

KIDDIELAND

Kiddieland International Limited

童園國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3830

Interim Report 2024



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Lo Shiu Shan Suzanne
Ms. Sin Lo Siu Wai Sylvia
(*Chief Executive Officer*)
Mr. Lo Hung (*Chairman*)
Ms. Leung Siu Lin Esther

Independent Non-executive Directors

Mr. Man Ka Ho Donald
Mr. Cheng Dominic
Mr. Sit Hon Wing

AUDIT COMMITTEE

Mr. Sit Hon Wing (*Chairman*)
Mr. Man Ka Ho Donald
Mr. Cheng Dominic

REMUNERATION COMMITTEE

Mr. Cheng Dominic (*Chairman*)
Mr. Man Ka Ho Donald
Mr. Sit Hon Wing
Ms. Sin Lo Siu Wai Sylvia

NOMINATION COMMITTEE

Mr. Man Ka Ho Donald (*Chairman*)
Mr. Cheng Dominic
Mr. Sit Hon Wing

AUTHORISED REPRESENTATIVES

Ms. Sin Lo Siu Wai Sylvia
Mr. Cheung Ka Cheong

COMPANY SECRETARY

Mr. Cheung Ka Cheong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14/F, Bank of America Tower
12 Harcourt Road, Central, Hong Kong

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

<http://www.kiddieland.com.hk>

STOCK CODE

3830

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The global economic climate continues to recover from the impacts of the COVID-19 pandemic, which has weakened purchasing power worldwide. Concurrently, economic slowdowns and depreciating currencies in countries outside the United States, relative to the US Dollar, have further dampened demand for our goods. Despite these challenges, the Toy Business has remained profitable during six months ended 31 October 2024 (the “**Review Period**”), thanks to our innovative, high-quality, and competitively priced products, as well as our strategic collaboration with trusted subcontractors who consistently deliver exceptional value to our customers.

On the other hand, growth in the Laboratory Equipment Business has slowed, primarily due to domestic challenges, including deflation and price competition. As a result, the Group’s unaudited revenue for the Review Period was approximately HK\$136.1 million, marking a decrease of 8.5% compared to the corresponding period last year (the “**Last Period**”) (2023: HK\$148.7 million). However, the profit attributable to owners of the Company for the Review Period was approximately HK\$5.5 million, a slight improvement compared to the net profit of approximately HK\$4.5 million reported for the same period in 2023.

OPERATING RESULTS

Revenue

The revenue from North America grew by 0.9% to approximately HK\$69.3 million in the Review Period (2023: HK\$68.7 million). A stable growth while average selling price remained relatively constant.

The European market declined by 1.2% to approximately HK\$32.9 million in the Review Period (2023: HK\$33.3 million). The decrease highlights the impact of sluggish European economy, compounded by high inflation. Revenue generated from Asia has underperformed with approximately HK\$1.4 million contribution in the Review Period (2023: HK\$4.4 million). The significant decline of 68.2% in the Asian market is attributed to economic and political uncertainties, including high interest rates and inflationary pressure.

Revenue generated from the Laboratory Equipment Business decreased by 22.7% to approximately HK\$28.3 million in the Review Period (2023: HK\$36.6 million). The business is affected by the economic slowdown in the PRC and intense price competition in the industry.

As a result of the above, the Group’s overall revenue decreased by 8.5% to approximately HK\$136.1 million in the Review Period (2023: HK\$148.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

The Group recorded a gross profit decreased by 11.2% to approximately HK\$23.7 million in the Review Period (2023: HK\$26.7 million). The decrease in gross profit is mainly due to the decrease in revenue during the Review Period. The Toy Business has maintained a stable gross profit margin of 17.5% while there was a slight decline in the Laboratory Equipment Business. While the economic growth in China remains slow, competition from Laboratory Equipment Business remains strong and price-sensitive. A decrease in gross profit margin of 3.0% to 17.1% is recorded in the Review Period.

Other Gains/(Losses)

The Group recorded other gains of approximately HK\$0.1 million in the Review Period whilst the Group recorded other losses of approximately HK\$0.7 million in the Last Period. The other losses recorded in the Last Period were mainly attributed to the impairment loss in intangible assets whilst no such impairment loss has been recorded in the Review Period.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 12.5% to approximately HK\$6.3 million during the Review Period (2023: HK\$7.2 million). This reduction was primarily due to lower sales commissions, which corresponded to the decline in revenue from the Toy Business and Laboratory Equipment Business. Additionally, the decrease in expenses is attributed to a reduced headcount of sales representatives in the Laboratory Equipment Business.

Administrative Expenses

Administrative expenses decreased by 25.2% to approximately HK\$11.0 million in the Review Period (2023: HK\$14.7 million). The decrease was mainly attributed to the decrease in staff costs and the other fixed overheads.

Finance Costs

Net finance costs have improved by 50.0% to approximately HK\$0.1 million in the Review Period (2023: HK\$0.2 million). The decrease was attributed to the decrease in average bank borrowings level while the bank interest income earned on the surplus cash on hand kept at the same level during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expenses

The Group recorded income tax expenses of approximately HK\$2.0 million for the Review Period (2023: HK\$0.4 million). The increase was mainly attributable to the increase in the assessable profit and the de-recognition of deferred income tax assets of the Laboratory Equipment Business.

Net Profit

Although there is a slight decrease in the revenue level during the Review Period, the Group recorded a net profit of approximately HK\$5.5 million for the Review Period (2023: HK\$4.5 million). The increase in net profit was mainly attributed to (i) the decrease in selling and distribution expenses; (ii) the decrease in administrative expenses; and (iii) the absence of impairment loss in intangible assets. It was partially offset by the de-recognition of deferred income tax assets of the Laboratory Equipment Business.

Foreign Currency Exposure

The sales, purchases, and expenses incurred in the Toy Business are mainly denominated in Hong Kong and US Dollar. And for production factory located in the PRC in relation to the 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 substantial exposure in this area, and will closely monitor the trend of the Renminbi to see if any action is required.

As at 31 October 2024, the Group had not entered into any financial instrument for the hedging of foreign currency.

OUTLOOK/FUTURE PROSPECTS AND STRATEGIES

Kiddieland has faced different challenges and opportunities over the past year, but continues to strive to greater success with our continued development and success. The lingering effects of the ongoing wars globally coupled with weak currencies, there still remains some impact on consumer spending. The toy industry as a whole has also navigated the complexities of raw material inflation. However, these hurdles have not hindered our drive for innovation and progress as we continue to grow our product range and sales worldwide.

MANAGEMENT DISCUSSION AND ANALYSIS

Kiddieland's reliable subcontractors and outsourced manufacturing processes continue to help enhance profitability. We have emerged with a resilient performance over the last fiscal year and are steadily growing our client base globally. Our proactive approach, including the introduction of reengineered and innovative products, has been pivotal in improving our profitability.

As we look forward, the global economic situation is expected to show signs of improvement in 2025. This anticipated upturn presents us with an opportunity to introduce more competitive and innovative products into a market primed for consumption after a period of reorganization.

In the forthcoming year, Kiddieland will continue to expand our product range with new, hot licenses. Such innovative and improved designs contribute to increased profitability, allowing us to grow market share in untapped countries and identify new buyers and channels. Our strategic initiatives will be geared towards leveraging these anticipated market trends and evolving consumer preferences.

In parallel with our Toy Business, Kiddieland Technology (Laboratory Equipment Business) strives to specialize in three aspects. Firstly, 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. Secondly, to provide professional customized services for customers' individual needs, so as to strongly build up the popularity and satisfaction of the Company's products. Thirdly, to deepen the sales management, continue to provide customers with one-stop service in the pre-sales, sales and after-sales process to alleviate customers' worries and create more opportunities for subsequent orders.

In addition, Kiddieland Technology actively responds to national policies and continuously improves our product series. We believe that Kiddieland Technology is able to gain a foothold in China's education market. 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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 October 2024

| | Note | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|--|------|---|---|
| Revenue | 6 | 136,130 | 148,709 |
| Cost of sales | 7 | (112,464) | (121,998) |
| Gross profit | | 23,666 | 26,711 |
| Other income | | 234 | 233 |
| Other gains/(losses), net | | 54 | (706) |
| Selling and distribution expenses | 7 | (6,320) | (7,201) |
| Administrative expenses | 7 | (10,962) | (14,714) |
| Reversals of impairment losses/(impairment losses) on financial assets, net | | 16 | (40) |
| Operating profit | | 6,688 | 4,283 |
| Finance income | | 262 | 315 |
| Finance expenses | | (345) | (559) |
| Finance costs, net | | (83) | (244) |
| Profit before taxation | | 6,605 | 4,039 |
| Income tax expenses | 8 | (2,048) | (355) |
| Profit for the period | | 4,557 | 3,684 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2024

| | Note | As at 31 October 2024 HK\$'000 (unaudited) | As at 30 April 2024 HK\$'000 (audited) |
|---|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 5,301 | 5,662 |
| Right-of-use assets | 13 | 1,256 | 2,648 |
| Intangible assets | 12 | 3,829 | 7,056 |
| Deferred income tax assets | | 8,254 | 10,447 |
| Deposits and prepayments | | – | 76 |
| | | 18,640 | 25,889 |
| Current assets | | | |
| Inventories | | 10,444 | 9,831 |
| Trade receivables | 14 | 26,987 | 8,731 |
| Other receivables, deposits and prepayments | | 5,006 | 6,395 |
| Contract assets | | 118 | 110 |
| Income tax recoverable | | – | 8 |
| Cash and bank balances | | 2,297 | 7,340 |
| | | 44,852 | 32,415 |
| Total assets | | 63,492 | 58,304 |
| EQUITY | | | |
| Owners of the Company | | | |
| Share capital | 15 | 100,000 | 100,000 |
| Other reserves | | 6,242 | 6,242 |
| Exchange reserves | | (1,711) | (1,672) |
| Accumulated losses | | (73,342) | (78,887) |
| | | 31,189 | 25,683 |
| Non-controlling interests | 18 | 438 | 1,429 |
| Total equity | | 31,627 | 27,112 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2024

| | Note | As at 31 October 2024 HK\$'000 (unaudited) | As at 30 April 2024 HK\$'000 (audited) |
|-------------------------------------|------|--|--|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Accruals and other payables | | 85 | 1,563 |
| Deferred income tax liabilities | | 405 | 550 |
| Lease liabilities | 13 | – | 105 |
| | | 490 | 2,218 |
| Current liabilities | | | |
| Trade and bills payables | 16 | 6,939 | 4,908 |
| Accruals and other payables | | 11,582 | 14,530 |
| Contract liabilities | | 11,501 | 6,840 |
| Lease liabilities | 13 | 1,353 | 2,696 |
| | | 31,375 | 28,974 |
| Total liabilities | | 31,865 | 31,192 |
| Total equity and liabilities | | 63,492 | 58,304 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2024

| | Attributable to owners of the Company (unaudited) | | | | | |
|-----------------------------------|---|----------------------------|-------------------------------|--------------------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Other reserves HK\$'000 | Exchange reserves HK\$'000 | Accumulated losses HK\$'000 | Non-controlling interests HK\$'000 | Total equity HK\$'000 |
| Balance as at 1 May 2024 | 100,000 | 6,242 | (1,672) | (78,887) | 1,429 | 27,112 |
| Profit/(loss) for the period | - | - | - | 5,545 | (988) | 4,557 |
| Other comprehensive loss | - | - | (39) | - | (3) | (42) |
| Total comprehensive income/(loss) | - | - | (39) | 5,545 | (991) | 4,515 |
| Balance as at 31 October 2024 | 100,000 | 6,242 | (1,711) | (73,342) | 438 | 31,627 |

| | Attributable to owners of the Company (unaudited) | | | | | |
|-----------------------------------|---|----------------------------|-------------------------------|--------------------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Other reserves HK\$'000 | Exchange reserves HK\$'000 | Accumulated losses HK\$'000 | Non-controlling interests HK\$'000 | Total equity HK\$'000 |
| Balance as at 1 May 2023 | 100,000 | 6,242 | 87 | (71,549) | 3,372 | 38,152 |
| Profit/(loss) for the period | - | - | - | 4,510 | (826) | 3,684 |
| Other comprehensive loss | - | - | (609) | - | (111) | (720) |
| Total comprehensive income/(loss) | - | - | (609) | 4,510 | (937) | 2,964 |
| Balance as at 31 October 2023 | 100,000 | 6,242 | (522) | (67,039) | 2,435 | 41,116 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2024

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|--|--|--|
| Cash flows from operating activities | | |
| Net cash (used in)/generated from operations | (1,428) | 11,097 |
| Interest received | 262 | 315 |
| Interest paid | (277) | (249) |
| Income tax refunded/(paid) | 8 | (9) |
| Net cash (used in)/generated from operating activities | (1,435) | 11,154 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (629) | (748) |
| Settlements of liabilities arising from acquisitions of licenses | (1,426) | (4,555) |
| Purchase of intangible assets | (31) | (35) |
| Net cash used in investing activities | (2,086) | (5,338) |
| Cash flows from financing activities | | |
| Repayment of principal element of lease liabilities | (1,431) | (1,232) |
| Repayment of interest element of lease liabilities | (68) | (155) |
| Net cash used in financing activities | (1,499) | (1,387) |
| Net (decrease)/increase in cash and cash equivalents | (5,020) | 4,429 |
| Effect on exchange rate differences | (23) | (240) |
| Cash and cash equivalents at beginning of the period | 7,340 | 3,379 |
| Cash and cash equivalents at end of the period | 2,297 | 7,568 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP

Kiddieland International Limited (the “**Company**”) 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.

In the opinion of the directors, the Company’s ultimate and immediate holding company is KLH Capital Limited, a company incorporated in the British Virgin Islands.

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

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 31 October 2024 is prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting”. It should be read in conjunction with the annual report for the year ended 30 April 2024 (the “**Annual Report**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the Annual Report, except for the adoption of new and amended standards, improvements and interpretations of HKFRSs effective for the financial year commencing on 1 May 2024.

(a) New and amended standards, improvements and interpretations of HKFRSs adopted by the Group

The Group has adopted the following new and amended standards, improvements and interpretations of HKFRSs which are mandatory for the financial year commencing on 1 May 2024 and are relevant to its operation:

| | |
|--------------------------------------|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |

The adoption of new and amended standards, improvements and interpretations of HKFRSs does not have a material impact to the Group's financial performance and positions for the current and prior periods and/or on the disclosure set out in these condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) New and amended standards, improvements and interpretations of HKFRSs not yet adopted by the Group

The following new and amended standards, improvements and interpretations of HKFRSs are not yet effective for annual periods commencing on or after 1 May 2024 and have not been early adopted by the Group:

| | | Effective for annual periods commencing on or after |
|-----------------------------------|---|--|
| Amendments to HKAS 21 | Lack of Exchangeability | 1 May 2025 |
| HKFRS 18 (Amendments) | Presentation and Disclosure in Financial Statements | 1 May 2027 |
| HKFRS 19 (Amendments) | Subsidiaries without Public Accountability: Disclosures | 1 May 2027 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

None of the above new and amended standards, improvements and interpretations of HKFRSs is expected to have a significant effect on the consolidated financial statements of the Group.

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual report, and should be read in conjunction with the Annual Report.

There have been no changes in the Group's risk management policies since the year ended 30 April 2024.

(b) Liquidity risk

Compared to the year ended 30 April 2024, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

(c) Fair value estimation

The Group's financial assets comprise of cash and bank balances, trade and bills receivables, other receivables and deposits; and the Group's financial liabilities comprise of trade and bills payables, accruals and other payables and bank borrowings. The carrying amounts of the financial assets and financial liabilities approximate their fair values due to their short maturities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 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 six months ended 31 October 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 of the operating segments of toy business and laboratory equipment business are presented for the six months ended 31 October 2024 and 2023. The related assets and liabilities of the operating segments as at 31 October 2024 and 30 April 2024 are presented as below.

Segment revenue and results

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

For the six months ended 31 October 2024 (unaudited)

| | Toy business HK\$'000 | Laboratory equipment business HK\$'000 | Total HK\$'000 |
|--------------------------|--------------------------|---|-------------------|
| Revenue | 107,838 | 28,292 | 136,130 |
| Cost of sales | (89,009) | (23,455) | (112,464) |
| Gross profit | 18,829 | 4,837 | 23,666 |
| Segment results | 9,128 | (2,728) | 6,400 |
| Unallocated: | | | |
| Other income | | | 234 |
| Other gains, net | | | 54 |
| Finance costs, net | | | (83) |
| Profit before income tax | | | 6,605 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 31 October 2023 (unaudited)

| | Toy business HK\$'000 | Laboratory equipment business HK\$'000 | Total HK\$'000 |
|--------------------------|--------------------------|---|-------------------|
| Revenue | 112,078 | 36,631 | 148,709 |
| Cost of sales | (92,715) | (29,283) | (121,998) |
| Gross profit | 19,363 | 7,348 | 26,711 |
| Segment results | 7,357 | (2,601) | 4,756 |
| Unallocated: | | | |
| Other income | | | 233 |
| Other losses, net | | | (706) |
| Finance costs, net | | | (244) |
| Profit before income tax | | | 4,039 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

| | Toy business HK\$'000 | Laboratory equipment business HK\$'000 | Total HK\$'000 |
|--|--------------------------|---|-------------------|
| As at 31 October 2024 (unaudited) | | | |
| Assets | | | |
| Segment assets | 43,605 | 19,586 | 63,191 |
| Unallocated: | | | |
| Property, plant and equipment | | | 281 |
| Cash and bank balances | | | 20 |
| Total assets | | | 63,492 |
| Liabilities | | | |
| Segment liabilities | 14,031 | 17,834 | 31,865 |
| Total liabilities | | | 31,865 |
| As at 30 April 2024 (audited) | | | |
| Assets | | | |
| Segment assets | 36,015 | 21,838 | 57,853 |
| Unallocated: | | | |
| Property, plant and equipment | | | 345 |
| Cash and bank balances | | | 106 |
| Total assets | | | 58,304 |
| Liabilities | | | |
| Segment liabilities | 15,073 | 16,119 | 31,192 |
| Total liabilities | | | 31,192 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

For the six months ended 31 October 2024, revenue by geographical areas is as follows:

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|--|--|--|
| America | 69,803 | 69,716 |
| Europe | 32,905 | 33,283 |
| Asia Pacific and Oceania (exclude the PRC) | 5,130 | 9,079 |
| The PRC | 28,292 | 36,631 |
| | 136,130 | 148,709 |

The analysis of revenue by geographical segment is based on the location of customers.

For the six months ended 31 October 2024, there was no (six months ended 31 October 2023: one) customer(s) which individually contributed over 10% of the Group's total revenue. During the period, the revenue contributed from the customer is as follows:

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|------------|--|--|
| Customer A | N/A* | 19,381 |

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EXPENSES BY NATURE

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

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|--|--|--|
| Auditor's remuneration | | |
| — Audit services | 500 | 700 |
| — Non-audit services | — | 21 |
| Advertising and promotion expenses | 1,151 | 1,468 |
| Amortisation of intangible assets (note 12) | 3,432 | 3,187 |
| Bank charges | 245 | 254 |
| Commissions | 794 | 1,168 |
| Consumables | 288 | 408 |
| Cost of inventories sold | 92,498 | 99,992 |
| Custom and declaration handling expenses | — | 25 |
| Depreciation of property, plant and equipment (note 11) | 963 | 1,201 |
| Depreciation of right-of-use assets (note 13) | 1,375 | 1,298 |
| Expenses for short-term and low-value operating leases | 696 | 1,651 |
| Licenses fees | 6,744 | 7,975 |
| Logistics and warehousing expenses | 1,612 | 1,853 |
| Other taxes | 1 | 144 |
| Product testing expenses | 896 | 743 |
| Repair and maintenance expenses | 410 | 304 |
| Staff costs, including Directors' emoluments | 10,665 | 13,328 |
| Subcontracting expenses | 3,371 | 3,690 |
| Utilities | 203 | 190 |
| Other expenses | 3,902 | 4,313 |
| | 129,746 | 143,913 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 INCOME TAX EXPENSES

For the six months ended 31 October 2024 and 2023, Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit. The Group's subsidiaries in the PRC are subject to China enterprise income tax at a rate of 25% on 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% on the estimated assessable profit.

The amount of income tax expenses charged to the condensed consolidated interim statement of comprehensive income represents:

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|--|---|---|
| Current income tax | | |
| — Current tax on profit for the period | – | 2 |
| Deferred income tax | 2,048 | 353 |
| Income tax expenses | 2,048 | 355 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 31 October 2024 and 2023.

| | Six months ended 31 October 2024 (unaudited) | Six months ended 31 October 2023 (unaudited) |
|---|--|--|
| Profit attributable to owners of the Company (HK\$'000) | 5,545 | 4,510 |
| Weighted average number of ordinary shares in issue (in thousand) | 1,000,000 | 1,000,000 |
| Basic earnings per share (HK cents) | 0.6 | 0.5 |

(b) Diluted earnings per share

Diluted earnings per share for the period ended 31 October 2024 and 2023 are the same as basic earnings per share as there was no potential dilutive share.

10 DIVIDENDS

For the six months ended 31 October 2024, no dividend was declared or paid by the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvements | Furniture and fixtures | Office equipment | Motor vehicles | Plant and machinery | Moulds and tools | Moulds work-in- progress | Total |
|---|---------------------------|---------------------------|---------------------|-------------------|------------------------|---------------------|--------------------------------|-------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Six months ended 31 October 2023 | | | | | | | | |
| Net book value | | | | | | | | |
| At beginning of the period | 70 | 237 | 321 | 98 | 1,173 | 5,873 | 216 | 7,988 |
| Addition | - | 4 | 3 | - | - | 325 | 416 | 748 |
| Depreciation (note 7) | (4) | (33) | (160) | (12) | (120) | (872) | - | (1,201) |
| Transfer upon completion | - | - | - | - | - | 333 | (333) | - |
| Disposal | - | - | - | - | (25) | - | - | (25) |
| Exchange differences | - | (9) | (11) | (4) | (45) | (144) | - | (213) |
| At end of the period | 66 | 199 | 153 | 82 | 983 | 5,515 | 299 | 7,297 |
| Six months ended 31 October 2024 | | | | | | | | |
| Net book value | | | | | | | | |
| At beginning of the period | - | 88 | 454 | 269 | 816 | 3,807 | 228 | 5,662 |
| Addition | - | - | - | 4 | - | 283 | 342 | 629 |
| Depreciation (note 7) | - | (24) | (78) | (35) | (116) | (710) | - | (963) |
| Transfer upon completion | - | - | - | - | - | 570 | (570) | - |
| Exchange differences | - | (2) | (1) | (2) | (7) | (15) | - | (27) |
| At end of the period | - | 62 | 375 | 236 | 693 | 3,935 | - | 5,301 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 INTANGIBLE ASSETS

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|-----------------------------|---|---|
| Software | 326 | 1,197 |
| Licenses | 3,503 | 6,114 |
| | 3,829 | 7,311 |
| Beginning of the period | 7,056 | 9,727 |
| Addition | 209 | 1,790 |
| Less: amortisation (note 7) | (3,432) | (3,187) |
| Less: impairment losses | – | (908) |
| Exchange differences | (4) | (111) |
| End of the period | 3,829 | 7,311 |

During the six months ended 31 October 2023, the Group identified several software which is unable to generate any cash flow and impairment loss of approximately HK\$908,000 was recognised for the relevant software.

Licenses represent minimum payments under license arrangement for non-exclusive rights of manufacturing toy products with specific cartoon icons and distributing to certain countries.

During the six months ended 31 October 2024, amortisation charge of approximately HK\$3,428,000 (six months ended 31 October 2023: HK\$3,183,000) and HK\$4,000 (six months ended 31 October 2023: HK\$4,000) were charged to cost of sales and administrative expenses, respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 LEASES AND RIGHT-OF-USE ASSETS

The Group has lease contracts for factories and buildings, office premise, warehouse and staff quarter. The movements during the six months ended 31 October 2024 are set out below:

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|----------------------------|--|--|
| Right-of-use assets | | |
| At beginning of the period | 2,648 | 4,885 |
| Addition | – | 586 |
| Depreciation (note 7) | (1,375) | (1,298) |
| Exchange differences | (17) | (188) |
| At end of the period | 1,256 | 3,985 |
| Lease liabilities | | |
| At beginning of the period | 2,801 | 4,981 |
| Addition | – | 586 |
| Finance cost | 68 | 155 |
| Payment | (1,499) | (1,387) |
| Exchange differences | (17) | (193) |
| At end of the period | 1,353 | 4,142 |
| Current | 1,353 | 2,517 |
| Non-current | – | 1,625 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 TRADE RECEIVABLES

| | As at 31 October 2024 HK\$'000 (unaudited) | As at 30 April 2024 HK\$'000 (audited) |
|------------------------|--|--|
| Trade receivables | 27,378 | 9,138 |
| Less: loss allowance | (391) | (407) |
| Trade receivables, net | 26,987 | 8,731 |

The gross amounts of trade receivables are denominated in the following currencies:

| | As at 31 October 2024 HK\$'000 (unaudited) | As at 30 April 2024 HK\$'000 (audited) |
|------|--|--|
| US\$ | 25,427 | 7,794 |
| RMB | 1,951 | 1,344 |
| | 27,378 | 9,138 |

The Group grants credit periods to customers ranged from 0 to 180 days. As at 31 October 2024, the ageing analysis of trade receivables in gross amount based on invoice date is as follows:

| | As at 31 October 2024 HK\$'000 (unaudited) | As at 30 April 2024 HK\$'000 (audited) |
|--------------------|--|--|
| Within 3 months | 26,868 | 7,780 |
| 3 months to 1 year | 186 | 1,034 |
| Over 1 year | 324 | 324 |
| | 27,378 | 9,138 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 SHARE CAPITAL

| | Number of shares (in thousand) (unaudited) | Nominal value HK\$'000 (unaudited) |
|--|---|---|
| Authorised ordinary shares at HK\$0.1 each: As at 31 October 2024 and 30 April 2024 | 10,000,000 | 1,000,000 |
| Ordinary shares issued and fully paid: As at 31 October 2024 and 30 April 2024 | 1,000,000 | 100,000 |

16 TRADE AND BILLS PAYABLES

Trade and bills payables are denominated in the following currencies:

| | As at 31 October 2024 HK\$'000 (unaudited) | As at 30 April 2024 HK\$'000 (audited) |
|------|---|---|
| US\$ | 6,312 | 3,309 |
| HK\$ | – | 11 |
| RMB | 627 | 1,588 |
| | 6,939 | 4,908 |

As at 31 October 2024, the ageing analysis of trade and bills payables based on invoice date is as follows:

| | As at 31 October 2024 HK\$'000 (unaudited) | As at 30 April 2024 HK\$'000 (audited) |
|----------------|---|---|
| Within 1 month | 5,237 | 3,822 |
| 1 to 2 months | 1,392 | 710 |
| 2 to 3 months | 297 | 182 |
| Over 3 months | 13 | 194 |
| | 6,939 | 4,908 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 RELATED PARTY TRANSACTIONS

The Directors are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the period. The related party transactions set out below were carried out on terms mutually agreed between the parties.

| Name of related parties | Relationship with the Group |
|--|---|
| Mr. Lo Hung | Executive Director of the Company |
| Ms. Leung Siu Lin Esther | Executive Director of the Company |
| Ms. Lo Shiu Shan Suzanne | Executive Director of the Company |
| Ms. Sin Lo Siu Wai Sylvia | Controlling shareholder and executive Director of the Company |
| Esther & Victor Limited | Controlled by Mr. Lo Hung and Ms. Leung Siu Lin Esther |
| Top Dragon Enterprise Investment Limited | Controlled by Mr. Lo Hung and Ms. Leung Siu Lin Esther |

(a) Transactions with related parties

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|--|---|---|
| (i) Operating lease expense for office paid or payable to Top Dragon Enterprise Investment Limited | 600 | 600 |
| | 600 | 600 |
| (ii) Key management compensation: | | |
| Wages, salaries and bonuses | 2,275 | 2,561 |
| Retirement benefits | 36 | 42 |
| Other benefits | – | – |
| | 2,311 | 2,603 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other arrangement

During the period, two related companies, Esther & Victor Limited and Top Dragon Enterprise Investment Limited, pledged their properties to banks to make available to the Group's bank facilities of approximately HK\$185,050,000 (six months ended 31 October 2023: HK\$215,050,000).

18 NON-CONTROLLING INTERESTS

Guangdong Kiddieland Technology Co., Ltd., a 75% (six months ended 31 October 2023: 75%) owned subsidiary of the Company, has non-controlling interests of 25% which is material to the Group.

The summarised financial information of Guangdong Kiddieland Technology Co., Ltd. and its wholly-owned subsidiaries, Shenzhen Kiddieland Technology Co., Ltd., Guangzhou Lianda Smart Technology Co., Ltd., Kiddieland Technology Co., Limited and Shenzhen Kiddieland Information Technology Co., Ltd., before intra-group elimination, are presented as below:

| | Six months ended 31 October 2024 HK\$'000 (unaudited) | Six months ended 31 October 2023 HK\$'000 (unaudited) |
|--|--|--|
| Revenue | 28,292 | 36,631 |
| Loss for the period | (3,953) | (3,304) |
| Total comprehensive loss for the period | (3,967) | (3,748) |
| Loss allocated to non-controlling interests | (991) | (937) |
| Cash flows generated from operating activities | 1,750 | 2,706 |
| Cash flows used in investing activities | (89) | (258) |
| Cash flows used in financing activities | (1,341) | (1,335) |
| Net cash inflows | 320 | 1,113 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 NON-CONTROLLING INTERESTS *(Continued)*

| | As at 31 October 2024 HK\$'000 (unaudited) | As at 30 April 2024 HK\$'000 (audited) |
|---------------------------------------|--|--|
| Current | | |
| Assets | 14,343 | 13,567 |
| Liabilities | (17,834) | (16,119) |
| Net current liabilities | (3,491) | (2,552) |
| Non-current | | |
| Assets | 5,243 | 8,271 |
| Net non-current assets | 5,243 | 8,271 |
| Net assets | 1,752 | 5,719 |
| Accumulated non-controlling interests | 438 | 1,429 |

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As of 31 October 2024, the interests and/or short positions of the Directors and/or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 (formerly Appendix 10) to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

Long position in shares of associated corporation — KLH Capital Limited ("KLH Capital")

| Name of Directors | Capacity | Nature of interests | Number of shares (ordinary) | Approximate percentage of shareholding in KLH Capital |
|---------------------------|------------------|---------------------|-----------------------------|---|
| Ms. Sin Lo Siu Wai Sylvia | Beneficial owner | Personal | 10,000 | 100% |

Save as disclosed above, as at 31 October 2024, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 October 2024, the interests and short positions of substantial shareholders (other than the Directors and the chief executive of the Company) in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the shares

| Name of shareholder | Capacity | Number of shares (ordinary) | Approximate percentage of shareholding in the Company |
|---------------------|------------------|-----------------------------|---|
| KLH Capital | Beneficial owner | 750,000,000 (note) | 75% |

Note: Ms. Sin Lo Siu Wai Sylvia, being executive Director and chief executive officer of the Company, holds 100% of the issued shares in KLH Capital.

Saved as disclosed above, as at 31 October 2024, the Company is not aware of any other party (not being a Director and the chief executive of the Company), who had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 October 2024.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, the Group did not hold any significant investment during the six months ended 31 October 2024.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 31 October 2024.

OTHER INFORMATION

EVENTS AFTER REPORTING PERIOD

As of the date of this report, there is no significant event occurring after 31 October 2024.

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted a share option scheme on 31 August 2017 (the “**Share Option Scheme**”) to enable the Company to grant share options to the Directors, employees or other selected participants as incentives and rewards for their contribution to the Group. The Share Option Scheme took effect on 21 September 2017 (the “**Listing Date**”). Details of the Share Option Scheme are set out in the Company’s annual report 2024. Since its adoption, 20,000,000 share options had been granted on 19 July 2018 and expired on 18 July 2021 (both dates inclusive). No share option has been granted under the Share Option Scheme during the six months ended 31 October 2024. The balance of shares issuable under the Share Option Scheme as at 31 October 2024 is Nil.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 31 October 2024, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 (formerly Appendix 14) to the Listing Rules.

CODE FOR DEALING IN COMPANY’S SECURITIES BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules. Having made specific enquiry to each of the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 31 October 2024.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the interim report for the six months ended 31 October 2024, accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial information.

By Order of the Board

Kiddieland International Limited

Lo Hung

Chairman

Hong Kong, 20 December 2024