and kidult-focused products such as 52 Toys and Rolife. These partnerships broadened target audience, introduced fresh offerings, and enhanced market competitiveness of the Group.

The Group has also established a new business division dedicated to exploring and developing the kidult market. Beyond integrating more kidult products into Kidsland and FAO stores, the Group has expanded its Hall One kidult stores to four additional cities. These stores feature products ranging from IP merchandise to capsule toys and figurines, targeting teenagers and young adults to capitalize on emerging market trends. The Group has also collaborated closely with IP owners to test IP pop-up stores, reinforcing its commitment to diversifying business and expanding customer base.

In terms of operating costs, the Group has undertaken significant measures to reduce operating costs and improve efficiency. The Mainland China operation of the Group was restructured to align with future strategic needs, optimizing its structure for greater competitiveness. During the Reporting Period, the Group's selling, distribution, general and administrative expenses decreased by 13.9%, compared to the year ended 31 December 2023 (the "**Prior Period**").

In supply chain management, the Group has enhanced its sales forecasting process with advanced tools and strengthened inventory control discipline. These efforts resulted in a reduction of approximately RMB72.5 million in inventory and 20 days in inventory turnover days for the Reporting Period.

2024 marked the start of our transformation journey. While the full impact of these measures will take time to reflect in our financial performance, and may entail short-term costs, the Group is confident that the steps taken will yield significant benefits in 2025 and beyond. Despite unsatisfactory top-line and bottom-line results in 2024, the Group believes its actions have laid a solid foundation for future growth.

RETAIL AND WHOLESALE BUSINESS

Our extensive distribution network comprises self-operated retail channels and wholesale channels. As of 31 December 2024, this network consisted of:

Self-operated Retail Channels

– 518 self-operated retail points of sale including retail shops and consignment counters (31 December 2023: 559)

– 36 online stores (31 December 2023: 31)

Wholesale Channels

– 270 distributors (31 December 2023: 306) which sell our products through third-party retailers or their own retail shops, totaling more than 900 (31 December 2023: more than 1,600)

– 12 hypermarket and supermarket chains (31 December 2023: 12) with a sum of 420 retail points (31 December 2023: 412)

– 2 online key accounts (31 December 2023: 2)

Detailed breakdowns of our distribution network are as follows:

1. Self-operated Retail Channels

1.1 Retail Shops

During the Reporting Period, we continued to optimise our store network.

Changes in the number of retail shops for the years indicated are shown below:

	2024	2023
Retail shops		
At the beginning of the year	**155**	172
Addition of new retail shops	**16**	7
Closure of retail shops	**(31)**	(24)
At the end of the year	**140**	155

1.2 Consignment Counters

The majority of our consignment counters were located in well-known department stores and a renowned regional toy store chain, most of which operated under the Kidsland brand. During the Reporting Period, we continued to optimise our network of consignment counters.

Changes in the number of consignment counters for the years indicated are shown below:

	2024	2023
Consignment counters		
At the beginning of the year	**404**	415
Addition of new consignment counters	**26**	37
Closure of consignment counters	**(52)**	(48)
At the end of the year	**378**	404

1.3 Online Stores

During the Reporting Period, we opened seven flagship stores of brands that we represented on third-party-operated online platforms such as Tmall and JD.com, and closed two. As of 31 December 2024, we had 36 online stores in total, compared with 31 as of 31 December 2023.

2. Wholesale Channels

In addition to the self-operated retail channels, we further optimised our distribution network in the wholesale channels, which include (i) distributors, (ii) hypermarket and supermarket chains, and (iii) online key accounts in Mainland China.

2.1 Distributors

As of 31 December 2024, we had 270 distributors (31 December 2023: 306), which sell our products through third-party retailers or their own retail shops, totaling more than 900 (31 December 2023: more than 1,600) in Mainland China.

The table below shows the changes in the number of distributors for the years indicated:

	2024	2023
Distributors		
At the beginning of the year	**306**	342
Addition of new distributors	**63**	88
Expiry without renewal of distribution agreements	**(99)**	(124)
At the end of the year	**270**	306

2.2 Hypermarket and Supermarket Chains

As of 31 December 2024, we had wholesale arrangements with 12 hypermarket and supermarket chains (31 December 2023: 12) with a sum of 420 retail points (31 December 2023: 412) in Tier 1, 2 and 3 cities in Mainland China (based on information provided by the hypermarket and supermarket chains).

The table below shows the changes in the number of hypermarket and supermarket chains for the years indicated:

	2024	2023
Hypermarket and supermarket chains		
At the beginning of the year	**12**	12
Addition of new hypermarket and supermarket chains	**3**	1
Termination or expiry of agreements with hypermarket and supermarket chains	**(3)**	(1)
At the end of the year	**12**	12

2.3 Online Key Accounts

The table below shows the changes in the number of online key accounts for the years indicated:

	2024	2023
Online key accounts		
At the beginning of the year and at the end of the year	**2**	2

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue decreased by 15.7% to approximately RMB974.5 million from approximately RMB1,155.7 million for the Prior Period, due to the weak market sentiment and consumption downgrading with consumers becoming more cautious about spending. The changing consumption patterns with consumers increasingly seeking products with both high price-to-value ratios and emotional value also diverged brand performance.

The table below sets out the Group's revenue by channel for the years indicated:

	2024	2023
	RMB'000	*RMB'000*
Self-operated retail channels		
– Retail shops	**504,414**	647,950
– Consignment counters	**202,328**	258,408
– Online stores	**56,598**	58,731
Sub-total	**763,340**	965,089
Wholesale channels		
– Distributors	**196,768**	145,425
– Hypermarket and supermarket chains	**7,814**	35,500
– Online key accounts	**6,566**	9,724
Sub-total	**211,148**	190,649
Total	**974,488**	1,155,738

Self-operated Retail Channels

The self-operated retail channels recorded a decrease in revenue of 20.9% to approximately RMB763.3 million for the Reporting Period compared to the Prior Period, attributed to the drop in revenue from retail shops, consignment counters and online stores by 22.2% to approximately RMB504.4 million, 21.7% to approximately RMB202.3 million and 3.6% to approximately RMB56.6 million, respectively.

Wholesale Channels

During the Reporting Period, revenue contributed by wholesale channels increased by 10.8% to approximately RMB211.1 million. Revenue from distributors rose by 35.3% to approximately RMB196.8 million, while revenue from hypermarket and supermarket chains as well as online key accounts dropped by 78.0% to approximately RMB7.8 million and 32.5% to approximately RMB6.6 million, respectively.

Revenue from Hong Kong, Macau and overseas (after inter-segment elimination) recorded a decrease of 22.3% from approximately RMB243.6 million for the Prior Period to approximately RMB189.2 million for the Reporting Period.

Cost of Sales, Gross Profit and Gross Profit Margin

Cost of sales decreased by 15.1% from approximately RMB811.2 million for the Prior Period to approximately RMB688.6 million for the Reporting Period. The Group's gross profit margin remained stable at 29.3% for the Reporting Period and 29.8% for the Prior Period. The Group kept exploring innovative products and optimising product assortment, which offset the depression of short-term gross profit margin resulted from stock clearance activities. Stock clearance activities continuously reduced inventory backlog during the Reporting Period. Gross profit decreased from approximately RMB344.6 million for the Prior Period to approximately RMB285.8 million for the Reporting Period.

Other Income

Other income, consisting mainly of government grants, rebates from platform service providers of online stores and promotional service income, decreased by approximately RMB2.4 million from approximately RMB5.4 million for the Prior Period to approximately RMB3.0 million for the Reporting Period, mainly resulting from the drop in promotional service income.

Other Losses, Net

Other losses, net was mainly attributable to net exchange differences. Other losses, net of approximately RMB9.1 million recorded for the Reporting Period (Prior Period: approximately RMB7.7 million), mainly resulting from depreciation of Renminbi ("**RMB**").

Impairment Loss/Reversal of Impairment Loss on Financial Assets, Net

The amount represented provision made for impairment loss on trade and bill receivables. Provision for impairment loss of approximately RMB1.6 million was recorded for the Reporting Period (Prior Period: reversal of impairment loss of approximately RMB0.5 million).

Selling and Distribution Expenses

Selling and distribution expenses decreased by 14.0% from approximately RMB486.7 million for the Prior Period to approximately RMB418.8 million for the Reporting Period, which was mainly attributable to intensified expense management, especially on concessionaire fees, outsourced personnel service fees and lease-related expenses.

General and Administrative Expenses

General and administrative expenses dropped by 12.9% from approximately RMB53.1 million for the Prior Period to approximately RMB46.3 million for the Reporting Period, resulting from control over lease-related expenses and staff costs.

Finance Costs

Finance costs, consisting mainly of interest expenses arising from lease liabilities, borrowings and loans from a related company, remained stable at approximately RMB12.6 million for the Reporting Period and approximately RMB12.5 million for the Prior Period.

Loss for the Period

A loss of approximately RMB202.4 million was recorded for the Reporting Period (Prior Period: approximately RMB210.9 million).

Inventory, Trade Receivables and Payables Turnover Days

Inventory turnover days decreased from 161 days for the Prior Period to 141 days for the Reporting Period. Trade receivables turnover days remained stable at 18 days for the Reporting Period and the Prior Period. Trade payables turnover days increased from 48 days for the Prior Period to 62 days for the Reporting Period.

Cash Conversion Cycle

Cash conversion cycle is a metric that shows the amount of time it takes a company to convert its investment in inventory to cash, which equals to inventory turnover days plus trade receivables turnover days minus trade payables turnover days. The cash conversion cycle of the Group decreased from 131 days for the Prior Period to 97 days for the Reporting Period.

Capital Expenditure

During the Reporting Period, the Group invested approximately RMB16.5 million in property, plant, and equipment, mainly to renovate shops (Prior Period: approximately RMB14.3 million).

Liquidity and Financial Resources

The Group's cash position as of 31 December 2024 was approximately RMB19.4 million, compared to approximately RMB24.5 million as of 31 December 2023. The current ratio calculated by dividing total current assets by total current liabilities and quick ratio calculated by dividing total current assets excluding inventories and right of return assets by total current liabilities excluding lease liabilities as of 31 December 2024 were 1.0 and 0.4, respectively (31 December 2023: 1.2 and 0.5, respectively).

As of 31 December 2024, the Group had aggregate banking facilities of approximately RMB141.0 million (31 December 2023: approximately RMB167.2 million) for bank loans and trade financing, of which approximately RMB0.7 million (31 December 2023: approximately RMB42.5 million) was unutilised as of the same date.

As of 31 December 2024, the Group had a loan facility from a related company of approximately RMB231.5 million (31 December 2023: approximately RMB135.9 million), of which approximately RMB139.8 million (31 December 2023: approximately RMB85.3 million) was utilised as of the same date.

Charge of Assets

As of 31 December 2024, the Group had restricted cash of approximately RMB2.7 million mainly for bank guarantee of a trade finance facility (31 December 2023: approximately RMB2.5 million).

Contingent Liabilities

As of 31 December 2024, the Group did not have significant contingent liabilities (31 December 2023: Nil).

Foreign Exchange

The Group is exposed to foreign exchange risk arising from exposure in the United States dollar, Euro and Hong Kong dollar against RMB. The Group currently does not have a foreign currency hedging policy. During the Reporting Period, the Group has not entered into any foreign exchange hedging arrangement. However, the management personnel of the Group monitor its foreign exchange risks regularly in keeping the net exposure to an acceptable level. Exchange rate fluctuations could affect the Group's margins and profitability.

RESULTS

The board of directors of the Company (the "**Directors**" and the "**Board**", respectively) announces the consolidated results of the Group for the Reporting Period, prepared on the basis set out in Note 2 below, together with the comparative figures for the Prior Period, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Revenue	3	**974,488**	1,155,738
Cost of sales	6	**(688,640)**	(811,184)
Gross profit		**285,848**	344,554
Other income	4	**3,004**	5,372
Other losses, net	5	**(9,098)**	(7,708)
(Impairment loss)/reversal of impairment loss on financial assets, net	6	**(1,574)**	535
Selling and distribution expenses	6	**(418,831)**	(486,737)
General and administrative expenses	6	**(46,254)**	(53,119)
Operating loss		**(186,905)**	(197,103)
Finance costs	7	**(12,561)**	(12,536)
Loss before income tax		**(199,466)**	(209,639)
Income tax expense	8	**(2,943)**	(1,306)
Loss for the year		**(202,409)**	(210,945)
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
– Exchange differences on translation from functional currency to presentation currency		**2,295**	3,131
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**2,929**	519
Other comprehensive income for the year, net of tax		**5,224**	3,650
Total comprehensive expense for the year		**(197,185)**	(207,295)
Loss for the year attributable to:			
– owners of the Company		**(202,151)**	(210,495)
– non-controlling interest		**(258)**	(450)
		(202,409)	(210,945)
Total comprehensive expense for the year attributable to:			
– owners of the Company		**(196,796)**	(206,739)
– non-controlling interest		**(389)**	(556)
		(197,185)	(207,295)
Loss per share, basic and diluted *(RMB cents)*	9	**(25.27)**	(26.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**20,387**	24,228
Right-of-use assets	11	**63,561**	81,309
Intangible assets		**2,373**	7,822
Financial asset at fair value through profit or loss ("**FVTPL**")		**–**	–
Rental deposits		**15,561**	19,865
Deferred tax assets		**13,153**	15,990
		115,035	149,214
Current assets			
Inventories		**228,906**	301,448
Trade and bill receivables	12	**40,742**	57,050
Other receivables, deposits and prepayments		**49,897**	47,782
Right of return assets		**254**	52
Tax recoverable		**–**	729
Restricted cash		**2,747**	2,541
Cash and cash equivalents		**16,636**	21,937
		339,182	431,539
(DEFICIT)/EQUITY			
Attributable to owners of the Company			
Share capital		**6,931**	6,931
(Deficit)/reserves		**(96,721)**	100,075
		(89,790)	107,006
Non-controlling interests		**5,890**	6,279
Total (deficit)/equity		**(83,900)**	113,285

	Notes	2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Loans from a related company		**139,792**	85,302
Loan from a director of the Company		**15,000**	–
Other payables		**2,903**	2,984
Lease liabilities	11	**27,717**	30,992
		185,412	119,278
Current liabilities			
Trade payables	13	**116,960**	117,154
Other payables and accruals		**74,435**	82,502
Borrowings		**107,220**	76,655
Lease liabilities	11	**45,789**	61,530
Contract liabilities		**7,883**	9,665
Current tax liabilities		**418**	684
		352,705	348,190
Net current (liabilities)/assets		**(13,523)**	83,349
Total assets less current liabilities		**101,512**	232,563
Net (liabilities)/assets		**(83,900)**	113,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1 GENERAL INFORMATION

Kidsland International Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands under the Companies Act Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 26 April 2017. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activities of the Company and its subsidiaries (the "**Group**") are trading and sale of toys and related lifestyle products. The Group mainly operates in Mainland China (the "**PRC**"), Hong Kong and Macau.

The consolidated financial statements are presented in Renminbi ("**RMB**"), while the functional currency of the Company is Hong Kong dollar ("**HK$**").

Certain comparative figures have been re-presented to conform with current year's presentation. These reclassifications have no effect on financial position, results for the year or cash flows of the Group.

2 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

Going concern assessment

For the going concern basis assessment, the directors of the Company have thoroughly evaluated the Group's future liquidity, operating performance, and available financing sources. These include, materially, a loan capitalisation of HK$100,000,000 for an existing amount due to a related company (item (i) below) and a renewed, unutilised loan facility of HK$100,000,000 (item (ii) below). Based on this assessment, the directors of the Company are in the opinion that the projected cash flows generated from operating activities, investing, and financing activities will continue to be sufficient to meet the Group's operational and financing needs when they fall due in the next twelve months from the date of approval of these consolidated financial statements.

For the year ended 31 December 2024, the Group incurred a loss for the year of approximately RMB202,409,000. As at 31 December 2024, the Group's net current liabilities was RMB13,523,000 and net liabilities of RMB83,900,000, of which the Group's cash and cash equivalents amounted to approximately RMB16,636,000 as compared to the Group's borrowings of approximately RMB107,220,000, repayable within the next twelve months from the end of the reporting period.

In light of the circumstances outlined above, the directors of the Company have been implementing the following measures to enhance and strengthen the Group's financial position and liquidity:

(i) *Loan capitalisation of HK$100,000,000 of the amount due to a related company*

On 27 December 2024, the Company, Asian Glory Holdings Limited ("**Asian Glory**") and Lovable Products Trading Limited ("**Lovable Products Trading**") entered into a loan capitalisation agreement. Among the unsecured loan with the principal amount of HK$100,000,000 (equivalent to approximately RMB92,600,000) due to Lovable Products Trading (included in loans from a related company), of which:

(a) HK$21,414,000 would be settled through the issuance of 305,914,286 of new shares of the Company to Asian Glory (the "**Capitalisation Ordinary Shares**"); and

(b) HK$78,586,000 would be settled through the issuance of 1,122,657,143 new convertible preference shares, with fixed cumulative preferential cash dividends at a rate of 2% per annum on the issue price, to Asian Glory (the "**Capitalisation Convertible Preference Shares**");

both at the issue price of HK$0.07 per Capitalisation Ordinary Share and Capitalisation Convertible Preference Share (the "**Loan Capitalisation**").

The Loan Capitalisation was approved by the shareholders of the Company at the Company's extraordinary general meeting held on 24 January 2025. In the opinion of the directors of the Company, the Loan Capitalisation enables the Group obtaining financial support from the shareholder of the Company to settle its existing liabilities without utilising the existing financial resources and can avoid cash outflows and future interest payments for the loan. Also, after the completion of the Loan Capitalisation, the gearing level of the Group will be reduced, thereby improving the financial position of the Group. The Group has worked tirelessly to adapt its business model to the new market trends in the industry and the directors of the Company are currently evaluating the Group's financial strategy and considering to execute the concrete plans to optimise operations and enhance operational efficiency.

The Loan Capitalisation was completed on 19 February 2025.

The issuance of the Capitalisation Ordinary Shares would lead to an increase in share capital, share premium and capital reserve with an aggregate amount of HK$21,414,000 (equivalent to approximately RMB19,829,000).

In addition, the Group has engaged Norton Appraisals Holdings Limited, an independent qualified professional valuer not connected to the Group, to perform a valuation of the fair value of the Capitalisation Convertible Preference Shares on the initial recognition, using binomial model. The fair values of the debt component and equity component of the Capitalisation Convertible Preference Shares are HK$5,037,000 and HK$73,549,000 (equivalent to approximately RMB4,664,000 and RMB68,106,000), respectively.

As if the Loan Capitalisation had been completed on 31 December 2024, the net liabilities of the Group would have been increased from approximately RMB83,900,000 to net assets of approximately RMB4,035,000.

Details of which are set out in the Company's announcement dated 27 December 2024 and 24 January 2025, and the Company's circular dated 9 January 2025;

(ii) *Renewed loan facility with HK$100,000,000 unutilised portion from a related company*

On 31 December 2024, the Company renewed and expanded a loan facility from Lovable Products Trading, from HK$150,000,000 (equivalent to approximately RMB135,930,000) as at 31 December 2023 to HK$250,000,000 (equivalent to approximately RMB231,500,000), in which approximately HK$100,000,000 (equivalent to approximately RMB91,708,000) remained an initial stand-by, unutilised facility as of 31 December 2024, in order to provide financial support to the Group;

(iii) *Negotiation on renewal of existing borrowings*

For the borrowings which will be maturing within 12 months after the end of this reporting period, the Group is actively negotiating with the banks before they fall due to secure their renewals so as to ensure that the necessary funds to meet the Group's working capital and financial requirements in the future will continue to be met. The directors of the Company do not expect to experience significant difficulties in renewing most of these borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing borrowings upon the Group's request. The directors of the Company have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturity;

(iv) *Exploring new sales channels and product lines to facilitate the sales*

The Group is actively exploring new sales channels and product lines to boost sales and attract a diverse range of new customers; and

(v) *Cost-saving measures to be further implemented*

The Group is implementing active cost-saving measures to manage selling and distribution expenses, general and administrative expenses, employing various strategies to enhance operating cash flows and ensure sufficient funding for the Group's working capital needs.

After taking into account the impact of above measures, the directors of the Company have conducted a thorough review of the Group's projected cash flows, and are in the opinion and confident that the Group will have adequate cash resources to satisfy its future working capital and financing needs as and when they fall due in the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2.2 Principal accounting policies

The preparation requires the use of certain material accounting estimates and also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

*Impacts on application of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)" (the "**2020 Amendments**") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "**2022 Amendments**")*

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or noncurrent, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company, the chief operating decision maker (the "**CODM**"), that are used to make strategic decisions. The Group's operating segments are classified as the geographic areas (i) the PRC; and (ii) Hong Kong, Macau and overseas, which are based on the geographic areas of the operations carried out by the Group. No operating segments have been aggregated in arriving at the reporting segments of the Group.

The CODM assess the performance of the operating segments based on a measure of reportable segment (loss)/profit. This measurement basis excludes unallocated other income, corporate expenses, other (losses)/ gains, net and finance costs.

Segment assets mainly exclude deferred tax assets, tax recoverable and other assets that are managed on a central basis.

Segment liabilities mainly exclude current tax liabilities, borrowings, loans from a related company, loan from a director of the Company and other liabilities that are managed on a central basis.

In respect of geographical segment reporting, sales are based on the country in which the customer is located, and total assets and capital expenditure are based on the country where the assets are located.

(a) The following is an analysis of the Group's segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2024:

	The PRC *RMB'000*	**Hong Kong, Macau and overseas** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Revenue				
– Revenue recognised at a point in time	**785,288**	**195,766**	**(6,566)**	**974,488**
Reportable segment (loss)/profit excluding depreciation and amortisation	**(84,885)**	**3,988**	**–**	**(80,897)**
Depreciation and amortisation	**(70,307)**	**(24,315)**	**–**	**(94,622)**
Reportable segment results	**(155,192)**	**(20,327)**	**–**	**(175,519)**
Unallocated other income				**64**
Unallocated corporate expenses				**(6,571)**
Unallocated other losses, net				**(10,545)**
Unallocated finance costs				**(6,895)**
Loss before income tax				**(199,466)**
Income tax expense				**(2,943)**
Loss for the year				**(202,409)**

(b) The following is an analysis of the Group's segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2023:

	The PRC *RMB'000*	Hong Kong, Macau and overseas *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenue				
– Revenue recognised at a point in time	912,130	247,774	(4,166)	1,155,738
Reportable segment (loss)/profit excluding depreciation and amortisation	(82,460)	13,515	–	(68,945)
Depreciation and amortisation	(90,640)	(29,530)	–	(120,170)
Reportable segment results	(173,100)	(16,015)	–	(189,115)
Unallocated other income				109
Unallocated corporate expenses				(7,975)
Unallocated other losses, net				(7,330)
Unallocated finance costs				(5,328)
Loss before income tax				(209,639)
Income tax expense				(1,306)
Loss for the year				(210,945)

(c) The following is an analysis of the Group's assets and liabilities as at 31 December 2024 by reportable segment:

	The PRC ***RMB'000***	**Hong Kong, Macau and overseas** ***RMB'000***	**Total** ***RMB'000***
Segment assets	**375,175**	**46,506**	**421,681**
Deferred tax assets			**13,153**
Unallocated assets			**19,383**
Total assets per consolidated statement of financial position			**454,217**
Segment liabilities	**207,841**	**65,975**	**273,816**
Current tax liabilities			**418**
Borrowings			**107,220**
Loans from a related company			**139,792**
Loan from a director of the Company			**15,000**
Unallocated liabilities			**1,871**
Total liabilities per consolidated statement of financial position			**538,117**

(d) The following is an analysis of the Group's assets and liabilities as at 31 December 2023 by reportable segment:

	The PRC *RMB'000*	Hong Kong, Macau and overseas *RMB'000*	Total *RMB'000*
Segment assets	474,152	65,404	539,556
Deferred tax assets			15,990
Unallocated assets			25,207
Total assets per consolidated statement of financial position			580,753
Segment liabilities	219,757	83,261	303,018
Current tax liabilities			684
Borrowings			76,655
Loan from a related company			85,302
Unallocated liabilities			1,809
Total liabilities per consolidated statement of financial position			467,468

(e) The following is an analysis of the Group's other segment information as at 31 December 2024 by reportable segment:

	The PRC ***RMB'000***	**Hong Kong, Macau and overseas** ***RMB'000***	**Total** ***RMB'000***
Additions to non-current assets	**68,696**	**17,502**	**86,198**
Depreciation and amortisation	**70,307**	**24,315**	**94,622**
Impairment loss on financial assets	**1,574**	**–**	**1,574**
Impairment loss on right-of-use assets	**6,360**	**847**	**7,207**
Impairment loss on property, plant and equipment	**1,199**	**660**	**1,859**
Impairment loss on intangible assets	**2,197**	**1,975**	**4,172**
Write-down of inventories	**10,537**	**377**	**10,914**

(f) The following is an analysis of the Group's other segment information as at 31 December 2023 by reportable segment:

	The PRC *RMB'000*	Hong Kong, Macau and overseas *RMB'000*	Total *RMB'000*
Additions to non-current assets	73,608	11,042	84,650
Depreciation and amortisation	90,640	29,530	120,170
Reversal of impairment loss on financial assets	(535)	–	(535)
Impairment loss on right-of-use assets	6,069	1,554	7,623
Impairment loss on property, plant and equipment	2,763	592	3,355
Impairment loss on intangible assets	750	1,966	2,716
Write-down of inventories	11,250	572	11,822

(g) The Group has recognised the following assets and liabilities related to contracts with customers:

	2024 ***RMB'000***	2023 *RMB'000*
Current assets		
Right of return assets	**254**	52
Current contract liabilities		
– Receipts in advance	**5,505**	6,089
– Customer loyalty programme	**2,124**	3,466
– Liability arising from expected sales return	**254**	110
Total	**7,883**	9,665

As at 1 January 2023, right of return assets amounted to RMB305,000 and contract liabilities amounted to RMB8,775,000.

There are no unsatisfied performance obligations as at 31 December 2024.

Where a customer has a right to return a product within a given period, the Group recognises a liability arising from expected sales return of RMB254,000 (2023: RMB110,000) for the amount of consideration received for which the entity does not expect to be entitled. The Group also recognises a right to the returned goods of RMB254,000 (2023: RMB52,000) measured by reference to the former carrying amount of the goods. The costs to recover the products are not material because the customers usually return them in a saleable condition.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**9,665**	8,775

(h) Sales and distribution channels

The Group has a diverse retail network and an extensive distribution network. The Group sells toys and related lifestyle products through (i) self-operated retail channels; and (ii) wholesale channels.

The following table sets forth a breakdown of revenue by the self-operated retail and wholesale channels for the years indicated:

	2024	2023
	RMB'000	*RMB'000*
Self-operated retail channels		
– Retail shops	**504,414**	647,950
– Consignment counters	**202,328**	258,408
– Online stores	**56,598**	58,731
Wholesale channels		
– Distributors	**196,768**	145,425
– Hypermarket and supermarket chains	**7,814**	35,500
– Online key accounts	**6,566**	9,724
	974,488	1,155,738

For the years ended 31 December 2024 and 2023, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

4 OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income	**64**	109
Government grants *(Note)*	**1,024**	2,256
Promotional service income	**377**	2,096
Rebates from platform service providers of online stores	**1,007**	455
Sundry income	**532**	456
	3,004	5,372

Note: Various government subsidies have been received from the local government authorities for subsidising the operating activities and acquisition of fixed assets. During the year ended 31 December 2024, subsidy income amounting to RMB1,024,000 (2023: RMB2,256,000) are recognised in profit or loss.

5 OTHER LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Net exchange loss	**(10,545)**	(7,372)
Fair value loss on financial assets at FVTPL	**–**	(290)
Gain on lease modifications	**2,003**	130
Loss on disposal of property, plant and equipment	**(521)**	(109)
Others	**(35)**	(67)
	(9,098)	(7,708)

6 EXPENSES BY NATURE

Expenses included in cost of sales, impairment loss/(reversal of impairment loss) on financial assets, selling and distribution expenses, and general and administrative expenses are analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Auditors' remuneration		
– Audit services	**1,440**	1,376
– Non-audit services	**137**	135
Amortisation of intangible assets	**1,349**	1,336
Depreciation of property, plant and equipment	**17,681**	26,122
Depreciation of right-of-use assets	**75,592**	92,712
Cost of inventories	**665,330**	786,923
Write-down of inventories, net (included in cost of sales)	**10,914**	11,822
Rental expenses in respect of		
– variable leases payments	**2,561**	4,574
– short-term leases	**38,800**	31,529
Advertising and promotional expenses	**11,659**	19,209
Concessionaire fees	**66,681**	80,855
Employee benefit expenses (including directors' emoluments)	**95,192**	104,610
Outsourced personnel service fees	**71,865**	82,598
Provision for/(reversal of) impairment loss on trade receivables	**801**	(728)
Provision for impairment loss on bill receivables	**773**	193
Other receivables written-off	**–**	57
Impairment loss on property, plant and equipment *(Note (a))*	**1,859**	3,355
Impairment loss on right-of-use assets *(Note (a))*	**7,207**	7,623
Impairment loss on intangible assets *(Note (b))*	**4,172**	2,716
Transportation costs	**15,421**	17,512
Building management fees	**31,272**	32,229
Retail shop expenses	**16,789**	18,425
Office expenses	**2,618**	2,988
Travel expenses	**1,778**	3,084
Insurance	**943**	995
Others	**12,465**	18,255
	1,155,299	1,350,505

Notes:

(a) The Group determines each individual retail store as a separately identifiable cash-generating unit ("**CGU**") and monitors their financial performance. A provision for impairment of the Group's property, plant and equipment and right-of-use assets of RMB1,859,000 and RMB7,207,000, respectively for the year ended 31 December 2024 (2023: RMB3,355,000 and RMB7,623,000, respectively) was made based on impairment assessment carried out for the retail store assets which have an impairment indicator. Such impairment losses were recorded in selling and distribution expenses. The recoverable amounts are based on value-in-use calculations. These calculations used projected cash flows and key assumptions such as future revenue growth rate and gross margin percentage of individual CGUs based on the Group's annual budget covering an average of 2-year period. A discount rate of 12.0% (2023: 13.5%) was applied to bring the future cash flows back to their present values.

(b) Impairment losses on toy distribution rights and trademark of RMB2,197,000 (2023: RMB750,000) and RMB1,975,000 (2023: RMB1,966,000) have been made based on the impairment assessment, which were recorded to "cost of sales" and "selling and distribution expenses", respectively.

7 FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on borrowings	**3,836**	2,277
Interest expenses on loans from a related company	**2,134**	2,386
Interest expenses on lease liabilities	**5,647**	7,194
Interest expenses on long service payment obligation	**19**	14
Guarantee fees paid	**925**	665
	12,561	12,536

8 INCOME TAX EXPENSE

The amount of income tax charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	RMB'000	*RMB'000*
Current income tax		
– Hong Kong, Macau and overseas profits tax	**36**	301
(Over)/under provision in prior years		
– Hong Kong, Macau and overseas profits tax	**–**	(4,864)
– PRC corporate income tax	**–**	6
	–	(4,858)
Deferred tax	**2,907**	5,863
	2,943	1,306

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.

PRC corporate income tax is provided on the profits of the Group's subsidiaries in the PRC at 25% (2023: 25%). The applicable rate of Hong Kong profits tax is 16.5% (2023: 16.5%). The applicable rate of Macau profits tax is 12% (2023: 12%).

9 LOSS PER SHARE

Basic

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

	2024	2023
Loss attributable to owners of the Company *(RMB'000)*	**(202,151)**	(210,495)
Weighted average number of ordinary shares in issue *('000)*	**800,000**	800,000
Basic loss per share *(RMB cents)*	**(25.27)**	(26.31)

Diluted

The computation of diluted loss per share for the year ended 31 December 2024 does not assume the exercise of the Company's outstanding share options since they would have an anti-dilutive impact to the basic loss per share (2023: same).

10 DIVIDENDS

The Board has decided not to propose for payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

11 LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024	2023
	RMB'000	*RMB'000*
Right-of-use assets		
– Leased premises	**76,761**	91,764
Less: Provision for impairment	**(13,200)**	(10,455)
	63,561	81,309

Additions to right-of-use assets amounted to RMB69,660,000 (2023: RMB70,337,000).

	2024	2023
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	**45,789**	61,530
Within a period of more than one year but not exceeding two years	**12,565**	24,878
Within a period of more than two years but not exceeding five years	**11,164**	6,114
Within a period of more than five years	**3,988**	–
	73,506	92,522
Less: Amount due for settlement within 12 months shown under current liabilities	**(45,789)**	(61,530)
Amount due for settlement after 12 months shown under non-current liabilities	**27,717**	30,992

(ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2024	2023
	RMB'000	*RMB'000*
Depreciation of right-of-use assets *(note 6)*	**75,592**	92,712
Impairment loss on right-of-use assets *(note 6)*	**7,207**	7,623
Interest expense *(note 7)*	**5,647**	7,194
Expense relating to short-term leases *(note 6)*	**38,800**	31,529
Expense relating to variable lease payments not included in lease liabilities *(note 6)*	**2,561**	4,574
Gain on lease modifications *(note 5)*	**(2,003)**	(130)

The total cash outflow for leases during the year ended 31 December 2024 was RMB128,735,000 (2023: RMB142,324,000).

12 TRADE AND BILL RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**51,033**	66,476
Less: provision for impairment	**(10,291)**	(10,199)
	40,742	56,277
Bill receivables	**3,866**	3,866
Less: provision for impairment	**(3,866)**	(3,093)
	–	773
	40,742	57,050

The Group's retail revenue through self-operated retail stores in the PRC are transacted either by cash, credit cards, online payment platforms such as Alipay and WeChat Pay in which the settlement period is normally within 2 days from transaction date. The Group's internet sales are transacted through electronic payment platforms which are settled immediately. The Group's concessionaire revenue through department stores are generally collected by the department stores from the ultimate customers and then pay the balance after deducting the concessionaire fee to the Group. The credit period granted to department stores ranges from 30 days to 180 days.

The Group requires most of its distributors to pay in advance, while offers credit terms of 15 days to 90 days to hypermarket and supermarket chains.

The carrying amounts of trade receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

The Group pledged trade receivables with amount of RMB10,020,000 (2023: RMB11,509,000) to a third party guarantee company to secure the guaranty granted to the Group.

The ageing analysis of the trade receivables as at the end of the reporting period, based on invoice date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**26,515**	40,190
31 to 60 days	**6,368**	8,716
61 to 90 days	**2,089**	2,740
91 to 180 days	**4,873**	1,532
Over 180 days	**11,188**	13,298
	51,033	66,476
Less: loss allowance	**(10,291)**	(10,199)
	40,742	56,277

13 TRADE PAYABLES

The credit periods granted by suppliers are generally ranged from 60 to 90 days. The ageing analysis of the trade payables at the end of reporting period, based on invoice date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**84,309**	87,103
31 to 60 days	**25,452**	23,886
61 to 90 days	**3,040**	2,940
Over 90 days	**4,159**	3,225
	116,960	117,154

ANNUAL GENERAL MEETING

The Company's annual general meeting shall be held on Friday, 13 June 2025 (the "**2025 AGM**"). A notice convening the 2025 AGM, along with other relevant documents, will be published and dispatched to the shareholders of the Company (the "**Shareholders**") in accordance with the requirements under the Company's articles of association and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2025 AGM

For the purpose of determining the entitlement of the Shareholders to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2025 AGM, the non-registered Shareholders must lodge their duly completed and stamped transfer forms accompanied by the relevant share certificates 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 no later than 4:30 p.m. on Monday, 9 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its securities listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such securities (including sale of treasury shares) during the Reporting Period.

As of 31 December 2024, the Company did not hold any treasury shares.

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, there was no significant investments held by the Group and the Group did not have other plans for material acquisition and disposal.

CAPITAL STRUCTURE

As of 31 December 2024, the Company's share capital comprised 800,000,000 issued ordinary shares (the "**Share(s)**") with nominal value of HK$0.01 each. There was no change in the share capital of the Company during the Reporting Period.

On 19 February 2025, the Company has completed a loan capitalisation, by which the unsecured loan of HK$100,000,000 was capitalised and settled through the issuance of 305,914,286 ordinary Shares and 1,122,657,143 convertible preference shares of the Company. For details, please refer to the section headed "Events After the Reporting Period" on page 31 of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, there was no material acquisitions and disposals of subsidiaries, associates and joint ventures.

FUTURE PLAN FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As of 31 December 2024, the Group did not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2024, the Group had approximately 1,100 employees (including both in-house and outsourced employees) (31 December 2023: approximately 1,300 employees) in Mainland China, Hong Kong and Macau. Total remuneration for in-house and outsourced employees for the Reporting Period amounted to approximately RMB95.2 million and RMB71.9 million, respectively (Prior Period: approximately RMB104.6 million and RMB82.6 million, respectively). The Group's remuneration packages comply with legislation in relevant jurisdictions and are decided based on market conditions and employees' levels of experience and qualifications; bonuses are awarded based on employee performance and the Group's financials. The Company has adopted two share option schemes on 20 October 2017 (the "**Share Option Schemes**"). The Group has been ensuring adequate training and professional development opportunities to employees.

At its meeting held on 28 March 2025, the remuneration committee of the Board has reviewed the Share Option Schemes.

EVENTS AFTER THE REPORTING PERIOD

Loan Capitalisation

On 27 December 2024, the Company, Asian Glory and Lovable Products Trading entered into a loan capitalisation agreement (the "**Loan Capitalisation Agreement**"), pursuant to which, the parties have conditionally agreed that the unsecured loan of HK$100,000,000, bearing interest of 2% per annum, due from the Group to Lovable Products Trading (the "**Loan**") would be settled through the issuance of 305,914,286 Capitalisation Ordinary Shares (for the settlement of HK$21,414,000 of the Loan) and 1,122,657,143 Capitalisation Convertible Preference Shares (for the settlement of HK$78,586,000 of the Loan), both at the issue price of HK$0.07, representing a premium of approximately 94.44% over the closing price of HK$0.036 per Share on the date of the Loan Capitalisation Agreement, to Asian Glory. The Loan Capitalisation was approved by the Shareholders at the Company's extraordinary general meeting held on 24 January 2025 ("**202501 EGM**") and completed on 19 February 2025. For details, please refer to the Company's announcements dated 27 December 2024 and 24 January 2025 (collectively, the "**Loan Capitalisation Announcements**"), and the Company's circular dated 9 January 2025 (the "**EGM Circular**").

Amendment of Constitutional Documents

In order to authorise the creation of the Capitalisation Convertible Preference Shares, the issue of the Capitalisation Convertible Preference Shares and the incorporation of the terms of the Capitalisation Convertible Preference Shares, the Company has adopted the third amended and restated memorandum and articles of association (the "**M&A**") by a special resolution passed by the Shareholders at the 202501 EGM. For details, please refer to the Loan Capitalisation Announcements and the EGM Circular. The third amended and restated M&A is available on the respective websites of the Stock Exchange and the Company.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Reporting Period (Prior Period: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and applied the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**CG Code**") as its own code on corporate governance. The Company has complied with all of the mandatory disclosure requirements and all applicable code provisions as set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the CG Code for the Reporting Period except for the deviation as stated below:

Code provision C.2.1 stipulates that the roles of chairman (the "**Chairman**") and chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual. Both positions are currently held by Mr. Lee Ching Yiu. As the founder of the Group, Mr. Lee Ching Yiu has substantial experience in the toy industry. All the other Directors consider that the present structure provides the Group with strong and consistent leadership, which facilitates the development of the Group's business strategies and execution of its business plans in the most efficient and effective manner. The Directors believe that it is in the best interest of the Company and the Shareholders as a whole that Mr. Lee Ching Yiu continues to assume the roles of the Chairman and the CEO.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries made to each of the Directors, all the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As of the date of this announcement, the Audit Committee consists of three independent non-executive Directors (the "**INEDs**"), namely Mr. Cheng Yuk Wo (chairman of the Audit Committee), Mr. Huang Lester Garson and Mr. Albert Thomas da Rosa, Junior. The Audit Committee has reviewed, and has agreed with the independent auditor of the Company, on the annual results of the Group for the Reporting Period.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited ("**Moore**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Moore on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the respective websites of the Company (www.kidslandholdings.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the Reporting Period will be dispatched to the Shareholders, if a printed copy is requested, and made available in the above websites in due course in the manner as required by the Listing Rules.

GRATITUDE

I, on behalf of the Board, would like to take this opportunity to express my sincere gratitude to all our staff for their dedication and cooperation and to all our Shareholders for their support.

By order of the Board
Kidsland International Holdings Limited
Lee Ching Yiu
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 March 2025

As of the date of this announcement, the Board comprises the executive Directors, namely Mr. Lee Ching Yiu (Chairman and Chief Executive Officer) and Ms. Zhong Mei; the non-executive Director, namely Mr. Du Ping; and the INEDs, namely Mr. Cheng Yuk Wo, Mr. Huang Lester Garson and Mr. Albert Thomas da Rosa, Junior.