

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **MIKO INTERNATIONAL HOLDINGS LIMITED**

**米格國際控股有限公司**

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

**(Stock Code: 1247)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Miko International Holdings Limited (the “**Company**”) announced the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the financial year ended 31 December 2024 (the “**FY2024**”) together with the comparative figures for the year ended 31 December 2023 (the “**FY2023**”), which have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) and reviewed by the audit committee of the Company as below.

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2024 (Expressed in Renminbi)*

		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	3	<b>389,137</b>	150,614
Cost of sales		<u>(370,017)</u>	<u>(125,080)</u>
<b>Gross profit</b>		<b>19,120</b>	25,534
Other revenue	4	<b>2,712</b>	3,210
Written down on inventories		<b>(2,577)</b>	(3,177)
Reversal of allowance/(allowance for) expected credit losses on trade and other receivables, net		<b>269</b>	(5,609)
Selling and distribution expenses		<b>(25,424)</b>	(18,287)
Administrative and other operating expenses		<b>(21,361)</b>	(15,552)
Gain on deregistration of an associate		<u>—</u>	<u>3,194</u>
<b>Loss from operations</b>		<b>(27,261)</b>	(10,687)
Finance costs	5(a)	<u>(615)</u>	<u>(1,984)</u>
<b>Loss before taxation</b>	5	<b>(27,876)</b>	(12,671)
Income tax expenses	6	<u>(541)</u>	<u>(45)</u>
<b>Loss for the year attributable to shareholders of the Company</b>		<b>(28,417)</b>	(12,716)
<b>Other comprehensive income for the year</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>(972)</u>	<u>(82)</u>
<b>Total comprehensive loss for the year attributable to shareholders of the Company</b>		<u><b>(29,389)</b></u>	<u>(12,798)</u>
<b>Loss per share (RMB cents)</b>			
– Basic and diluted	7	<u><b>(16.23)</b></u>	<u>(8.45)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2024 (Expressed in Renminbi)*

		<b>2024</b>	2023
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>44,559</b>	41,273
Intangible assets		–	–
Right-of-use assets		<b>2,251</b>	2,149
Deposits paid for property, plant and equipment		–	1,168
		<b>46,810</b>	44,590
<b>Current assets</b>			
Inventories		<b>17,491</b>	31,067
Trade receivables	8	<b>88,515</b>	93,866
Prepayments, deposits and other receivables		<b>13,587</b>	9,309
Cash and cash equivalents		<b>39,655</b>	39,721
		<b>159,248</b>	173,963

	<i>Note</i>	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
<b>Current liabilities</b>			
Trade and other payables	9	<b>55,089</b>	56,417
Lease liabilities		<b>102</b>	—
Bank loans		<b>17,000</b>	17,000
		<b>72,191</b>	73,417
<b>Net current assets</b>		<b>87,057</b>	100,546
<b>Total assets less current liabilities</b>		<b>133,867</b>	145,136
<b>Non-current liabilities</b>			
Lease liabilities		<b>91</b>	—
Deferred tax liabilities		<b>1,300</b>	1,300
		<b>1,391</b>	1,300
<b>Net assets</b>		<b>132,476</b>	143,836
<b>Equity</b>			
Share capital		<b>15,654</b>	13,026
Reserves		<b>116,822</b>	130,810
<b>Total equity</b>		<b>132,476</b>	143,836

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(Expressed in Renminbi unless otherwise indicated)*

## 1 GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at Room 1601, Ho King Commercial Centre, 2-16 Fa Yuen Street, Mong Kok, Kowloon, Hong Kong.

As at 31 December 2024, the directors of the Company consider the immediate and ultimate controlling parties to be Think Wise Holdings Investment Limited and Mr. Ding Peiji respectively.

During the year, the Group were principally engaged in the wholesale business of design, manufacture and sales of children's apparel and other apparel related products. In addition, the supply chain management business of the Group has been emerged and the type of business scope included but not limited to the trading of bulk commodities in Mainland China. Other than this, there were no significant changes in the nature of the Group's principal activities during the year.

## 2 MATERIAL ACCOUNTING POLICY INFORMATION

### **Basis of preparation of consolidated statements**

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **Application of amendments to IFRSs**

#### ***New and amendments to IFRSs that are mandatorily effective for the current year***

In the current year, the Group has applied the following new and amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs 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.

***Amendments to IFRSs in issue but not yet effective***

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual period beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

***IFRS 18 Presentation and Disclosure in Financial Statements***

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 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 IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 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 IFRS 18 on the Group's consolidated financial statements.

### 3 REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions consistent with the way in which information is reported internally to the Group's most senior management for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments.

The Group's operations and reportable segments are as follows:

- (i) Wholesale business – design, manufacture and sales of children's apparel and other apparel related products; and
- (ii) Supply chain management business – trading of bulk commodity products.

#### Segment revenue and results:

The following is an analysis of the Group's revenue and results by reportable segments.

	Wholesale business		Supply chain management business		Total	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue						
– Revenue from external customer	<u>260,336</u>	<u>150,614</u>	<u>128,801</u>	<u>–</u>	<u>389,137</u>	<u>150,614</u>
Segment results	<u>(24,534)</u>	<u>(13,353)</u>	<u>(646)</u>	<u>–</u>	<u>(25,180)</u>	<u>(13,353)</u>
Other revenue					2,712	3,210
Central administration costs					(4,793)	(3,738)
Gain on deregistration of an associate					–	3,194
Finance costs					<u>(615)</u>	<u>(1,984)</u>
Loss before taxation					<u>(27,876)</u>	<u>(12,671)</u>

All of the segment revenue reported above are generated from external customers. Revenue from contracts with customers are recognised at a point in time.

The accounting policies of the operating segments are the same as the Group's accounting policies to the consolidated financial statements. Segment results represent the loss recorded by each segment without allocation of other revenue, gain on deregistration of an associate, finance costs and central administrative costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

**Segment assets and liabilities:**

	Wholesale business		Supply chain management business		Total	
	2024	2023	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	<u>150,260</u>	<u>201,598</u>	<u>51,589</u>	<u>–</u>	<u>201,849</u>	<u>201,598</u>
Unallocated assets					<u>4,209</u>	<u>16,955</u>
Total assets					<u><u>206,058</u></u>	<u><u>218,553</u></u>
Segment liabilities	<u>29,879</u>	<u>60,864</u>	<u>118</u>	<u>–</u>	<u>29,997</u>	<u>60,864</u>
Unallocated liabilities					<u>43,585</u>	<u>13,853</u>
Total liabilities					<u><u>73,582</u></u>	<u><u>74,717</u></u>

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain other prepayments and receivables and certain cash and cash equivalents; and
- all liabilities are allocated to reportable segments other than deferred tax liabilities and certain other payables.



**Other segment information:**

	Wholesale business		Supply chain management business		Total	
	2024	2023	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure*	11,410	5,825	443	–	11,853	5,825
Depreciation of property, plant and equipment	5,896	6,713	58	–	5,954	6,713
Amortisation of right-of-use assets	107	88	–	–	107	88
Written down on inventories	2,577	3,177	–	–	2,577	3,177
(Reversal of allowance)/ allowance for expected credit losses on trade and other receivables, net	(310)	5,609	41	–	(269)	5,609

\* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

**Geographical information:**

All the Group's revenue from external customers and majority of the Group's non-current assets are based in Mainland China.

**Information about major customers:**

Revenue from customers which individually contributed over 10% of the Group's revenue for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	N/A*	16,624
Customer B	N/A*	25,246
Customer C	N/A*	19,607
Customer D	N/A*	16,369
Customer E	97,763	N/A*

\* The corresponding revenue does not contribute over 10% of the Group's revenue for the respective year

**Disaggregation of revenue from contracts with customers:**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Sales of children's and other apparel products	260,336	150,614
Sales of bulk commodity products	128,801	–
	<u>389,137</u>	<u>150,614</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
At a point in time	<u>389,137</u>	<u>150,614</u>

*Transaction allocated to the remaining performance obligation for contracts with customers*

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining obligations under the contracts as all contract works have an original expected duration of one year or less.

**4 OTHER REVENUE**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	1,433	1,544
Rental income	1,161	1,140
Others	118	526
	<u>2,712</u>	<u>3,210</u>

## 5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>(a) Finance costs:</b>		
Interest on bank loans	612	583
Interest in lease liabilities	3	–
Imputed interest on convertible bonds	–	1,401
	<u>615</u>	<u>1,984</u>
<b>(b) Staff costs:</b>		
Contributions to defined contribution retirement plans	3,145	2,693
Salaries, wages and other benefits	23,926	23,792
	<u>27,071</u>	<u>26,485</u>
<b>(c) Other items:</b>		
Depreciation of property, plant and equipment	5,954	6,713
Amortisation of right-of-use assets	107	88
Auditors' remuneration		
– Audit services	829	813
Written down on inventories	2,577	3,177
(Reversal of allowance)/allowance for expected credit losses on trade and other receivables, net	(269)	5,609
Design and development expenses	927	1,792
Cost of inventories sold <sup>#</sup>	370,017	125,080
Gain on deregistration of an associate	–	(3,194)
Loss on disposal of property, plant and equipment	10	76

<sup>#</sup> Cost of inventories for the year ended 31 December 2024 includes approximately RMB12,873,000 (2023: approximately RMB11,083,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately in notes 5(b) and (c) above for each of these types of expenses.

## 6 TAXATION

Income tax expenses in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 RMB'000	2023 RMB'000
<b>Current tax</b>		
– PRC corporate income tax	541	45
<b>Deferred tax</b>		
– Origination of temporary differences	–	–
	<u>541</u>	<u>45</u>

## 7 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year of approximately RMB28,417,000 (2023: loss of approximately RMB12,716,000) and the weighted average of 175,055,000 ordinary shares (2023: 150,545,000 ordinary shares).

### (b) Diluted loss per share

The effect of the Company's share options was anti-dilutive for the year ended 31 December 2024 and 2023, and therefore, diluted loss per share is the same as the basic loss per share.

## 8 TRADE RECEIVABLES

In general, the credit period granted to customers is 30 to 120 days (2023: 30 to 120 days).

As of the end of the reporting period, the ageing analysis of trade receivables of the Group based on invoice date and net of allowance for expected credit losses, is as below:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Within 90 days	<b>53,428</b>	55,065
91-120 days	<b>6,830</b>	13,571
121-180 days	<b>19,748</b>	18,203
181-365 days	<b>8,509</b>	7,027
	<b>88,515</b>	93,866

## 9 TRADE AND OTHER PAYABLES

Included in the trade and other payables, as of the end of the reporting year the trade payables were approximately RMB2,694,000 (2023: approximately RMB32,992,000).

In general, the credit period granted by suppliers is 30 days (2023: 30 days).

Set out below is an ageing analysis of the trade payables at the end of the reporting period based on relevant invoice dates:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Within 3 months	<b>2,694</b>	32,992

## 10 DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

## **BUSINESS REVIEW AND OUTLOOK**

For the full year of 2024, revenue and net loss before taxation of the Group amounted to approximately RMB389.1 million and RMB27.9 million respectively, as compared to revenue and net loss before taxation of approximately RMB150.6 million and RMB12.7 million respectively for the full year of 2023.

During the year of 2024, the economy of Mainland China faced a challenging period of time even the Chinese government continued to implement certain stimulated policies on domestic demand and consumption. Changes in consumption pattern, lower confidence and lower income of the consumers were observed as the consumers became more cautious in spending and the consumption of the goods. This in turns resulted in the lower and soft demand in the wholesale and retail market in Mainland China in the year of 2024.

Parents are increasingly seeking eco-friendly and sustainable clothing options for their children. The online sales continued its growth, with more parents opting for the convenience of online shopping. Personalized and customizable clothing options are gaining popularity among consumers. There is a growing demand for clothing that is safe and comfortable for children.

In addition, the indirect wholly-owned subsidiaries of the Company have been established in support of the Group's new line of business in the supply chain management in Mainland China. The Group started up supply chain management business in relation to the trading of bulk commodity in the year of 2024. During the year of 2024, the business environment for commodity including industrial and chemical produces in Mainland China is influenced by a combination of domestic economic policies, industrial demand, global market trends and sustainability initiatives.

This was a challenging year even overall sales performance increased by 158.4% for the full year 2024 as compared with the same period in 2023 with the emergence of supply chain management business in 2024 but the gross margin reflected a decrease in margin owing to the impact from market condition and products mix sold in the year of 2024.

Considering the unprecedented challenges and market uncertainty, the Group always took immediate actions to preserve cash and strengthen its liquidity during the year. The Group has been managing operating expenses, marketing and promotion cost and finance cost sharply in the recent years in such business environment.

The Chinese government will continuously make certain effective measures and changes to stimulate the overall economic environment that would stimulate the consumer demand and improve overall business environment in Mainland China. The outlook of the wholesale business of apparel related industry and supply chain management business in the year of 2025 is at positive view in Mainland China. The Group also expects the supply chain management business to expand the business scope to the importing and exporting of bulk commodity including but not limited to industrial and food products in the year of 2025. In the medium to long-term, the Group remains positive about its business and believes that it will bring satisfactory and sustainable returns to the shareholders. The Group continuously remains open to the opportunities for investment that can have sustainable growth going forward.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Revenue**

The Group's products were principally engaged in the wholesale business of design, manufacture and sales of children's apparel and other apparel related products in Mainland China. In addition, the supply chain management business of the Group has been emerged and the business scope included but not limited to the trading of bulk commodity in Mainland China in the year of 2024.

The Group's revenue was affected by the challenging business environment in the year of 2024 even with the emergence of the supply chain management business. The Group's revenue recorded an increase of about 158.4%, from approximately RMB150.6 million for FY2023 to approximately RMB389.1 million for FY2024.

Wholesale business of children's apparel and other apparel related products amounted to approximately RMB260.3 million or approximately 66.9% for the Group's revenue during FY2024 as compared to that of approximately RMB150.6 million for FY2023.

Trading of bulk commodity amounted to approximately RMB128.8 million or 33.1% for the Group's revenue during FY2024.

**Cost of Sales**

The cost of sales increased by approximately RMB244.9 million or approximately 195.8%, from approximately RMB125.1 million for FY2023 to approximately RMB370.0 million for FY2024. The increase was generally in line with the changes in products and sales mix with the emergence of supply chain management business in relation to the trading of bulk commodity during the year.

**Gross Profit and Gross Profit Margin**

As a result of the foregoing, the gross profit decreased by approximately RMB6.4 million or approximately 25.1%, from approximately RMB25.5 million for FY2023 to approximately RMB19.1 million for FY2024. Gross profit margin decreased by 12.1 percent points, from 17.0% for FY2023 to 4.9% for FY2024.

**Other Revenue**

Other revenue primarily consisted of interest income from bank deposits of approximately RMB1.4 million (FY2023: approximately RMB1.5 million) and rental income and others of approximately RMB1.3 million (FY2023: approximately RMB1.7 million).

**Reversal of Allowance/(Allowance for) Expected Credit Losses on Trade and Other Receivables, Net**

Reversal of allowance for expected credit losses on trade and other receivables of approximately RMB0.3 million (FY2023: allowance for expected credit losses of approximately RMB5.6 million) are recorded resulting from the management of the Company taking into consideration of the current credit worthiness, the past collection history, the aged status and the prevailing market conditions. The Company will continue to conduct comprehensive review of the distributors' repayment histories, resources and financial capabilities to ensure that they are able to repay the debt within the credit period.



### **Selling and Distribution Expenses**

Selling and distribution expenses primarily consisted of marketing rebates, salaries and benefits for sales and marketing personnel, and advertising and exhibition expenses. Selling and distribution expenses recorded an increase of approximately 38.8%, from approximately RMB18.3 million for FY2023 to approximately RMB25.4 million for FY2024. The increase was resulted from a more advertisement and marketing expenses under the current business environment.

As a percentage of turnover, selling and distribution expenses were 12.1% and 6.5% for FY2023 and FY2024 respectively.

### **Administrative and Other Operating Expenses**

Administrative and other operating expenses primarily consisted of design and development expenses, salaries and benefits for administrative personnel, and professional expenses in relation to legal and financial advisory services and taxes and levies.

Administrative and other operating expenses were approximately RMB21.4 million for FY2024, representing an increase of approximately RMB5.8 million or an increase of approximately 37.4% as compared to approximately RMB15.6 million for FY2023.

As a percentage of turnover, administrative and other operating expenses were 10.3% and 5.5% for FY2023 and FY2024 respectively.

### **Finance Costs**

Finance costs decreased by approximately RMB1.4 million, from approximately RMB2.0 million for FY2023 to approximately RMB0.6 million for FY2024.

### **Income Tax Expenses**

Income tax expenses of approximately RMB0.5 million was recorded for FY2024 (FY2023: RMB0.05 million). Currently, the principal subsidiaries of the Group in Mainland China are subject to an enterprise income tax rate of 25%.

### **Loss for the Year before Taxation**

As a result of the foregoing, loss before taxation for FY2024 of approximately RMB27.9 million was recorded as compared to approximately RMB12.7 million for FY2023.

### **Working Capital Management**

The Group possesses sufficient cash to meet liquidity requirements and for strategic alliances and acquisitions, if any. As of 31 December 2024, the cash and cash equivalents, and bank deposits totaled approximately RMB39.7 million (31 December 2023: approximately RMB39.7 million), representing 24.9% (31 December 2023: 22.8%) of the total amount of the current assets.

Current ratio and quick ratio were 2.2 times and 2.0 times, respectively, as at 31 December 2024, as compared to 2.4 times and 1.9 times, respectively, as at 31 December 2023.

### **Inventories**

The inventories decreased by approximately RMB13.6 million, from approximately RMB31.1 million as of 31 December 2023 to approximately RMB17.5 million as at 31 December 2024. Inventories mainly comprised raw materials of approximately RMB0.8 million (31 December 2023: approximately RMB1.7 million), work in progress of approximately RMB0.1 million (31 December 2023: approximately RMB0.1 million) and finished goods of approximately RMB16.6 million (31 December 2023: approximately RMB29.3 million). The inventory turnover was 24 days for FY2024 (FY2023: 79 days).

Written down on inventories of approximately RMB2.6 million (2023: approximately RMB3.2 million) is provided due to allowance made for obsolete and slow-moving inventory items as the net realisable value for such inventories based primarily on the estimated subsequent selling prices and salability of inventories.

### **Trade Receivables**

Trade receivables decreased by approximately RMB5.4 million, from approximately RMB93.9 million as of 31 December 2023 to approximately RMB88.5 million as of 31 December 2024.

Trade receivables turnover was 86 days for FY2024 (FY2023: 217 days).

Reversal of allowance for expected credit losses on trade and other receivable, net of approximately RMB0.2 million (FY2023: allowance for expected credit losses of approximately RMB5.6 million) is provided resulting from the management of the Company taking into consideration of the current credit worthiness, the past collection history, the aged status and the prevailing market conditions. The Group continues to conduct comprehensive review of the distributors' repayment histories, resources and financial capabilities to ensure that they are able to repay the debt within the credit period.

### **Trade Payables**

Trade payables decreased from approximately RMB33.0 million as of 31 December 2023 to approximately RMB2.7 million as of 31 December 2024. Trade payables turnover was 18 days for FY2024 (FY2023: 54 days).

## LIQUIDITY AND FINANCIAL RESOURCES

The following table sets forth the cash flows for FY2024 and FY2023:

	<b>FY2024</b> <b>RMB'000</b>	<b>FY2023</b> <b>RMB'000</b>
Net cash used in operating activities	<b>(35,615)</b>	(2,859)
Net cash used in investing activities	<b>(10,420)</b>	(4,281)
Net cash generated from financing activities	<b>46,944</b>	10,161
Net increase in cash and cash equivalents	<b>909</b>	3,021
Cash and cash equivalents at 1 January	<b>39,721</b>	36,739
Effect of foreign exchange rate changes	<b>(975)</b>	(39)
Cash and cash equivalents at 31 December	<b>39,655</b>	39,721

The Group was in net cash position as of 31 December 2024, and the gearing ratio was 12.8% as of 31 December 2024 (31 December 2023: 11.8%).

### Notes to financial ratios

- (1) *Inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant period divided by cost of sales of the relevant year and multiplied by 365 days*
- (2) *Trade receivables turnover days equal to the average of the opening and closing balances of trade receivables of the relevant period divided by turnover of the relevant year and multiplied by 365 days*
- (3) *Trade payables turnover days equal to the average of the opening and closing balances of trade payables of the relevant year divided by cost of sales of the relevant year and multiplied by 365 days*
- (4) *Current ratio equals to current assets divided by current liabilities as of the end of the year*
- (5) *Quick ratio equals to current assets less inventories divided by current liabilities as of the end of the year*
- (6) *Gearing ratio equals to total of bank and other borrowings divided by total equity as of the end of the year*

## **FINANCIAL RISK MANAGEMENT**

The Group has a treasury policy that aims to better control its treasury operations and lower borrowing cost. The treasury policy requires the Group to maintain an adequate level of cash and cash equivalents, and sufficient available banking facilities to finance its daily operations and to address short-term funding needs. The Group reviews and evaluates the treasury policy from time to time to ensure its adequacy and effectiveness.

Except for operations of the Company and other investment holding companies outside Mainland China, the Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the management considers the Group's exposure to currency risk insignificant.

The interest rate risk of the Group arises primarily from bank borrowings. As the Group's operations are mainly conducted in Mainland China and the majority of the Group's assets and liabilities, and sales and purchases are transacted in RMB, the Directors are of the view that the Group is not subject to significant foreign exchange rate risks.

## **CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES**

### **Placing of Shares under General Mandate**

On 8 May 2024 (after trading hours), the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best efforts basis, up to 28,339,200 placing shares at the placing price of HK\$0.70 per placing share to not less than six placees who are professional, institutional or other investors that are third parties independent of the Company and its connected persons. The placing shares were allotted and issued pursuant to the general mandate, which had been approved at the annual general meeting of the Company. Details of the placing of new shares were set out in the announcements of the Company dated 8 May 2024 and 28 May 2024.

In May 2024, the Company completed the placement of 28,338,000 shares and raised net proceeds of approximately HK\$19.3 million. As of 31 December 2024, the entire amount of HK\$19.3 million has fully utilised as planned.

The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2024.

<b>Use of proceeds</b>	<b>Planned applications</b> <i>HK\$ million</i>	<b>Percentage of total net proceeds</b>	<b>Actual usage up to 31 December 2024</b> <i>HK\$ million</i>
Setting up a technology platform for the clothing industry supply chain	5.0	25.9%	5.0
General working capital for running supply chain management business	14.3	74.1%	14.3

### **CAPITAL COMMITMENTS**

As of 31 December 2024, the Group has no capital commitments (31 December 2023: Nil).

### **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as of 31 December 2024 and 2023.

### **PLEDGE OF ASSETS**

As of 31 December 2024, certain properties and right-of-use assets totalled approximately RMB9.7 million (31 December 2023: approximately RMB10.3 million) were pledged for certain bank loans.

### **SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

The Group made no significant investments, material acquisitions or disposal of subsidiaries during the year ended 31 December 2024.

### **INVESTMENTS HELD IN FOREIGN CURRENCY AND HEDGING**

For FY2024, the Group did not hold any investments denominated in foreign currencies. Furthermore, the Group's working capital or liquidity did not encounter any material difficulties or material impacts as a result of the movement in exchange rate.

## EMPLOYEES AND REMUNERATION POLICIES

The emolument policy of the Group aims at attracting, retaining and motivating talented individuals. The principle is to have performance-based remuneration which reflects market standards. Remuneration package for each employee is generally determined based on his or her job nature and position with reference to market standards. The emolument policy of the Group will be adjusted depending on a number of factors, including changes to the market practice and stages of the business development, so as to achieve the operational targets of the Group. As at 31 December 2024, the Company employed around 300 full-time employees. The total staff costs for FY2024 was approximately RMB27.1 million (FY2023: approximately RMB26.5 million).

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2024.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. During FY2024, the Board comprised of four executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). During FY2024, the Company has complied with the CG Code, except for the deviation as explained below.

Code provision A.2.1 provides that the roles of Chairman and Chief executive should be separate and should not be performed by the same individual. As Mr. Ding Peiji (“**Mr. Ding**”) is both the chief executive officer and the chairman of the Board of the Company, the Company is in deviation from code provision A.2.1. The Company considers that vesting the roles of both chairman and chief executive officer in Mr. Ding has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board composition and structure taking into account the background and experience of the Directors.

Code provision C.1.2 provides that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. During FY2024, the management of the Company had not provided regular monthly updates to the members of the Board. The management had provided information and updates to the members of the Board as and when appropriate.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during FY2024.

## **REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) was established for the purposes of reviewing and providing supervision over the Group’s financial reporting process, internal controls and risk management. The Audit Committee has reviewed the audited consolidated financial statements for FY2024 and the accounting principles and practices adopted, and discussed auditing, internal controls, and financial reporting matters with the management and the Company’s auditors.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG 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 year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

## **PUBLICATION OF ANNUAL RESULTS**

This announcement of audited annual results is published on the website of the Company ([www.redkids.com](http://www.redkids.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2024 Annual Report containing all the information required by Appendix 16 to the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) will be despatched to the shareholders of the Company and published on the website of the Company and the Stock Exchange in due course.

## **APPRECIATION**

The Board would like to express its sincere appreciation to the shareholders, customers, suppliers, management team and staff for their continuous support to the Group.

On behalf of the Board  
**Miko International Holdings Limited**  
**Ding Peiji**  
*Chairman*

Hong Kong  
28 March 2025

As at the date of this announcement, the Directors are:

*Executive Directors:* Mr. Ding Peiji, Mr. Ding Peiyuan, Ms. Liu Min  
and Mr. Yu Jianjun

*Independent non-executive  
Directors:* Mr. Ng Shing Kin, Mr. Chen Jun and Mr. Guo Zheng