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B.Duck Semk Holdings International Limited

小黃鴨德盈控股國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2250)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	82,314	59,915
Loss for the period	(11,653)	(18,817)
Loss attributable to equity holders of the Company	(10,743)	(16,961)
Adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures ⁽¹⁾	(8,620)	(13,618)
Adjusted net loss margin under non-HKFRS financial measures (%) ⁽²⁾	(10.5)	(22.7)

Notes:

- (1) Adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures for each of the periods represented loss attributable to equity holders of the Company excluding Share Award Scheme expenses for the respective period.
- (2) Adjusted net loss margin under non-HKFRS financial measures for each of the periods is calculated based on adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures divided by the revenue of the Group for the respective period.

	As at 30 June 2025 (unaudited)	As at 30 June 2024 (unaudited)
Segment gross profit margin (%) ⁽¹⁾	55.5	54.8
Return on equity (%) ⁽²⁾	(6.4)	(8.3)
Return on total assets (%) ⁽³⁾	(4.0)	(6.0)
Current ratio (times) ⁽⁴⁾	1.9	2.7
Quick ratio (times) ⁽⁵⁾	1.8	2.5
Gearing ratio (%) ⁽⁶⁾	28.8	18.5
Net debt to equity ratio (%) ⁽⁷⁾	N/A⁽⁸⁾	N/A ⁽⁸⁾

Notes:

- (1) No gross profit margin can be determined for character licensing business segment. Segment gross profit margin for each of the periods is calculated based on revenue attributable to the Group's e-commerce and other businesses deducting cost of inventories sold divided by revenue attributable to the Group's e-commerce and other businesses for the respective period.
- (2) Return on equity equals to loss for the period divided by total equity as at the end of the relevant period.
- (3) Return on total assets equals to loss for the period divided by total assets as at the end of the relevant period.
- (4) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective period.
- (5) Quick ratio is calculated based on total current assets less inventories divided by the total current liabilities as at the end of the respective period.
- (6) Gearing ratio is calculated based on the total interest-bearing bank and other borrowings divided by total equity as at the end of the respective period.
- (7) Net debt to equity ratio is calculated based on net debts as at the end of the respective period divided by total equity as at the end of the respective period. Net debt includes all interest-bearing bank and other borrowings (if any), net of cash and cash equivalents and time deposits.
- (8) The Group was at a net cash position as the amount of cash and cash equivalents and time deposits exceeded the total interest-bearing bank and other borrowings of the Group, such that the net debt to equity ratio is not applicable.

INTERIM RESULTS

The board (“**Board**”) of directors (“**Directors**”) of B.Duck Semk Holdings International Limited (“**Company**” or “**B.Duck Semk**”, together with its subsidiaries, the “**Group**”) announces the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	<i>Notes</i>	Six months ended 30 June	
		2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	<i>6</i>	82,314	59,915
Other income	<i>7</i>	4,551	3,645
Net fair value changes of financial assets at fair value through profit or loss	<i>17</i>	–	(889)
Other losses, net	<i>7</i>	(201)	(2,408)
Cost of inventories sold		(18,274)	(15,198)
Employee benefit expenses	<i>8</i>	(39,230)	(31,726)
Promotion costs		(12,127)	(7,702)
Online platform usage fee		(3,491)	(2,948)
Depreciation and amortisation		(7,515)	(8,030)
(Provision)/reversal of impairment losses on contract assets and financial assets at amortised cost	<i>6, 15, 16</i>	(1,071)	2,034
Other expenses	<i>9</i>	(16,010)	(17,652)
Operating loss		(11,054)	(20,959)
Finance income	<i>10</i>	1,357	2,489
Finance costs	<i>10</i>	(1,189)	(1,418)
Finance income, net	<i>10</i>	168	1,071
Loss before income tax		(10,886)	(19,888)
Income tax (expense)/credit	<i>11</i>	(767)	1,071
Loss for the period		(11,653)	(18,817)

		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
<i>Notes</i>		(unaudited)	(unaudited)
Loss attributable to:			
	– Equity holders of the Company	(10,743)	(16,961)
	– Non-controlling interests	(910)	(1,856)
		<u>(11,653)</u>	<u>(18,817)</u>
		<u>(11,653)</u>	<u>(18,817)</u>
Loss for the period			
Other comprehensive loss:			
<i>Item that may be reclassified to profit or loss:</i>			
	– Currency translation differences	(706)	(1,212)
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
	– Currency translation differences	(38)	17
		<u>(744)</u>	<u>(1,195)</u>
		<u>(744)</u>	<u>(1,195)</u>
Total comprehensive loss for the period			
		<u>(12,397)</u>	<u>(20,012)</u>
Total comprehensive loss attributable to:			
	– Equity holders of the Company	(11,449)	(18,173)
	– Non-controlling interests	(948)	(1,839)
		<u>(12,397)</u>	<u>(20,012)</u>
		<u>(12,397)</u>	<u>(20,012)</u>
Loss per share			
	– Basic		
	(expressed in HK cents per share)	<i>13</i> <u>(1.15)</u>	<u>(1.79)</u>
		<u>(1.15)</u>	<u>(1.79)</u>
	– Diluted		
	(expressed in HK cents per share)	<i>13</i> <u>(1.15)</u>	<u>(1.79)</u>
		<u>(1.15)</u>	<u>(1.79)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025	31 December 2024
		HK\$'000	HK\$'000
	<i>Note</i>	(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment		17,705	13,374
Intangible assets		2,975	3,313
Right-of-use assets		13,046	16,276
Deferred income tax assets		11,873	11,323
Deposits, prepayments and other receivables	<i>16</i>	46,619	64,232
Financial assets at fair value through profit or loss	<i>17</i>	9,139	9,000
		<hr/>	<hr/>
		101,357	117,518
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories	<i>14</i>	16,833	13,879
Trade receivables	<i>15</i>	44,660	39,068
Contract assets		16,389	19,713
Deposits, prepayments and other receivables	<i>16</i>	54,226	39,887
Time deposits with original maturity over three months		–	40,000
Cash and cash equivalents		54,743	22,985
		<hr/>	<hr/>
		186,851	175,532
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		288,208	293,050
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

		30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
EQUITY			
Share capital	21	191	191
Share premium		240,511	240,511
Capital reserve		(33,883)	(33,883)
Retained earnings		29,065	39,808
Other reserves		(53,640)	(55,057)
		<hr/>	<hr/>
Equity attributable to holders of the Company		182,244	191,570
Non-controlling interests		733	1,345
		<hr/>	<hr/>
Total equity		182,977	192,915
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	20	783	–
Lease liabilities		7,311	10,357
Deferred income tax liabilities		459	13
		<hr/>	<hr/>
		8,553	10,370
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Trade payables	18	5,213	2,307
Accruals and other payables	19	22,585	22,344
Contract liabilities		10,119	10,116
Current income tax liabilities		183	2,124
Bank and other borrowings	20	51,948	45,923
Lease liabilities		6,630	6,951
		<hr/>	<hr/>
		96,678	89,765
		<hr/> <hr/>	<hr/> <hr/>
Total liabilities		105,231	100,135
		<hr/>	<hr/>
Total equity and liabilities		288,208	293,050
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

B.Duck Semk Holdings International Limited (the “**Company**”) was incorporated in the Cayman Islands (“**Cayman Islands**”) on 10 December 2020 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of licensing services, design consultation services and trading of licensed brand products in Hong Kong and the Mainland China.

The interim condensed consolidated financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) unless otherwise stated.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) Amended standard adopted by the Group for the annual reporting period commencing on 1 January 2025:

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

	Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments) 1 January 2025

The amended standard listed above did not have any impact to the Group's interim condensed consolidation financial information in the current and prior periods.

(b) New and amended standards and interpretations issued but are not yet effective for the annual reporting period commencing 1 January 2025 and have not been early adopted by the Group:

	Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments) 1 January 2026
Amendments to HKFRS1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments) 1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements 1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures 1 January 2027
Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments) 1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture To be determined

The Group is in the process of making an assessment of the impact of these new standards and amendments of standards, and has concluded on a preliminary basis that the adoption of these new and amended standards is not expected to have a significant impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual consolidated financial statements for the year ended 31 December 2024.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

There have been no changes in the risk management policies since 31 December 2024.

5.1.1 Credit risk

The Group is exposed to credit risk in relation to its trade receivables, contract assets, deposits, and other receivables, amounts due from related companies and cash and cash equivalents. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

The credit risk on cash and cash equivalents are limited because cash are placed in banks with sound credit ratings.

The Group is exposed to concentration of credit risk as at 30 June 2025 and 31 December 2024 that other receivables, contract assets and trade receivables which totalled approximately HK\$66,694,000 (2024: HK\$67,814,000), HK\$3,898,000 (2024: HK\$8,086,000) and HK\$31,566,000 (2024: HK\$31,057,000) respectively were due from the largest customer of the Group and accounted in total for 35% (2024: 36%) of the total assets of the Group. The management considered the business relationship and the historical settlement pattern by the customer, as well as the inventory pledged for the other receivables, that the credit risk is manageable.

It is the Group's policy that all customers who wish to have credit terms are subject to credit verification procedures. The management has monitoring procedures to ensure that follow – up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of the customers' profiles and subsequent settlement to ensure that adequate impairment is made for the irrecoverable amount.

Receivables are written-off when there there is no reasonable expectation of recovery.

Loss allowance for trade receivables and contract assets

The Group applied the simplified approach in HKFRS 9 to measuring expected credit loss which uses a lifetime expected credit loss for trade receivables and contract assets. Except for trade receivables and contract assets with known insolvencies or significant outstanding balances which are assessed individually, the Group determines the expected credit loss on the remaining balances by using a provision matrix grouped by common risk characteristic.

Measurement of expected credit loss

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

	Gross carrying amount of trade receivables and contract assets (HK\$'000)	Credit loss allowance (HK\$'000) (Notes 6(c) and 15)	Expected loss rate
As at 30 June 2025			
Character licensing			
Individual assessment	52,928	(17,464)	33.0%
Collective assessment			
Not yet past due and past due up to			
30 days	18,793	(664)	3.5%
Past due 31-60 days	458	(65)	14.2%
Past due 61-90 days	1,005	(247)	24.6%
Past due 91-120 days	98	(33)	33.7%
Past due 121-180 days	1,245	(515)	41.4%
Past due over 180 days	778	(486)	62.5%
Total	22,377	(2,010)	
E-commerce and other			
Not yet past due and past due up to			
30 days	4,908	(353)	7.2%
Past due 31-60 days	432	(49)	11.3%
Past due 61-90 days	85	(13)	15.3%
Past due 91-120 days	18	(4)	22.2%
Past due 121-180 days	123	(35)	28.5%
Past due over 180 days	333	(227)	68.2%
Total	5,899	(681)	

	Gross carrying amount of trade receivables and contract assets (HK\$'000)	Credit loss allowance (HK\$'000) (Note 6(c) and 15)	Expected loss rate
As at 31 December 2024			
Character licensing			
Individual assessment	<u>55,335</u>	<u>(16,192)</u>	29.3%
Collective assessment			
Not yet past due and past due up to			
30 days	13,023	(300)	2.3%
Past due 31-60 days	313	(47)	15.0%
Past due 61-90 days	179	(28)	15.6%
Past due 91-120 days	62	(13)	21.0%
Past due 121-180 days	697	(274)	39.3%
Past due over 180 days	<u>3,984</u>	<u>(2,371)</u>	59.5%
Total	<u>18,258</u>	<u>(3,033)</u>	
E-commerce and other			
Not yet past due and past due up to			
30 days	4,415	(317)	7.2%
Past due 31-60 days	199	(22)	11.1%
Past due 61-90 days	22	(3)	13.6%
Past due 91-120 days	34	(8)	23.5%
Past due 121-180 days	67	(19)	28.4%
Past due over 180 days	<u>177</u>	<u>(132)</u>	74.6%
Total	<u>4,914</u>	<u>(501)</u>	

Deposits and other receivables

For deposits and other receivables, the management makes periodic individual assessment on their recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. As at 30 June 2025, the management considered there was a significant increase in credit risk of other receivables due from a third party amounted to HK\$68,835,000. Consequently, lifetime expected credit losses of approximately HK\$2,140,000 were recognised as at 30 June 2025. Note 16 provides details on the reconciliation on loss allowance of deposits and other receivable under general approach.

Other financial assets at amortised cost

The Group adopts general approach for expected credit losses of deposits and other receivables and amounts due from related parties. The Group considers that the credit risk on these financial assets have not significantly increased since initial recognition. Therefore, these financial assets are classified in stage one and only 12-month expected credit losses are considered. Considering the history of default, financial position of these debtors and forward looking factor, the expected credit loss is immaterial.

5.1.2 Liquidity risk

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group also maintains a prudent level of liquid assets and committed banking facilities to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business.

The following tables show the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities based on contractual undiscounted cash flows and the earliest date the Company can be required to pay. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On demand or within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
As at 30 June 2025 (Unaudited)				
Trade payables	5,213	–	–	5,213
Other payables (<i>Note i</i>)	14,377	–	–	14,377
Lease liabilities	6,628	3,737	3,942	14,307
Bank and other borrowings	51,948	791	–	52,739
	<u>78,166</u>	<u>4,528</u>	<u>3,942</u>	<u>86,636</u>
As at 31 December 2024 (Audited)				
Trade payables	2,307	–	–	2,307
Other payables (<i>Note i</i>)	13,923	–	–	13,923
Lease liabilities	6,979	4,496	6,471	17,946
Bank and other borrowings	45,923	–	–	45,923
	<u>69,132</u>	<u>4,496</u>	<u>6,471</u>	<u>80,099</u>

Note i: Other payables exclude accrued salary and other benefits and value-added tax and other tax payable disclosed herein.

The table below summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
As at 30 June 2025 (Unaudited)	<u>22,923</u>	<u>10,358</u>	<u>23,281</u>	<u>–</u>	<u>56,562</u>
As at 31 December 2024 (Audited)	<u>13,584</u>	<u>8,732</u>	<u>26,196</u>	<u>1,451</u>	<u>49,963</u>

The directors of the Company have given careful consideration to its available liquid assets and sources of financing in assessing whether the Group will have sufficient financial resources to support its operation. As at 30 June 2025, the Group had cash and cash equivalents of approximately HK\$54,743,000.

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents and time deposits. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.

As at 30 June 2025 and 31 December 2024, the amount of cash and cash equivalents and time deposits exceeded that of total borrowings, the Group was at a net cash position. Thus, the gearing ratio is not applicable.

5.3 Fair value estimation

The carrying values of investment in life insurance contract, financial assets at fair value through profit or loss and accruals, provision and other payables are a reasonable approximation of their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue, which is also the Group's turnover, represents amounts received and receivable from the provision of licensing services, design consultation services, LBE-related ticketing income and sales of licensed brand products. An analysis of revenue is as follows:

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
Revenue		
<u>Recognised over time</u>		
Provision of licensing services	23,611	18,945
Provision of design consultation services	10,943	7,380
	<u>34,554</u>	<u>26,325</u>
<u>Recognised at a point in time</u>		
Sales of licensed brand products	43,874	33,590
LBE-related ticketing income	3,886	–
	<u>47,760</u>	<u>33,590</u>
Total revenue	<u><u>82,314</u></u>	<u><u>59,915</u></u>

For the six months ended 30 June 2025 and 2024, there was no individual customer contributed over 10% of the Group's total revenue.

(b) Segment information

The directors have been identified as the chief operating decision makers ("CODM") of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The directors assess the Group's business as two reporting segments based on respective revenue and loss after tax before unallocated expenses for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as this condensed consolidated financial information. Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the CODM.

The CODM identifies two reportable segments based on the nature of products and services, namely character licensing and e-commerce and other. The character licensing business is mainly engaged in the provision of licensing services, design consultation services and sales of LBE-related tickets, whilst e-commerce and other business is mainly engaged in the trading of licensed brand products through online platforms and offline channels.

	Character licensing <i>HK\$'000</i>	E-commerce and other <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended			
30 June 2025 (Unaudited)			
Gross revenue	40,175	47,783	87,958
Inter-segment revenue	<u>(1,735)</u>	<u>(3,909)</u>	<u>(5,644)</u>
Revenue from external sales	38,440	43,874	82,314
Segment results	<u>(8,381)</u>	<u>(1,149)</u>	(9,530)
Unallocated:			
– Share-based payment			(2,123)
Loss after income tax			<u>(11,653)</u>
For the six months ended			
30 June 2024 (Unaudited)			
Gross revenue	27,441	33,590	61,031
Inter-segment revenue	<u>(1,116)</u>	<u>–</u>	<u>(1,116)</u>
Revenue from external sales	26,325	33,590	59,915
Segment results	<u>(12,858)</u>	<u>(2,172)</u>	(15,030)
Unallocated:			
– Share-based payment			(3,787)
Loss after income tax			<u>(18,817)</u>

The amount of revenue by customers' location is shown in the following table:

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Mainland China	76,347	57,161
Hong Kong	1,287	956
Southeast Asia and Taiwan	3,981	1,622
Others	<u>699</u>	<u>176</u>
	<u>82,314</u>	<u>59,915</u>

The total amount of non-current assets excluding deferred tax assets located in the Mainland China as at 30 June 2025 and 31 December 2024 are HK\$37,928,000 and HK\$36,479,000, respectively, and the total amount of non-current assets excluding deferred tax assets located in Hong Kong and others as at 30 June 2025 and 31 December 2024 are HK\$51,556,000 and HK\$69,716,000, respectively.

(c) **Assets and liabilities related to contracts with customer**

LBE related ticketing income

Customers obtain control of the service when coins are surrendered for admission to LBE attractions. Revenue from coins sold for use at a future date is deferred and recognised as a contract liability until the coins are surrendered or have expired, which amounts to approximately HK\$386,000 as at 30 June 2025 (31 December 2024: Nil). There is generally only one performance obligation.

The Group has recognised the following assets and liabilities related to contracts with customer:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Contract assets	16,870	20,946
Less: loss allowance for contract assets	<u>(481)</u>	<u>(1,233)</u>
	<u>16,389</u>	<u>19,713</u>
Contract liabilities	<u>10,119</u>	<u>10,116</u>

Movement on the provision for impairment of contract assets is as follows:

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Beginning of the period	(1,233)	(543)
Reversal/(provision) of loss allowance for contract assets	779	(719)
Currency translation differences	<u>(27)</u>	<u>6</u>
End of the period	<u>(481)</u>	<u>(1,256)</u>

Unfulfilled performance obligation

Aggregate amount of the transaction price allocated to contracts that are partially or fully unfulfilled as at the end of the period and are expected to be fulfilled in the following time bands. The amounts disclosed below do not include variable consideration.

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Within 1 year	24,245	23,579
1-2 years	14,718	14,989
2-3 years	2,801	8,685
3-4 years	251	662
After 4 years	<u>-</u>	<u>29</u>
	<u>42,015</u>	<u>47,944</u>

7 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
Other income		
Sample sales	536	554
Management fee income (<i>Note 23</i>)	901	1,111
Government subsidies (<i>Note i</i>)	194	181
Compensation received (<i>Note ii</i>)	614	1,361
Gain on termination of leases	–	203
Sundry income	326	235
Other tax refund	1,232	–
E-commerce solutions service (<i>Note 23, iii</i>)	748	–
	<u>4,551</u>	<u>3,645</u>
Other losses, net		
Net foreign exchange losses	(201)	(2,494)
Gain on disposal of property, plant and equipment, net	–	86
	<u>(201)</u>	<u>(2,408)</u>

Note i: Government subsidies comprise grant received from various local governments in Mainland China and Hong Kong. There are no unfulfilled conditions or contingencies in relation to the grants.

Note ii: The amounts represented compensation received from legal action against third parties for infringement of the Group's trademark.

Note iii: The Group provided operation support to the e-commerce business of ENS Toys (Huizhou) Limited.

8 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
Salaries, allowances and benefits (including directors' emoluments)	32,495	24,364
Pension costs – defined contribution plan	4,612	3,575
Share-based payment (<i>Note 22</i>)	2,123	3,787
	<u>39,230</u>	<u>31,726</u>

9 OTHER EXPENSES

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
Travelling and transportation	2,288	2,930
Office expenses	2,732	2,592
Legal and professional fee	4,243	7,322
Agency fee	354	89
Rental expenses – short term leases	180	125
Repair and maintenance	14	74
Insurance expense	232	290
Building management fee	483	898
Licensing fee	197	38
Commission expense	1,422	–
Auditor's remuneration:		
– Audit fee	728	844
– Non-audit service	270	270
Others	2,867	2,180
	16,010	17,652

10 FINANCE INCOME, NET

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (unaudited)	2024 <i>HK\$'000</i> (unaudited)
Finance income		
Interest income from bank deposits	513	1,629
Other interest income	844	860
	1,357	2,489
Finance costs		
Finance charges on lease liabilities	(335)	(497)
Bank charges	(123)	(29)
Interest expenses	(731)	(892)
	(1,189)	(1,418)
Finance income, net	168	1,071

11 INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax:		
– Hong Kong profits tax	–	708
– Mainland China corporate income tax	672	49
– Withholding tax	20	5
	<hr/>	<hr/>
	692	762
Deferred income tax	75	(1,833)
	<hr/>	<hr/>
	767	(1,071)
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 June 2025 and 2024.

In accordance with the two-tiered profits tax regime effective from 1 January 2018, Hong Kong profits tax has calculated at 8.25% on the first HK\$2,000,000 for one of the subsidiaries in Hong Kong, and 16.5% on the remaining balance of the estimated assessable profits.

The statutory income tax rate applicable to entities in the Mainland China is 25%.

The Group is also subject to withholding tax at the rate of 7% and 10%, respectively, on management fee and design fee charged from the Group's Hong Kong subsidiaries to the Group's Mainland China subsidiaries.

No overseas profits tax has been calculated as the Company incorporated in the Cayman Islands is exempted from tax.

As at 30 June 2025 and 31 December 2024, there were no deferred income tax provided in relation to the unremitted earnings as the Group's management has approved that the Mainland China subsidiaries have no intention and are not probable to declare dividend in the foreseeable future and the Group is able to control the timing of the reversal of the temporary differences and it is decided that the unremitted earnings will not be remitted in the foreseeable future.

12 DIVIDEND

Pursuant to the resolution passed at the Company's annual general meeting held on 27 May 2024, the Company has declared 2023 final dividend of HK\$0.5 cents per ordinary share totaling HK\$4,904,965. This dividend has been fully settled on 21 June 2024.

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2025.

13 LOSS PER SHARE

(a) Basic

Basic losses per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Loss attributable to holders of the Company (<i>HK\$'000</i>)	(10,743)	(16,961)
Weighted average number of ordinary shares in issue	937,787,514	947,743,355
Basic loss per share (<i>expressed in HK cents per share</i>)	<u>(1.15)</u>	<u>(1.79)</u>

(b) Diluted

Diluted loss per share during the six months ended 30 June 2025 and 2024 equal to basic losses per share as the inclusion of the potential ordinary shares in the calculation of dilutive loss per share would be anti-dilutive.

14 INVENTORIES

	30 June	31 December
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Finished goods – Gross	21,167	20,189
Less: provision of inventories	<u>(4,334)</u>	<u>(6,310)</u>
Finished goods – Net	<u>16,833</u>	<u>13,879</u>

During the six months ended 30 June 2025, cost of inventories amounted to HK\$18,274,000 was recognised as expense and included in “cost of inventories sold” within the condensed consolidated statement of comprehensive income (30 June 2024: HK\$15,198,000).

During the six months ended 30 June 2025, reversal for impairment amounted to HK\$2,046,000 was included in “cost of inventories sold” within the condensed consolidated statement of comprehensive income (30 June 2024: reversal for impairment amounted to HK\$1,674,000).

15 TRADE RECEIVABLES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Trade receivables	64,334	57,561
Less: loss allowance	<u>(19,674)</u>	<u>(18,493)</u>
	<u>44,660</u>	<u>39,068</u>

The Group normally grants credit terms to its customers ranging from 0 to 30 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Current – 30 days	45,108	38,840
31 – 60 days	890	512
61 – 90 days	1,090	201
91 – 120 days	116	96
121 – 180 days	1,368	764
Over 180 days	<u>15,762</u>	<u>17,148</u>
	<u>64,334</u>	<u>57,561</u>

Movement on the credit loss allowance of trade receivables is as follows:

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Beginning of the period	(18,493)	(19,803)
Written off	952	1,195
(Provision)/reversal of impairment loss on financial assets	(1,886)	1,821
Currency translation differences	<u>(247)</u>	<u>119</u>
End of the period	<u>(19,674)</u>	<u>(16,668)</u>

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Current portion:		
Consideration receivable from transfer of trademark	30,817	13,833
Value added tax recoverable	6,187	6,662
Deposits	4,233	4,327
Contract costs	325	219
Other receivables	5,095	3,528
Prepayment for inventories	732	1,433
Other prepayments	7,795	10,315
	<u>55,184</u>	<u>40,317</u>
Less: provision for impairment	(958)	(430)
	<u>54,226</u>	39,887
Non-current portion:		
Prepayment for trademarks	8,401	8,439
Other asset – investment in life insurance contract (<i>Note i</i>)	1,382	1,382
Consideration receivable from transfer of trademark	38,018	56,157
	<u>47,801</u>	<u>65,978</u>
Less: provision for impairment	(1,182)	(1,746)
	<u>46,619</u>	<u>64,232</u>

Movement on the credit loss allowance of deposit and other receivables is as follows:

	June 2025 HK\$'000	June 2024 HK\$'000
Beginning of the period	(2,176)	(3,863)
Reversal of impairment loss on financial assets	36	932
	<u>(2,140)</u>	<u>(2,931)</u>

Note i:

As at 30 June 2025 and 31 December 2024, the Group held a life insurance policy for a director of the Group. The investment in life insurance contract is denominated in USD. The Group has the right to surrender the insurance partially or in full at any time after the first policy anniversary for cash value. Cash value represents the account value net of surrender charges.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended	
	30 June 2025 <i>HK\$'000</i> (unaudited)	30 June 2024 <i>HK\$'000</i> (unaudited)
Balance as at 1 January	9,000	9,735
Fair value loss	–	(889)
Currency translation difference	139	(64)
	<u>9,139</u>	<u>8,782</u>
Balance as at 30 June	<u><u>9,139</u></u>	<u><u>8,782</u></u>

Financial assets at fair value through profit or loss include the following:

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
	Unlisted equity investments	<u><u>9,139</u></u>

On 19 April 2023, the Group has subscribed 20% equity interest in an unlisted entity incorporated in the PRC at consideration of RMB7,000,000 (equivalent to approximately HK\$7,676,000). Due to the existence of certain preferential right granted by the investee, the investment is classified as financial assets at fair value through profit or loss as at 30 June 2025.

On 9 November 2023, the Group has subscribed 10% equity interest in an unlisted entity incorporated in the PRC at consideration of RMB1,000,000 (equivalent to approximately HK\$1,097,000). Due to the lack of control or significant influence over the investee, the investment is classified as financial assets at fair value through profit or loss as at 30 June 2025.

18 TRADE PAYABLES

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
Trade payables		
– Related party	1,986	–
– Third parties	3,227	2,307
	<u>5,213</u>	<u>2,307</u>

The credit period granted by suppliers for trade payables generally around 60 days. The ageing analysis of the trade payables by invoice date is as follows:

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
Up to 30 days	3,427	1,545
31 to 60 days	692	172
61 to 90 days	577	222
Over 90 days	517	368
	<u>5,213</u>	<u>2,307</u>

19 ACCRUALS AND OTHER PAYABLES

	30 June 2025 <i>HK\$'000</i> (unaudited)	31 December 2024 <i>HK\$'000</i> (audited)
Accrued expenses	4,191	4,974
Accrued salary and other benefits	4,990	4,365
Other payables	10,186	8,949
Value added tax and other tax payable	3,218	4,056
	<u>22,585</u>	<u>22,344</u>

20 BANK AND OTHER BORROWINGS

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Non-current		
Other loan – secured	783	–
Current		
Bank borrowings – secured	50,124	45,923
Other loan – secured	1,824	–
	51,948	45,923
	52,731	45,923

The amounts repayable based on the scheduled repayment date set out in the loan agreements ignoring the effect of any repayment on demand clause are as follows:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Within 1 year	21,139	12,119
Between 1 to 2 years	9,397	7,671
Between 2 to 5 years	22,195	24,689
Over 5 years	–	1,444
	52,731	45,923

As at 30 June 2025, the weighted average effective interest rate of bank borrowing was 3.28% per annum.

As at 30 June 2025, banking facilities of HK\$70,388,000 were granted by the banks to subsidiaries of the Group (31 December 2024: HK\$46,000,000), of which HK\$48,567,000 were utilised by the subsidiaries of the Group and the unutilised banking facilities amounted to HK\$21,821,000 (2024: Nil). The banking facilities are secured by corporate guarantee provided by the Company.

21 SHARE CAPITAL

	Number of ordinary shares	Share capital nominal value HK\$'000	Share premium HK\$'000
Authorised:			
At 1 January 2024 (audited), 31 December 2024 (audited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	<u>2,000,000,000</u>	<u>388</u>	<u>–</u>
Issued and fully paid:			
At 1 January 2024 (audited)	980,993,000	191	245,253
Dividend declared out of share premium account (Note i)	<u>–</u>	<u>–</u>	<u>(4,742)</u>
At 31 December 2024 (audited), 1 January 2025 and 30 June 2025 (unaudited)	<u>980,993,000</u>	<u>191</u>	<u>240,511</u>

Note i: Pursuant to the resolution passed at the Company's annual general meeting held on 27 May 2024, the Company has declared 2023 final dividend of HK\$0.5 cents per ordinary share totaling HK\$4,904,965 out of the share premium account, offset by dividend received by the shares held by the Trustee (as defined in note 22) for the Share Award Scheme (as defined in note 22). This dividend has been fully settled on 21 June 2024.

Note ii: As at 30 June 2025, 32,384,000 shares were held under the Share Award Scheme (31 December 2024: 40,944,000 shares).

22 SHARE AWARD SCHEME

Futu Trustee Limited, a company incorporated in Hong Kong and authorised to undertake trust business in accordance with the laws of Hong Kong, was appointed as the trustee of the Company (the "**Trustee**") for the administration of the share award scheme of the Company ("**Share Award Scheme**").

The aggregate number of shares granted by the Group ("**Awarded Shares**") currently permitted to be awarded under the Share Award Scheme is limited to 10% of the issued share capital of the Company to be refreshed automatically from time to time.

Under the Share Award Scheme, the (i) employees of the Group; (ii) employees of holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any persons who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business ("**Eligible Participant**") may be selected by the Board to participate in the Share Award Scheme.

The Board may, from time to time, select any Eligible Participant for participation in the Share Award Scheme as a selected participant ("**Selected Participant(s)**"), and grant such number of Awarded Shares to any Selected Participant at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

The Trustee holds the shares of the Company for the benefits of the Selected Participants before the share awards are vested.

When a Selected Participant has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Trustee shall transfer the relevant vested Awarded Shares to that Selected Participant at no cost.

The Trustee shall not exercise the voting rights in respect of any shares of the Company held under the Trust, including, inter alia, the Awarded Shares and further shares of the Company acquired out of the income derived therefrom.

On 31 October 2023, 14,608,000 Awarded Shares were granted to the Selected Participants.

On 31 January 2024, 14,714,000 Awarded Shares were granted to two members of senior management of Shenzhen Dequ Technology and Development Co., Ltd. (“深圳德趣科技有限公司”, “**Dequ Technology**”), a non-wholly owned subsidiary of the Group. All Awarded Shares were lapsed as of 31 December 2024 and 30 June 2025.

The fair value of the Awarded Shares was calculated based on the market price of the Company’s shares at the respective grant dates. The Group recognised an expense of approximately HK\$2,213,000 (2024: HK\$3,787,000) for the six months ended 30 June 2025 in relation to these share awards.

As at 30 June 2025, 8,560,000 vested shares had been transferred to employees from shares held under the Share Award Scheme (31 December 2024: nil shares).

23 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The directors of the Company are of the view that the following companies or individuals were related parties that had transactions or balances with the Group as at and during the six months ended 30 June 2025 and 2024:

Related parties	Relationship with the Group
Semk Products (Holdings) Limited	Ultimate holding company
ISA Global Licensing Limited	A company controlled by Mr. Hui Ha Lam
Kafutoy Industrial Co Limited	A company controlled by Mr. Hui Pak Shun and Ms. Ng Pui Ching, parents of Mr. Hui Ha Lam
ENS Toys (Huizhou) Limited (“ ENS Toys ”)	A company controlled by Mr. Hui Ha Lam
Shenzhen Dream Studio Technology Co Limited (“ Dream Studio ”)	Non-controlling shareholder of a subsidiary
SEMK Enterprises Co Ltd.	A company controlled by Mr. Hui Ha Lam

The following transactions were carried out with related parties at terms mutually agreed by the relevant parties.

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Purchase of goods:		
– ENS Toys	<u><u>(16,790)</u></u>	<u><u>(11,956)</u></u>
Management fee income (<i>Note 7</i>):		
– ENS Toys	<u><u>901</u></u>	<u><u>1,111</u></u>
E-commerce solutions service (<i>Note 7</i>):		
– ENS Toys	<u><u>748</u></u>	<u><u>–</u></u>

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Rental expense – short term:		
– ISA Global Licensing Limited	<u>(120)</u>	<u>(120)</u>
Advertising expenses:		
– Dream Studio	<u>(17)</u>	<u>(187)</u>
Revenue:		
– Dream Studio	<u>5</u>	<u>97</u>
Disposal of property, plant and equipment		
– SEMK Enterprises Co Ltd.	<u>–</u>	<u>90</u>
(b) Balances with related parties		
	30 June	31 December
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Prepayment and other receivable from a related party		
– ENS Toys	<u>965</u>	<u>3,742</u>
Trade receivables		
– Dream Studio	<u>166</u>	<u>156</u>
Trade payable		
– ENS Toys	<u>(1,986)</u>	<u>–</u>
Other payable		
– ENS Toys	<u>(783)</u>	<u>(4,592)</u>
– ISA Global Licensing Limited	<u>(80)</u>	<u>–</u>
	<u>(863)</u>	<u>(4,592)</u>

(c) **Key management compensation**

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries and allowances	3,340	3,371
Social security costs	46	44
Pension costs		
– Defined contribution plan	54	59
	3,440	3,474

24 CONTINGENT LIABILITIES

In May 2021, a third party (the “**Claimant**”) has lodged a claim to seek compensation of RMB55,000,000 (equivalent to approximately HK\$60,310,000), with the allegation of the Group and a retailer of the Group’s licensed products (the “**Licensee**”) for causing unfair competition and infringement of certain registered trademarks (the “**Claimant’s Trademarks**”) by sales of kitchen utensils, towels, and shoes and apparels bearing the trademarks of the Group (the “**Alleged Trademarks**”), which were alleged to be similar to the Claimant’s Trademarks.

Judgement of the first hearing from the Jiangsu Suzhou Intermediate People’s Court (the “**Judgement**”) on 30 December 2022 held that the Group and the Licensee were liable to pay sums of RMB6,000,000 and RMB1,000,000 respectively (equivalent to approximately HK\$6,579,000 and HK\$1,097,000 respectively) for damages to the Claimant.

On 19 January 2023, the Group has lodged an appeal (the “**Appeal**”) against the Judgement. During 2023, the Claimant’s Trademarks were invalidated by the China National Intellectual Property Administration and the Claimant’s appeal against the invalidation claim has been rejected in June 2024. Based on the opinion from the legal advisors of the Group, there is a high probability that the Judgement can be overturned. Taking into consideration the judgement issued against the Group, the advice from the legal advisors, the uncertainty as to the outcome of the Appeal and the status of other legal actions taken by the Group in relation to this case, the directors had made a provision of RMB1,000,000 (equivalent to HK\$1,097,000) in respect of the damages and costs for this case as at 31 December 2024 and 30 June 2025 (as at 31 December 2024: HK\$1,080,000).

Furthermore, on 20 December 2021, the controlling shareholders of the Company entered into a deed of indemnity with the Group to indemnify any losses, costs, expenses, damages and other liabilities suffered by the Group, directly or indirectly, in connection with the above cases.

25 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in other section of this announcement, there is no other significant event took place subsequent to 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in two areas of business: (i) the character licensing business: the creation, design, licensing, brand management and marketing of self-created B.Duck Family Characters across multi-channels. The Group licenses the B.Duck Family Characters and brands to its licensees, provides them with product design application services and allows them to use the same in their products and services offering; and (ii) the e-commerce and other business: the design, development, procurement and retail sales of the Group's B.Duck Family Characters-featured products through multi-channels.

Leveraging on the popularity of B.Duck Family Characters and with an aim to further develop into a multi-IPs company, the Group has entered into certain co-operation arrangements with 8 new IPs in July 2025.

Character Licensing Business

The Group's character licensing business can be broadly divided into five service types, namely (i) merchandise licensing; (ii) location-based entertainment (“LBE”) licensing; (iii) content and media licensing; (iv) promotion licensing; and (v) design consultation, which are interrelated and complementary to each other, with each of them being provided on a single, multi-service or integrated basis.

As an extension of the Group's LBE licensing business, the Group commenced its self-operated LBE programs namely B.Duck City Funs and B.Duck City Park with parent-child games, check-in hotspots and pop-up stores for retail products in 2025. The Group intends to operate the B.Duck City Funs and B.Duck City Park of prime locations on its own while other locations would be co-operated by the Group's licensees or joint operators.

E-commerce and Other Business

The Group's e-commerce and other business mainly involves the sale of B.Duck Family Characters-featured products on e-commerce platforms of third parties. In 2015, the Group launched its first online flagship store on Tmall, a well-known business-to-customer online shopping platform in China. Following the Group's success in the opening of such flagship store, the Group subsequently expanded into other e-commerce platforms, such as JD.com, VIP.com, Pinduoduo, Xiaohongshu and Douyin in China, to offer its products and allow customers to pay online, with products directly shipped to them. Since 2022, the Group commenced its overseas e-commerce business in Thailand, Indonesia and United States of America, etc. The Group currently operates e-commerce stores, amongst others, in Lazada, Tik Tok and Amazon.

The following table sets forth a breakdown of revenue by business segments:

	For the six months ended	
	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Character licensing business	38,440	26,325
E-commerce and other business	43,874	33,590
Total	<u>82,314</u>	<u>59,915</u>

FINANCIAL REVIEW

Revenue by Business Segment

The Group's revenue from character licensing business increased by approximately HK\$12.1 million or approximately 46.0% from approximately HK\$26.3 million for the six months ended 30 June 2024 ("6M2024") to approximately HK\$38.4 million for the six months ended 30 June 2025 ("6M2025"). Such increase was mainly attributable to the increase in royalty charged and excess royalty charged to licensees under LBE licensing and provision of design of consultation services. In addition to LBE licensing, the Group commenced several own self-operated LBE programs during the 6M2025 and yielded a ticketing income of approximately HK\$3.9 million for the 6M2025. In view of the success of the several self-operated LBE programs, the Group aims to increase the scale of the self-operated LBE programs in the near future and expects that the ticketing income will become an important revenue stream to the Group. The Group also intends to have pop-up stores in the LBE attractions for merchandise retail in order to create the demand for the Group's branded merchandise to increase the connection of the Group's IPs with the consumers.

The Group succeeded in increasing the number of licensees across different product categories for the 6M2025. The following table sets forth the movement of the number of licensees (exclusive of licensing agents) the Group had established business relationship with as at 31 December 2024 and 30 June 2025:

As at 30 June 2025

577

As at 31 December 2024

530

The Group's revenue from e-commerce and other business increased by approximately HK\$10.3 million or approximately 30.6% from approximately HK\$33.6 million for 6M2024 to approximately HK\$43.9 million for 6M2025. Such increase was primarily attributable to the promotion efforts that our Group has been investing in the e-commerce platforms as well as our expansion onto other e-commerce platforms in the PRC and Southeast Asia. We will continue to focus in developing e-commerce sales platform overseas, including Thailand, Indonesia, the United States of America ("USA"), etc. The overseas e-commerce business is still in the growth stage with enormous opportunities and potential for expansion.

Revenue by IPs

The Group's B.Duck Family Characters are targeted at consumers aged between 15 and 34 years old who are brand conscious and possess qualities such as trendiness, high purchasing power, tech-savviness and affinity with social media primarily located in Asia.

The following table sets forth a breakdown of the Group's revenue by IP character under its character licensing business:

	For the six months ended			
	30 June 2025		30 June 2024	
	HK\$'000	%	HK\$'000	%
The Group's self-created				
IP characters				
B.Duck	34,817	90.6	22,471	85.3
Buffy	1,518	3.9	1,551	5.9
B.Duck Baby	1,610	4.2	1,884	7.2
Licensed Characters	495	1.3	419	1.6
Total	38,440	100	26,325	100

B.Duck products are the Group's major product type. Revenue from B.Duck products, which contributed 90.6% of its licensing revenue in 6M2025, increased by approximately 54.9% from approximately HK\$22.5 million for 6M2024 to approximately HK\$34.8 million for 6M2025.

Revenue by Customers' Geographical Location

The following table sets forth a breakdown of the Group's revenue by customers' geographical locations for 6M2024 and 6M2025:

	For the six months ended			
	30 June 2025		30 June 2024	
	HK\$'000	%	HK\$'000	%
Mainland China	76,347	92.8	57,161	95.4
Hong Kong	1,287	1.6	956	1.6
Southeast Asia and Taiwan	3,981	4.8	1,622	2.7
Others <i>(Note)</i>	699	0.8	176	0.3
Total	82,314	100	59,915	100

Note: Others include revenue generated from Brazil, Latin America and other countries.

Mainland China remains to be the largest revenue contributing region of the Group which accounted for approximately 92.8% of the Group's revenue for the 6M2025 (approximately 95.4% for the 6M2024). Due to the continuing expansion of the Group's presence in other Asia Pacific region, the Group's revenue from Hong Kong, Southeast Asia and Taiwan increased from approximately 4.3% of the Group's revenue for the 6M2024 to 6.4% for the 6M2025. The Group aims to increase its global presence beyond Asia and the USA is one of the regions where the Group will be focusing on in the near future.

Revenue generated from Character Licensing Business

The following table sets forth a breakdown of the Group's revenue by service type under its character licensing business for 6M2024 and 6M2025:

	For the six months ended			
	30 June 2025		30 June 2024	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Merchandise licensing				
Minimum guarantee	16,389	42.6	17,177	65.3
Excess royalties	1,112	2.9	158	0.6
Total royalty income	17,501	45.5	17,335	65.9
LBE licensing				
Minimum guarantee	2,487	6.5	803	3.1
Excess royalties	3,514	9.1	696	2.6
Total royalty income	6,001	15.6	1,499	5.7
LBE related ticketing income	3,886	10.1	–	–
Content and media licensing				
Minimum guarantee	81	0.2	105	0.4
Excess royalties	–	–	–	–
Total royalty income	81	0.2	105	0.4
Promotion licensing				
Minimum guarantee	28	0.1	6	0.0
Excess royalties	–	–	–	–
Total royalty income	28	0.1	6	0.0
Design consultation service fees	10,943	28.5	7,380	28.0
Total	38,440	100	26,325	100

Cost of Inventories Sold

Cost of inventories sold (comprising primarily cost of inventories for the Group's e-commerce and other business) amounted to approximately HK\$18.3 million and HK\$15.2 million for 6M2025 and 6M2024, respectively, which accounted for approximately 18.9% and 18.3% of its total operating expenses (comprising employee benefit expenses, depreciation and amortisation, promotions costs, online platform usage fee, cost of inventories sold and other expenses) for the respective periods. During the 6M2025, the gross profit margin of the e-commerce and other business of approximately 55.5% was comparable to the gross profit margin of 54.8% for the 6M2024. The Group generally sets the price of the merchandise it offers to its customers based on the merchandise procurement costs plus a profit margin. When the prices offered to the Group by its suppliers fluctuate, the selling prices of the merchandises would be adjusted correspondingly.

Employee Benefit Expenses

The employee benefit expenses amounted to approximately HK\$39.2 million and HK\$31.7 million for 6M2025 and 6M2024, respectively, representing approximately 40.6% and 38.1% of the Group's total operating expenses (comprising employee benefit expenses, depreciation and amortisation, promotion costs, online platform usage fee, cost of inventories sold and other expenses) for the respective periods. Below is the breakdown of the revenue from different business segments and their corresponding employee benefit expenses for the 6M2025 and 6M2024 respectively.

	Six months ended 30 June			
	2025	Employee benefit expenses	2024	Employee benefit expenses
	Revenue <i>HK\$'000</i>	<i>HK\$'000</i>	Revenue <i>HK\$'000</i>	<i>HK\$'000</i>
Character licencing business	38,440	25,310	26,325	21,157
E-commerce and other business:				
– E-commerce sales in China (Apparels, gifts and accessories)	35,681	5,205	28,701	3,411
– E-commerce sales in overseas markets (Apparels, gifts and accessories, etc.)	3,667	1,448	1,155	544
– E-commerce sales in China (Trendy toys)	1,675	1,086	1,541	383
Others	2,851	4,058	2,193	2,444
Share award scheme expenses	–	2,123	–	3,787
Total	<u>82,314</u>	<u>39,230</u>	<u>59,915</u>	<u>31,726</u>

The increase in employee benefit expenses for the 6M2025 was mainly due to the increase in manpower of both character licensing business and e-commerce and others business, offset by the decrease in share-based payment.

The employee benefit expenses/revenue ratio of the character licensing business decreased from approximately 80.4% for the 6M2024 to approximately 65.8% for the 6M2025, demonstrating a better economy of scale and costs control of the character licensing business.

The employee benefit expenses/revenue ratio of the e-commerce sales of apparels, gifts and accessories in China increased from approximately 11.9% for the 6M2024 to approximately 14.6% for the 6M2025, which is mainly due to the higher manpower cost for e-commerce platforms which the Group newly joined in 2025.

The employee benefit expenses/revenue ratio of the e-commerce sales of apparels, gifts and accessories, etc. in overseas market decreased from approximately 47.1% for the 6M2024 to approximately 39.5% for the 6M2025, demonstrating a better economy of scale and costs control of the business segment.

The employee benefit expenses/revenue ratio of the e-commerce sales of trendy toys in China increased significantly from approximately 24.9% for the 6M2024 to approximately 64.8% for the 6M2025 because the Group recently commenced its e-commerce sales of trendy toys in China in 2024 and more manpower is needed during the initial stage of development of this business segment.

(Provision)/Reversal of Impairment Losses on Contract Assets and Financial Assets at Amortised Cost

The Group recorded a provision of impairment losses on contract assets and financial assets at amortised cost of approximately HK\$1.1 million for 6M2025 as compared to the reversal of impairment losses on contract assets and financial assets at amortised cost of approximately HK\$2.0 million for 6M2024, primarily due to the increase in trade receivables. The Group will continue to closely monitor the collectability of the trade receivables and implements stringent policies to ensure timely collection of the trade receivables.

Other Income

Other income increased by approximately 27.8% from approximately HK\$3.6 million for 6M2024 to approximately HK\$4.6 million for 6M2025, primarily due to the refund of other tax of approximately HK\$1.2 million during the 6M2025.

Promotion Costs

The Group's promotion costs primarily comprise costs incurred for promotional campaigns, advertisements, brand management and marketing activities. For 6M2025 and 6M2024, the Group's promotion costs amounted to approximately HK\$12.1 million and HK\$7.7 million, respectively. Below is the breakdown of the revenue from different business segments and their corresponding promotion cost for the 6M2025 and 6M2024 respectively.

	Six months ended 30 June			
	2025		2024	
	Revenue	Promotion	Revenue	Promotion
	<i>HK\$'000</i>	<i>costs</i>	<i>HK\$'000</i>	<i>costs</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Character licencing business	<u>38,440</u>	<u>2,853</u>	<u>26,325</u>	<u>1,741</u>
E-commerce and other business:				
– E-commerce sales in China (Apparels, gifts and accessories)	35,681	6,139	28,701	4,583
– E-commerce sales in overseas markets (Apparels, gifts and accessories, etc.)	3,667	1,082	1,155	267
– E-commerce sales in China (Trendy toys)	1,675	536	1,541	277
Others	<u>2,851</u>	<u>1,517</u>	<u>2,193</u>	<u>834</u>
Total	<u><u>82,314</u></u>	<u><u>12,127</u></u>	<u><u>59,915</u></u>	<u><u>7,702</u></u>

The promotion costs/revenue ratio of the character licensing business increased from approximately 6.6% for the 6M2024 to approximately 7.4% for the 6M2025. The increase is mainly due to more promotion being utilized for the promotion of the Group's LBE events in the 6M2025.

The promotion costs/revenue ratio of the e-commerce sales of apparels, gifts and accessories in China increased from approximately 16.0% for the 6M2024 to approximately 17.2% for the 6M2025, which is mainly due to the higher initial promotion cost for e-commerce platforms which the Group newly joined in 2025. As the Group started its e-commerce sales of apparels, gifts and premium in China since 2015, it is expected that its business model is more mature and the costing efficiency would be more stable.

The Group commenced its e-commerce sales of apparels, gifts and accessories, etc. in overseas market in 2022 and it is still in its early stage of development. The promotion costs/revenue ratio of the e-commerce sales of apparels, gifts and premium in overseas market increased from approximately 23.1% for the 6M2024 to approximately 29.5% for the 6M2025. The higher promotion costs incurred is mainly due to the fact that the overseas markets are relatively new to the Group and its product portfolios.

The promotion costs/revenue ratio of the e-commerce sales of trendy toys in China increased from approximately 18.0% for the 6M2024 to approximately 32.0% for the 6M2025. As the Group recently commenced its e-commerce sales of trendy toys in China in 2024 and it is only the second year of operation, it is expected that the initial promotion costs would be higher.

Online Platform Usage Fee

The Group's online platform usage fee primarily represents sales commission and service fees payable to the e-commerce platforms for the Group's online sales under the e-commerce and other business. For 6M2025 and 6M2024, online platform usage fee amounted to approximately HK\$3.5 million and approximately HK\$2.9 million, respectively, representing an increase of approximately of 18.4%.

In light of the revenue increase from the e-commerce and other business segment of approximately 30.6% during 6M2025, the approximately 18.4% increase in the online platform usage fee during 6M2025 demonstrated an improved operational efficiency in the Group's e-commerce and other business.

Operating Loss

As a result of the above, the Group's operating loss decreased by approximately 47.3% from approximately HK\$21.0 million for 6M2024 to approximately HK\$11.1 million for 6M2025.

Other Expenses

The following table sets forth a breakdown of the Group's other expenses:

	For the six months ended			
	30 June 2025		30 June 2024	
	HK\$'000	%	HK\$'000	%
Travelling and transportation	2,288	14.3	2,930	16.6
Office expenses	2,732	17.1	2,592	14.7
Legal, audit and professional fee	5,241	32.7	8,436	47.8
Agency fee	354	2.2	89	0.5
Building management fee and rental expenses	663	4.1	1,023	5.8
Licensing fee	197	1.2	38	0.2
Others <i>(Note)</i>	4,535	28.4	2,544	14.4
	16,010	100	17,652	100.0

Note: Others include, among others, repair and maintenance, insurance expense, decoration expenses, sample fees, utilities and testing fee etc.

There was a decrease in the other expenses from approximately HK\$17.7 million for the 6M2024 to approximately HK\$16.0 million for the 6M2025, mainly resulting from the decrease in legal, audit and professional fee offset by the increase in office expenses and other expenses.

Legal, audit and professional fees mainly relates to audit fee and legal costs incurred in (i) the protection of trademarks, and (ii) legal proceedings of the Group. Agency fee represents (i) the commission of licensing agents, and (ii) licensing fee for the licensed characters obtained from independent licensors.

Finance Income, Net

Finance income, net, decreased from approximately HK\$1.1 million for 6M2024 to approximately HK\$0.2 million for 6M2025, primarily due to less interest income generated from bank deposits as a result of lower average deposit balance and lower interest rate.

Income Tax Expense

The income tax position shifted from an income tax credit of approximately HK\$1.1 million in 6M2024 to an income tax expense of approximately HK\$0.8 million in 6M2025, representing a change of approximately HK\$1.9 million. This was primarily due to increase in Mainland China corporate income tax in 6M2025 compared to 6M2024.

Non-HKFRS Financial Measures

Adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures is defined as loss for the period attributable to equity holders of the Company excluding Share Award Scheme expenses. As Share Award Scheme expenses are not related to the performance of the Group's operation, the Directors consider that the presentation of the Group's adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures by eliminating the impact of Share Award Scheme expenses can better reflect the operational performance during the respective periods. Furthermore, the Group's management also uses the non-HKFRS financial measures to assess the Group's operating performance and formulate business plans. The Group believes that the non-HKFRS financial measures provide useful information to the investors about its core business operations, which they can use to evaluate the Group's operating results and understand its consolidated results of operations in the same manner as the management. The following table sets forth a reconciliation of the Group's adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures for the periods indicated to that prepared in accordance with HKFRS measures:

	For the six months ended	
	2025	2024
	HK\$'000	HK\$'000
Loss attributable to equity holders of the Company	(10,743)	(16,961)
Add:		
Share Award Scheme expenses (<i>note i</i>)	<u>2,123</u>	<u>3,343</u>
Adjusted net loss attributable to equity holders of the Company under non-HKFRS financial measures	<u>(8,620)</u>	<u>(13,618)</u>

note i: The Share Award Scheme expenses disclosed herein exclude the portion of the Share Award Scheme expenses related to the non-controlling interests, amounting to nil for 6M2025 (approximately HK\$444,000 for the 6M2024).

Having said the above, the presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with HKFRS measures. The non-HKFRS financial measures have limitations as analytical tools and the Group's non-HKFRS financial measures may differ from the non – HKFRS financial measures used by other companies, and therefore the comparability of such information may be limited. The investors are encouraged to review the Group's financial information in its entirety.

Loss for the Period

As a result of the above, the Group recorded a loss attributable to the equity holders of the Company of approximately HK\$10.7 million for 6M2025, as compared to a loss attributable to the equity holders of the Company of approximately HK\$17.0 million for 6M2024, representing a decrease of approximately 37.1%.

CAPITAL STRUCTURE

The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 January 2022. Since then and up to 30 June 2025, the Company’s capital structure has not changed. The Company’s equity only consists of ordinary Shares.

As at 30 June 2025, the issued share capital of the Company amounted to US\$24,524.825 divided into 980,993,000 Shares of US\$0.000025 each.

Assets, Financial Resources and Capital Expenditures

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. A variety of the below resources are maintained to meet its working capital:

– Current assets and current liabilities

The Group’s net current assets increased from approximately HK\$85.8 million as at 31 December 2024 to approximately HK\$90.2 million as at 30 June 2025. The increase was primarily attributable to the increase in trade receivables and deposits, prepayments and other receivables, partly offset by the increase in trade payables and bank and other borrowings.

– Trade receivables and contract assets

As at 30 June 2025, the Group had gross trade receivables and contract assets amounting to approximately HK\$64.3 million (31 December 2024: HK\$57.6 million) and approximately HK\$16.9 million (31 December 2024: HK\$20.9 million) respectively, and loss allowance amounting to approximately HK\$20.2 million (31 December 2024: HK\$19.7 million). The total amount of net trade receivables and contract assets represented approximately 21.2% (31 December 2024: 20.1%) of the total assets.

As at 30 June 2025, net trade receivables and contract assets increase to approximately HK\$61.1 million from approximately HK\$58.8 million as at 31 December 2024, primarily attributable to the increase in revenue.

Provision for expected credit loss is made when the Group is not expected to collect all amounts due. The provision is determined by grouping together debtors with similar risk characteristics and collectively, or individually assessing them for likelihood of recovery. The provision matrix is determined based on the Group’s historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. In making the judgement, the Group’s management considers available reasonable and supportive forwarding-looking information such as actual or expected significant changes in the operating results of customers, and actual or expected significant adverse changes in business and customers’ financial position. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group’s management.

– Inventories

The Group's inventories comprise finished goods. The Group's inventories increased from approximately HK\$13.9 million as at 31 December 2024 to approximately HK\$16.8 million as at 30 June 2025, primarily due to increase in revenue from e-commerce business.

– Cash and cash equivalents and time deposits at bank

The Group's cash and cash equivalents and time deposits at bank primarily comprise cash at bank and were denominated in HK\$ and RMB. Cash and cash equivalents and time deposits at bank decreased from approximately HK\$63.0 million as at 31 December 2024 to approximately HK\$54.7 million as at 30 June 2025, primarily due to repayment of lease liabilities and the purchase of property, plant and equipment.

– Right-of-use assets

The Group's right-of-use assets comprise the initial measurement of the corresponding lease liability in relation to its office, lease payments made at or before the commencement date and any initial direct costs. The Group's right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term. The Group's right-of-use assets decreased from approximately HK\$16.3 million as at 31 December 2024 to approximately HK\$13.0 million as at 30 June 2025, primarily due to the depreciation of such assets resulting from usage of offices and lease payments.

– Intangible assets

The Group's intangible assets consist mainly of trademarks. The Group's intangible assets slightly decreased from approximately HK\$3.3 million as at 31 December 2024 to approximately HK\$3.0 million as at 30 June 2025, primarily due to amortisation of the trademarks through continuing usage.

– Bank and other borrowings

The following table sets forth a breakdown of the Group's borrowings as at the dates indicated:

	As at	
	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Non-current portion		
Other loan – secured	783	–
Current portion		
Bank borrowings – secured	50,124	45,923
Other loan – secured	1,824	–
	51,948	45,923
	<u>52,731</u>	<u>45,923</u>

The Group's bank and other borrowings as at 30 June 2025 were denominated in HK\$ and RMB with fixed interest rates ranging from 2.5% to 13.1%. As at 30 June 2025, the weighted average effective interest rate of bank borrowing was 3.28% per annum.

PLEDGE OF ASSETS

The Group has certain assets with an aggregate net carrying amount of approximately HK\$2.6 million pledged for bank and other borrowings as at 30 June 2025 (31 December 2024: nil).

GEARING RATIO

As at 30 June 2025 and 30 June 2024, the Group's gearing ratio was 28.8% and 18.5%, respectively. The gearing ratio is calculated based on the total interest-bearing borrowings divided by total equity.

CONTINGENT LIABILITIES

In May 2021, a third party (the “**Claimant**”) has lodged a claim to seek compensation of RMB55,000,000 (equivalent to approximately HK\$60,310,000), with the allegation of the Group and a retailer of the Group's licensed products (the “**Licensee**”) for causing unfair competition and infringement of certain registered trademarks (the “**Claimant's Trademarks**”) by sales of kitchen utensils, towels, and shoes and apparels bearing the trademarks of the Group (the “**Alleged Trademarks**”), which were alleged to be similar to the Claimant's Trademarks.

Judgement of the first hearing from the Jiangsu Suzhou Intermediate People's Court (the “**Judgement**”) on 30 December 2022 held that the Group and the Licensee were liable to pay sums of RMB6,000,000 and RMB1,000,000 respectively (equivalent to approximately HK\$6,579,000 and HK\$1,097,000 respectively) for damages to the Claimant.

On 19 January 2023, the Group has lodged an appeal (the “**Appeal**”) against the Judgement. During 2023, certain registered trademarks of the Claimant were invalidated by the China National Intellectual Property Administration and the Claimant's appeal against the invalidation claim has been rejected in June 2024. Based on the opinion from the legal advisors of the Group, there is a high probability that the Judgement can be overturned. Furthermore, should the Group fail to overturn the Judgement in the Appeal, potential exposure shall be limited to the gains of the Group resulted from the sales of goods of certain class bearing the Alleged Trademarks. Taking into consideration the judgement issued against the Group, the advice from the legal advisors, the uncertainty as to the outcome of the Appeal and the status of other legal actions taken by the Group in relation to this case, the Directors had made a provision of RMB1,000,000 (equivalent to approximately HK\$1,097,000) in respect of the damages and costs for this case as at 30 June 2025.

Furthermore, on 20 December 2021, the controlling shareholders of the Company entered into a deed of indemnity with the Group to indemnify any losses, costs, expenses, damages and other liabilities suffered by the Group, directly or indirectly, in connection with the above cases.

Save as disclosed above, the Group did not have any significant contingent liabilities as of 30 June 2025.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group operates principally in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US\$ and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group does not hold or issue any derivative financial instruments to manage its exposure to foreign currency risk. Majority of the revenue generated, and cost incurred from the local operations are primarily transacted in local functional currency and therefore foreign exchange transactional risks are minimal. Management manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group's capital expenditures consist of (i) purchases of property, plant and equipments and (ii) purchases of intangible assets. As at 30 June 2025, the Group did not have any material capital commitments.

HUMAN RESOURCES

As at 30 June 2025, the Group had a total of 203 employees, including 75 licensing and sales personnel, 61 designers and 67 administrative and others personnel. For the six months ended 30 June 2025, the Group incurred staff costs (including remuneration, payrolls, allowances and benefits) of approximately HK\$39.2 million.

Human resources is the key to maintain the design capabilities of a character licensing company. A team with strong design and operation talent and rich experience in licensing market is vital for continuous development of a character and enhancing its commercial value. As the character licensing industry is relatively new in Mainland China, special talents for character licensing business are in shortage. The Group takes high input of capital and time for new entrants to build a qualified team for character licensing business.

The Group recruits the employees based on a number of factors such as their relevant work experience, educational background, language ability and vacancies. Competitive remuneration package is offered to retain elite employees, including salaries, medical insurance, discretionary bonuses as well as mandatory provident fund schemes for employees in Hong Kong. The Group also provides training to certain employees to strengthen staff commitment and enhance their skills and technical knowledge at work. The Company has also adopted a share option scheme and a share award scheme to recognise and acknowledge the contributions made by the Group's employees, to attract skilled and experienced personnel, to incentivise them to stay with the Company and to motivate them to strive for the future development and expansion of the Company and its subsidiaries, by providing them with the opportunity to acquire equity interests in the Company.

As at 30 June 2025, the Group had 203 full-time employees. The following table sets forth a breakdown of its employees by function and by geographical location as at 30 June 2025:

No. of employees by function	Hong Kong and overseas	Mainland China	Total
Management	6	1	7
Design	6	55	61
AIGC	–	4	4
Licensing	2	28	30
Sales	2	43	45
Branding	2	10	12
Human resources and administration	3	19	22
Finance	3	7	10
Merchandise management	–	12	12
Total	<u>24</u>	<u>179</u>	<u>203</u>

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Company's prospectus dated 30 December 2021 (the "**Prospectus**") and this announcement and as of the publication of this announcement, the Group had no other concrete plans for material investments or capital expenditure in the coming year. The Company will make announcement about any future investment in accordance with the Listing Rules.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

EVENT AFTER THE REPORTING PERIOD

On 2 July 2025, B.Duck Semk Tourism (Shenzhen) Co., Ltd.* (小黃鴨德盈文旅(深圳)有限公司) (an indirect wholly-owned subsidiary of the Company) ("**Semk Tourism**") entered into the following agreements with Wuxi Binhu NISCO Xingbo Venture Capital Partnership Enterprise (Limited Partnership)* (無錫濱湖南鋼星博創業投資合夥企業(有限合夥)) ("**NISCO Xingbo**") and/or the Company:

- (i) a cooperation framework agreement, establishing the foundation for the joint venture – Wuxi Binhu Sindo Cultural Tourism Development Co., Ltd.* (無錫濱湖星德文旅有限公司) (the "**JV**");
- (ii) the joint venture agreement (the "**JV Agreement**") to jointly establish the JV, under which Semk Tourism would contribute RMB22.5 million in cash (representing 60% of the JV's total registered capital) and NISCO Xingbo or its designated affiliate(s) would contribute RMB15 million in cash (representing 40% of the JV's total registered capital); and
- (iii) a supplemental agreement to the JV Agreement, under which NISCO Xingbo or its designated affiliate(s) were granted put options.

For further details of this discloseable transaction, please refer to the Company's announcement dated 2 July 2025.

Save as disclosed above, there were no material events subsequent to 30 June 2025 which would materially affect the Group's operation and financial performance as of the publication of this announcement.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares have been listed on the Stock Exchange since 17 January 2022. Based on the offer price of HK\$2.05 per Share, the net proceeds from the global offering, after deducting listing related expenses, amounted to approximately HK\$206.8 million (the “**Net Proceeds**”).

The Company has, and will continue to utilise the Net Proceeds for the purposes set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As at 30 June 2025, the Group had utilised the Net Proceeds as set out in the table below:

Intended application of the Net Proceeds	Percentage of total Net Proceeds	Planned allocation <i>HK\$ in million</i>	Unutilised amount	Amount utilised during the six months ended	Unutilised amount	Expected time for utilising the planned allocation
			as at 1 January 2025 <i>HK\$ in million</i>	30 June 2025 <i>HK\$ in million</i>	as at 30 June 2025 <i>HK\$ in million</i>	
For enhancing the Company’s brand image and awareness of its IP characters	25.8%	53.4	23.6	10.1	13.5	December 2025
For establishing the Company’s “Fans Platform”	25.7%	53.2	7.1	5.3	1.8	December 2025
For strengthening the Company’s new economy online sales channel	17.5%	36.2	11.0	7.1	3.9	December 2025
For further enhancing the Company’s in-house design capabilities to offer creative and innovative solutions	11.8%	24.4	–	–	–	N/A
For repaying existing indebtedness to improve the Group’s gearing ratio	9.2%	19.0	–	–	–	N/A
For general working capital	10.0%	20.6	–	–	–	N/A
Total	100.0%	206.8	41.7	22.5	19.2	

The Company intends to continue to apply the Net Proceeds in the manner consistent with that mentioned above.

The unutilised Net Proceeds have been placed in short-term interest-bearing accounts with licensed banks in Hong Kong. In the event that the Directors decide to use such Net Proceeds in a manner different from that stated in the Prospectus, the Company will issue further announcement in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

SIGNIFICANT INVESTMENT HELD

Save as disclosed in other section of this announcement, the Group did not have any significant investments held as at 30 June 2025.

DIVIDEND

The final dividend for the year ended 31 December 2023 of HK0.5 cents per Share, in an aggregate amount of HK\$4,904,965 which was approved and paid during the six months ended 30 June 2024.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025.

FUTURE OUTLOOK

This year, the Company officially adjusted its operational vision from “Be Playful” to “Make A Playful World”, reflecting its strategic positioning of being rooted in China while facing the global market. The IP industry focuses on people’s spiritual needs for self-fulfillment. The desire for emotional expression and the pursuit of a happy life are universal among people worldwide.

Looking domestically, according to the “2025 China Brand Licensing Industry Development White Paper” published by the China Toys and Juvenile Products Association Licensing Branch, the total annual retail sales of licensed merchandise and the scale of licensing royalties in the domestic market continued their seven-year growth trend in 2024. In 2024, the total number of active licensing enterprises in China was 664, representing a year-on-year increase of 1.5%. The total number of IPs that have commenced licensing business reached 2,758, representing a year-on-year increase of 11.1%. The annual total retail sales of licensed merchandise reached RMB155.09 billion, representing a year-on-year increase of 10.7%; the annual licensing royalties in China for 2024 were RMB5.99 billion, representing a year-on-year increase of 9.4%.

As the influence of Chinese culture continues to expand globally, Chinese products are increasingly embraced by international consumers. Combined with the inherent advantages of Chinese companies in manufacturing and supply chains, these factors provide a solid foundation for the Chinese IP industry to expand into the international market.

License Global, the licensing industry magazine under the Global Licensing Group, published the “2025 Top Global Licensors Report”. The total retail sales of licensed consumer products easily surpassed the \$300 billion mark, reaching \$307.9 billion, an increase of \$26.7 billion compared to the previous year, representing a growth rate of 10%. B.Duck ranked 46th globally with retail sales of \$700 million, underscoring the Company’s benchmark position in the international IP licensing industry.

Semk Holdings International Limited (B.Duck) is committed to becoming an “IP Full Industry Chain Operating Company”. Specifically:

1. Focus on Core Business, Broaden IP Commercial Innovation Models

The Group believes that IP holds infinite possibilities. Among these, “IP + Merchandise” is the primary focus and the Group’s core business. We prioritize physical products to directly penetrate consumers’ life scenarios, subtly embedding the IP image into their minds and rapidly building recognition. Beyond the “IP + Merchandise” model, we are also actively exploring unique opportunities for B.Duck in other areas, such as “IP + Eco-Cultural Tourism” and “IP + Games”, to expand consumption scenarios, thereby expanding the brand’s reach and influence, and attracting consumers across diverse age groups and interests.

Through the comprehensive implementation of its integrated “self-development, self-production, self-sales” model, the Group has built a full-chain operating system for IP derivatives, enhancing the Company’s profitability across the entire industry chain. By establishing an omni-channel retail system of “online full platform + offline experience network”, we achieve widespread product reach and precise user connection.

2. Deepen the Trendy Toys Segment, Strengthen Merchandise Retail

With the enrichment of IP product SKUs and the solidification of self-operated sales channels, since the first half of 2025, Semk Holdings has introduced IPs in diverse styles, such as Grabby Goose, Milolo, and Aotu World, providing a rich IP reservoir for core self-developed products, including blind boxes, plush toys, AI toys, home goods, and cultural and creative peripherals. In terms of cultural crossover, Semk Holdings adheres to three main themes: “Intangible Cultural Heritage,” “Ethnic Inheritance,” and “Internationalization.” Examples include collaborations between B.Duck and IPs such as the Palace Museum Culture, Guizhou ethnic minority cultures, and the British Museum, infusing B.Duck with new cultural elements and story backgrounds. This enriches the IP’s connotation and strengthens its depth. Such unique consumption experiences enhance consumers’ memory and affinity for the brand, achieving the long-term sustainable development of the IP.

Semk Holdings will deepen its cooperation with “Hidden Woo” in co-creating trendy toy IPs, supply chain, merchandise planning, retail channels, and private community fan operations, further solidifying the Group’s layout in the trendy toys sector. This collaboration will enrich the Group’s IP products for younger customer groups and broaden IP extensibility.

3. Reconstructing Core Competitiveness through the IP Business Ecosystem

IP licensing is the Group's foundation and has now achieved a leading position in the industry. To date, Semk Holdings has over 570 licensees and more than 50,000 licensed product SKUs. The licensed product lines are extensive, spanning toys, 3C products, and daily necessities to food and apparel, encompassing almost every aspects of people's lives.

In merchandise retail, the Group is actively expanding its retail categories, extending from the original women's apparel and select boutique items to more self-developed categories such as blind boxes, trendy toys, 3C products, and plush toys. At the same time, the Group has newly developed a new product category of AI companion toys this year, deepening the emotional interaction between fans and the IP.

In physical cultural tourism, amidst the major wave of upgrades in the cultural tourism industry, the Group is heavily investing in the cultural tourism format, focusing on two main directions: cultural tourism recreation and location-based entertainment. For example, this year, the "Guizhou Huangguoshu B.Duck Theme Rafting Project", jointly developed and operated by the Group and the Guizhou Huangguoshu Scenic Area, successfully opened in July. The B.Duck brand comprehensively empowered the project's planning and design, operational support, and peripheral product sales. Visitors can experience rafting, food, parks, camping, and treehouse accommodations, making it one of the local tourism landmarks. Regarding small urban parks, the Group currently operates two self-owned stores domestically and two overseas. These stores integrate activities such as themed arcade games, installation photo spots, and character parades, creating a multi-dimensional consumption and entertainment experience. This model not only enhances visitor engagement and satisfaction but, through continuous IP innovation and dissemination, leverages the IP to empower diverse entertainment projects, generate secondary sales scenarios and capture the benefits of domestic consumption upgrades.

4. AI Empowers the IP Ecosystem

Semk Holdings' application of AI technology is mainly divided into two levels:

1. Deepening the application of large AI models in IP content creation, which is also the area where the Group first began applying AI in 2023. By leveraging large AI models to enhance content production efficiency, AIGC can assist the Company's designers in rapidly rendering and generating effect images based on B.Duck's brand's characteristics and design style. Designers can obtain effect images for multiple design schemes in a short period. This significantly shortens the time designers spend creating from sketches, improves design efficiency, allows designers to focus more on creativity and planning, and also reduces economic costs.
2. In collaboration with Alpha Tech, a Nasdaq-listed company, the Group is co-developing AI Agent to build an intelligent IP ecosystem. Through technological empowerment, we aim to unlock IP potential and enhance IP commercial value, while jointly developing, promoting, and applying AI-driven marketing and content solutions. By collecting content from social media, sales channels, and other platforms, and processing and analyzing it through AI models, we obtain information such as market sentiment, consumer engagement, and consumption trends. This enables timely optimization of marketing content and product direction, precise user profiling, and supports the Group in upgrading brand building and product retail strategies, as well as co-creating UGC content.

The Group will continue to innovate and expand to promote the innovation and development of the IP industry. By continuously expanding the business reach, and extending its channels of upstream and downstream industry chains, the Group will build an IP ecological commercial complex, thereby continuously creating value and boosting gains for shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including treasury shares (as defined in the Listing Rules)) during the six months ended 30 June 2025. The Company did not hold any treasury shares (as defined in the Listing Rules) as of 30 June 2025.

CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (the "**CG Code**"). During the six months ended 30 June 2025, save for the deviation from code provisions C.2.1 and D.1.2 of the CG Code as disclosed below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code and the Directors will use their best endeavours to procure the Company to comply with the CG Code and make disclosure of any deviation from the CG Code in accordance with the Listing Rules.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. Mr. Hui Ha Lam ("**Mr. Hui**") is the chairman of the Board and the chief executive officer of the Company. Considering that Mr. Hui has been operating and managing the Group since its foundation, the Board believes that it is in the best interest of the Group to have Mr. Hui taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Board will continue to review and consider splitting the roles of chairman and chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

In respect of code provision D.1.2 of the CG Code, the Company did not provide all members of the Board with monthly updates. However, the Company has based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties. The Company considers that such business information arising out of the ordinary business provided to the Board from time to time instead of monthly updates are sufficient for the Board to discharge its duties. In the event if there are any significant updates, the Company will update all the Directors as early as practicable for discussion and resolution.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Directors are reminded of their obligations under the required standard of dealings set out in the Model Code on a regular basis. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended 30 June 2025. The Group's senior management who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the six months ended 30 June 2025.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) on 15 December 2021 with written terms of reference in compliance with the Listing Rules and the CG Code. As of the date of this announcement, the Audit Committee comprises all independent non-executive Directors, namely Mr. Wu Di, Ms. Leung Ping Fun Anita and Prof. Chan Ka Yin Karen, *JP*, with Mr. Wu Di being the chairman of the Audit Committee.

The primary responsibilities of the Audit Committee include, among others, (i) monitoring the integrity of the Company’s financial statements, annual report and interim report, and reviewing the significant financial reporting judgments contained in them; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group, (iii) nominating and monitoring the work of external auditors; (iv) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (v) developing and reviewing the Group’s policies and practices on corporate governance with legal and regulatory requirements and requirements under the Listing Rules; and (vi) developing, reviewing and monitoring the code of conduct applicable to the Group’s Directors and employees.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2025 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2025 has also been reviewed by the Company’s auditor, PricewaterhouseCoopers.

PUBLICATION OF INTERIM REPORT

The Company’s interim report for the six months ended 30 June 2025 will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.semk.net and will be despatched to its shareholders (if requested) in due course.

On behalf of the Board
B.Duck Semk Holdings International Limited
Hui Ha Lam
Chairman of the Board and Executive Director

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises Mr. Hui Ha Lam as chairman of the Board and executive Director, Mr. Kwok Chun Kit, Mr. Sung Chi Keung and Mr. Lyu Xingyuan as executive Directors, Mr. Liang Xingchao as non-executive Director and Ms. Leung Ping Fun Anita, Prof. Chan Ka Yin Karen, JP and Mr. Wu Di as independent non-executive Directors.

* *For identification purposes only*