凱知樂

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2122)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

- The Group has undertaken a series of adjustments across target customer segment, product portfolio, channel strategy, organisational structure and business model, achieving initial progress in 2025.
- During the Reporting Period, the Group strategically entered the TCG market, continued to strengthen its collaboration with international brands, accelerated the development of its proprietary brands and executed channel transformation.
- The Group also placed emphasis on improving operational efficiency and cost management, total selling, distribution, general and administrative expenses decreased by 20.7% from approximately RMB465.1 million for the Prior Period to approximately RMB369.0 million for the Reporting Period.
- The Group optimised inventory structure and strengthened dynamic control, total inventory was significantly reduced by 35.2% and inventory turnover days decreased to 115 days during the Reporting Period, resulting in improved capital efficiency.
- In 2025, amid ongoing challenges from the broader consumption market and the one-off impacts arising from the Group's transformation initiatives, the Group recorded a 14.3% decline in total revenue as compared with the Prior Period, while its net loss narrowed by 35.8% to approximately RMB130.0 million (Prior Period: approximately RMB202.4 million). The Group believes that the strategic adjustments implemented in 2025 will provide a more solid foundation for continuous improvement in financial performance in 2026 and beyond.

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

OVERVIEW

In 2025, the consumer market in Chinese Mainland continued to evolve, shaped by three notable trends: more rational consumption, a growing emphasis on self-gratification needs, and the increasing influence of technology. Consumers have become more discerning, placing greater importance on value for money, functional innovation, and tangible perceived value, rather than simply brand recognition. At the same time, rising cultural confidence and increasingly diverse value perspectives have led to stronger affinity toward domestic trends, where emotional connection and personal identity play an increasingly important role in purchasing decisions.

Within this broader environment, the toy and collectible market in Chinese Mainland has demonstrated distinctive development trends. Emotional consumption has gradually become a core growth driver, with toys and collectibles serving as a source of enjoyment and companionship for younger consumers. China original intellectual properties ("**IPs**") have continued to gain traction, while product innovation in categories such as soft vinyl plush has contributed to new retail experiences. In addition, the application of AI technologies is beginning to empower traditional toys and inject a "new soul" into the industry.

In response to these market dynamics, Kidsland International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") commenced a comprehensive strategic transformation during the financial year ended 31 December 2025 (the "**Year**" or the "**Reporting Period**"). The Group has undertaken a series of adjustments across target customer segment, product portfolio, channel strategy, organisational structure and business model, achieving initial progress in 2025.

During the Reporting Period, the Group strategically entered the trading card game ("**TCG**") market through an operational service collaboration with the global top IP, Pokémon. From September to December 2025, the Group launched and operated several Pokémon TCG Official Gyms in key cities in Chinese Mainland, receiving enthusiastic market response. Starting from the end of 2025, dedicated Pokémon zones were gradually introduced across the Group's retail store and consignment counter channels. This not only drove overall retail performance, but also significantly enhanced in-store consumer experience. Leveraging the momentum from this new initiative, the Group's revenue returned to a growth trend toward the end of the Year.

Meanwhile, the Group continued to strengthen its collaboration with international brands. The Group has partnered with Jazwares to launch its HELLO KITTY AND FRIENDS toys in the Chinese Mainland market, further enriching the Group's IP portfolio and expanding the Group's reach across different consumer segments. The Group also deepened its strategic cooperation with Mattel, becoming a key partner in its "Hot Wheels City Tour" initiative. Through enhanced retail presence and improved immersive in-store experiences, notable sales growth was achieved.

In addition, the Group has accelerated the development of its proprietary brands. Its Pic it brand successfully captured market opportunities across product categories and price segments, with the launch of dozens of new products in 2025, achieving encouraging sales performance and further strengthening the Group's core competitiveness.

2025 also marked a pivotal year for the Group's channel transformation in Chinese Mainland. The Group deepened its partnership with Sam's Club, successfully turned multiple Paw Patrol products into seasonal bestsellers, driving substantial sales growth throughout the Year. In terms of retail network optimization, the Group focused on high-potential cities and core stores, closing underperforming and low-efficiency locations and reallocating resources to higher-potential businesses, thereby improving both channel efficiency and store-level profitability. In the collectible toy segment, the Group further refined the product mix and operating model of its Hall One stores, supported by the introduction of new brands such as Pokémon. In addition, the second FAO store of the Group located in Xi'an delivered encouraging sales results and demonstrated the strong consumption potential in the market.

The Group also placed emphasis on improving operational efficiency and cost management. Through organisational adjustments aligned with market changes, total staff costs decreased by 18.9% during the Year. Logistics network of the Group was further streamlined through the operation of two distribution centers serving nationwide stores and customers, significantly lowered logistics costs. At the same time, the Group leveraged digital tools, including AI, to support operational improvements.

In terms of inventory management, the Group optimised inventory structure and strengthened dynamic control. By the end of 2025, total inventory was significantly reduced by 35.2% to approximately RMB148.2 million as compared to the financial year ended 31 December 2024 (the "**Prior Period**"), and inventory turnover days decreased from 141 days for the Prior Period to 115 days for the Reporting Period, resulting in improved capital efficiency.

In 2025, amid ongoing challenges from the broader consumption market in the Chinese Mainland and the one-off impacts arising from the Group's transformation initiatives, the Group recorded a 14.3% decline in total revenue as compared with the Prior Period, while its net loss narrowed by 35.8% to approximately RMB130.0 million for the Reporting Period from approximately RMB202.4 million for the Prior Period. The Group believes that the strategic adjustments implemented in 2025 will provide a more solid foundation for continuous improvement in financial performance in 2026 and beyond.

Looking ahead to 2026, the Group will continue to advance its comprehensive strategic transformation. The Group will further develop the TCG segment, expand the presence of Pokémon TCG Official Gyms and related retail experience formats, and explore new brands and innovative business models. At the same time, the Group will accelerate the incubation of proprietary IPs such as Au Nain Bleu and brands such as Pic it, enhancing the innovation capabilities and brand influence of the Group.

The Group will also expand its collectible toy retail network by opening additional Hall One stores in high-potential cities and prime shopping malls, while further strengthening partnerships with leading brands. Leveraging the Group's extensive experience in international brand collaborations and established global network, it will gradually explore opportunities for overseas development.

In addition, the Group will continue to optimise its organisational structure to align with strategic development and evolving market demands. Through ongoing process improvements, technological empowerment and scale efficiencies, the Group aims to further enhance operational effectiveness and improve overall profitability. Meanwhile, the Group will continue to explore the practical application of AI across different aspects of business, capturing the opportunities it presents across product development, content marketing, business model innovation, and operational efficiency.

RETAIL AND WHOLESALE BUSINESS

Our extensive distribution network comprises self-operated retail channels and wholesale channels. As of 31 December 2025, this network consisted of:

Self-operated Retail Channels

– 427 self-operated retail points of sale including retail shops and consignment counters (31 December 2024: 518)

– 38 online stores (31 December 2024: 36)

Wholesale Channels

– 256 distributors (31 December 2024: 270) which sell our products through third-party retailers or their own retail shops, totaling more than 800 (31 December 2024: more than 900)

– 9 hypermarket and supermarket chains (31 December 2024: 12) with a sum of 420 retail points (31 December 2024: 420)

– 2 online key accounts (31 December 2024: 2)

Detailed breakdowns of our distribution network are as follows:

1. Self-operated Retail Channels

1.1 Retail Shops

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

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

	2025	2024
Retail shops		
At the beginning of the year	**140**	155
Addition of new retail shops	**7**	16
Closure of retail shops	**(50)**	(31)
At the end of the year	**97**	140

1.2 Consignment Counters

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

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

	2025	2024
Consignment counters		
At the beginning of the year	**378**	404
Addition of new consignment counters	**16**	26
Closure of consignment counters	**(64)**	(52)
At the end of the year	**330**	378

1.3 Online Stores

During the Reporting Period, we opened four flagship stores of brands that we represented on third-party-operated online platforms such as Tmall and JD.com, and closed two. As of 31 December 2025, we had 38 online stores in total, compared with 36 as of 31 December 2024.

2. Wholesale Channels

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

2.1 Distributors

As of 31 December 2025, we had 256 distributors (31 December 2024: 270), which sell our products through third-party retailers or their own retail shops, totaling more than 800 (31 December 2024: more than 900).

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

	2025	2024
Distributors		
At the beginning of the year	**270**	306
Addition of new distributors	**74**	63
Expiry without renewal of distribution agreements	**(88)**	(99)
At the end of the year	**256**	270

2.2 Hypermarket and Supermarket Chains

As of 31 December 2025, we had wholesale arrangements with 9 hypermarket and supermarket chains (31 December 2024: 12) with a sum of 420 retail points (31 December 2024: 420) in Tier 1, 2 and 3 cities in Chinese Mainland (based on information provided by the hypermarket and supermarket chains).

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

	2025	2024
Hypermarket and supermarket chains		
At the beginning of the year	**12**	12
Addition of new hypermarket and supermarket chains	**–**	3
Termination or expiry of agreements with hypermarket and supermarket chains	**(3)**	(3)
At the end of the year	**9**	12

2.3 Online Key Accounts

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

	2025	2024
Online key accounts		
At the beginning of the year and at the end of the year	**2**	2

FINANCIAL REVIEW

Revenue

Optimising the distribution network by focusing on high-potential cities and core stores, during the Reporting Period, the Group's revenue decreased by 14.3% to approximately RMB835.4 million from approximately RMB974.5 million for the Prior Period. Despite the weak market sentiment and consumption downgrading, the Group managed to increase revenue from hypermarket and supermarket chains by strengthening and expanding its collaboration with partners and brands.

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

	2025 ***RMB'000***	2024 *RMB'000*
Self-operated retail channels		
– Retail shops	**423,607**	504,414
– Consignment counters	**153,509**	202,328
– Online stores	**49,978**	56,598
Sub-total	**627,094**	763,340
Wholesale channels		
– Distributors	**159,458**	196,768
– Hypermarket and supermarket chains	**44,080**	7,814
– Online key accounts	**4,811**	6,566
Sub-total	**208,349**	211,148
Total	**835,443**	974,488

Self-operated Retail Channels

To effectively improve channel performance and concentrate resources on high-potential businesses, by closing some underperforming and low-efficiency stores, the Group focused on high-potential cities and core stores. The self-operated retail channels recorded a decrease in revenue of 17.8% to approximately RMB627.1 million for the Reporting Period compared to the Prior Period, attributed to the drop in revenue from retail shops, consignment counters and online stores by 16.0% to approximately RMB423.6 million, 24.1% to approximately RMB153.5 million and 11.7% to approximately RMB50.0 million, respectively.

Wholesale Channels

The Group deepened its collaboration with Sam's Club in Chinese Mainland, successfully turning multiple Paw Patrol products into seasonal bestsellers and driving substantial sales growth throughout the Year. During the Reporting Period, revenue from hypermarket and supermarket chains rose significantly by 464.1% to approximately RMB44.1 million. Revenue from distributors and online key accounts dropped by 19.0% to approximately RMB159.5 million and 26.7% to approximately RMB4.8 million, respectively. Revenue contributed by wholesale channels slightly decreased by 1.3% to approximately RMB208.3 million during the Reporting Period.

Revenue from Hong Kong, Macau and overseas (after inter-segment elimination) recorded a decrease of 14.4% from approximately RMB189.2 million for the Prior Period to approximately RMB162.0 million for the Reporting Period.

Cost of Sales, Gross Profit and Gross Profit Margin

Cost of sales decreased by 13.1% from approximately RMB688.6 million for the Prior Period to approximately RMB598.3 million for the Reporting Period. The Group's gross profit margin slightly decreased from 29.3% for the Prior Period to 28.4% for the Reporting Period, resulted from channel transformation and concentration resources on high-potential businesses. Gross profit decreased from approximately RMB285.8 million for the Prior Period to approximately RMB237.1 million for the Reporting Period.

Other Income

Other income, consisting mainly of rebates from platform service providers of online stores, government grants and promotional service income, decreased by approximately RMB1.2 million from approximately RMB3.0 million for the Prior Period to approximately RMB1.8 million for the Reporting Period, mainly resulting from the drop in government grants.

Other Gains/(Losses), Net

Other gains/(losses), net was mainly attributable to net exchange differences and lease modifications. Other gains, net of approximately RMB13.2 million was recorded for the Reporting Period (Prior Period: other losses, net of approximately RMB9.1 million), mainly resulting from the appreciation of Renminbi ("**RMB**") against Hong Kong dollar ("**HK$**") and gains on lease modifications.

Impairment Losses on Financial Assets, Net

The amount represented provision made for impairment loss on trade and bill receivables. Provision for impairment loss of approximately RMB0.2 million was recorded for the Reporting Period (Prior Period: approximately RMB1.6 million).

Selling and Distribution Expenses

Selling and distribution expenses decreased by 20.5% from approximately RMB418.8 million for the Prior Period to approximately RMB333.0 million for the Reporting Period, which was mainly attributable to intensified expense management, especially on staff costs, concessionaire fees and lease-related expenses.

General and Administrative Expenses

General and administrative expenses dropped by 22.2% from approximately RMB46.3 million for the Prior Period to approximately RMB36.0 million for the Reporting Period, resulting from control over staff costs, repair and maintenance expenses and office rental.

Finance Costs

Finance costs, consisting mainly of interest expenses arising from lease liabilities, borrowings and loans from a related company, decreased by approximately RMB1.5 million from approximately RMB12.6 million for the Prior Period to approximately RMB11.1 million for the Reporting Period.

Loss for the Period

A loss of approximately RMB130.0 million was recorded for the Reporting Period (Prior Period: approximately RMB202.4 million).

Inventory, Trade Receivables and Payables Turnover Days

Inventory turnover days decreased from 141 days for the Prior Period to 115 days for the Reporting Period. Trade receivables turnover days remained stable at 18 days for the Reporting Period and the Prior Period. Trade payables turnover days increased from 62 days for the Prior Period to 69 days for the Reporting Period.

Cash Conversion Cycle

Cash conversion cycle is a metric that shows the amount of time it takes a company to convert its investment in inventory to cash, which equals to inventory turnover days plus trade receivables turnover days minus trade payables turnover days. The cash conversion cycle of the Group decreased from 97 days for the Prior Period to 64 days for the Reporting Period.

Capital Expenditure

During the Reporting Period, the Group invested approximately RMB7.5 million in property, plant and equipment, mainly to renovate shops (Prior Period: approximately RMB16.5 million).

Liquidity and Financial Resources

The Group's cash position as of 31 December 2025 was approximately RMB25.0 million, compared to approximately RMB19.4 million as of 31 December 2024. The current ratio calculated by dividing total current assets by total current liabilities and quick ratio calculated by dividing total current assets excluding inventories and right-of-return assets by total current liabilities excluding lease liabilities as of 31 December 2025 were 0.8 and 0.4, respectively (31 December 2024: 1.0 and 0.4, respectively).

As of 31 December 2025, the Group had aggregate banking facilities of approximately RMB154.6 million (31 December 2024: approximately RMB141.0 million) for bank loans and trade financing, of which approximately RMB2.1 million (31 December 2024: approximately RMB0.7 million) was unutilised as of the same date.

As of 31 December 2025, the Group had a loan facility from a related company of approximately RMB135.5 million (31 December 2024: approximately RMB231.5 million), of which approximately RMB95.2 million (31 December 2024: approximately RMB139.8 million) was utilised as of the same date.

Charge of Assets

As of 31 December 2025, the Group had restricted cash of approximately RMB2.9 million mainly for bank guarantee of a trade finance facility (31 December 2024: approximately RMB2.7 million).

Contingent Liabilities

As of 31 December 2025, the Group did not have significant contingent liabilities (31 December 2024: Nil).

Foreign Exchange

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

RESULTS

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	**2025** ***RMB'000***	2024 *RMB'000*
Revenue	3	**835,443**	974,488
Cost of sales	6	**(598,343)**	(688,640)
Gross profit		**237,100**	285,848
Other income	4	**1,775**	3,004
Other gains/(losses), net	5	**13,155**	(9,098)
Impairment losses on financial assets, net	6	**(201)**	(1,574)
Selling and distribution expenses	6	**(333,006)**	(418,831)
General and administrative expenses	6	**(36,006)**	(46,254)
Operating loss		**(117,183)**	(186,905)
Finance costs	7	**(11,103)**	(12,561)
Loss before income tax		**(128,286)**	(199,466)
Income tax expense	8	**(1,671)**	(2,943)
Loss for the year		**(129,957)**	(202,409)
Other comprehensive (expenses)/income:			
Item that will not be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation from functional currency to presentation currency		**(2,000)**	2,295
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**(5,436)**	2,929
Other comprehensive (expenses)/income for the year, net of tax		**(7,436)**	5,224
Total comprehensive expense for the year		**(137,393)**	(197,185)
Loss for the year attributable to:			
– owners of the Company		**(129,050)**	(202,151)
– non-controlling interests		**(907)**	(258)
		(129,957)	(202,409)
Total comprehensive expense for the year attributable to:			
– owners of the Company		**(136,619)**	(196,796)
– non-controlling interests		**(774)**	(389)
		(137,393)	(197,185)
Loss per share, basic and diluted *(RMB cents)*	9	**(12.12)**	(25.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**14,259**	20,387
Right-of-use assets	11	**75,658**	63,561
Intangible assets		**1,137**	2,373
Financial asset at fair value through profit or loss ("**FVTPL**")		**–**	–
Rental deposits		**11,518**	15,561
Deferred tax assets		**11,405**	13,153
		113,977	115,035
Current assets			
Inventories		**148,224**	228,906
Trade and bill receivables	12	**42,879**	40,742
Other receivables, deposits and prepayments		**47,426**	49,897
Right-of-return assets		**165**	254
Restricted cash		**2,930**	2,747
Cash and cash equivalents		**22,067**	16,636
		263,691	339,182
DEFICIT			
Attributable to owners of the Company			
Share capital		**9,752**	6,931
Deficit		**(148,408)**	(96,721)
		(138,656)	(89,790)
Non-controlling interests		**5,116**	5,890
Total deficit		**(133,540)**	(83,900)

	Notes	2025 *RMB'000*	2024 *RMB'000*
LIABILITIES			
Non-current liabilities			
Loans from a related company		**95,230**	139,792
Loan from a director of the Company		**15,000**	15,000
Convertible preference shares		**5,378**	–
Other payables		**2,795**	2,903
Lease liabilities	11	**43,905**	27,717
		162,308	185,412
Current liabilities			
Trade payables	13	**111,234**	116,960
Other payables and accruals		**70,561**	74,435
Borrowings		**120,040**	107,220
Lease liabilities	11	**35,885**	45,789
Contract liabilities		**10,799**	7,883
Current tax liabilities		**381**	418
		348,900	352,705
Net current liabilities		**(85,209)**	(13,523)
Total assets less current liabilities		**28,768**	101,512
Net liabilities		**(133,540)**	(83,900)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 GENERAL INFORMATION

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of preparation of consolidated financial statements

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

Going concern assessment

For the year ended 31 December 2025, the Group incurred a loss for the year of approximately RMB129,957,000. As at 31 December 2025, the Group's net current liabilities was RMB85,209,000 and net liabilities of RMB133,540,000, of which the Group's cash and cash equivalents amounted to approximately RMB22,067,000, the unutilised facilities provided by a related company (as mentioned in below (ii)) of approximately HK$44,565,000 (equivalent to approximately RMB40,250,000) and unutilised banking facilities of approximately RMB2,098,000, as compared to the Group's external borrowings of approximately RMB120,040,000, repayable within the next twelve months from the end of the reporting period.

In light of the circumstances outlined above, the directors of the Company have thoroughly evaluated the Group's future liquidity, operating performance, and available financing sources in assessing whether the Group will have sufficient resources to continue as a going concern. The directors of the Company are in the opinion, after implementing the following measures, that the projected cash flows generated from operating activities and financing activities will continue to be sufficient to meet the Group's operational and financing needs when they fall due in the next twelve months from the date of these consolidated financial statements authorised for issuance and accordingly it is appropriate to prepare the Group's consolidated financial statements on a going concern basis:

(i) *Continuing development of new sales channels and product lines*

The Group has been actively exploring and expanding new sales channels and product lines to boost sales and attract a diverse range of new customers. In particular, the new brand partnerships and collaborations with leading intellectual property owner(s) that were established and already resulted in positive performance in the fourth quarter of 2025 will continue to be further developed and scaled up in 2026. In this regard, the Group is expected these new sales channel and product lines to be able to contribute significant positive results and cash flows to the Group in 2026, and substantially improve the Group's overall operating performance and therefore the operating cash flows so as to enable the support of the Group's liquidity and working capital requirements.

(ii) *Continuing support from existing facilities from a related company and a loan from a director of the Company*

The Group has obtained financial support from a related company, Lovable Products Trading Limited ("**Lovable Products Trading**"), which provides total facilities amounting to HK$150,000,000 (equivalent to approximately RMB135,480,000). As at 31 December 2025, the Group has successfully obtained approval for extension of such facilities from the maturity date on 31 December 2026 to 31 March 2027, of which the unutilised portion of the facilities is approximately HK$44,565,000 (equivalent to approximately RMB40,250,000) as at 31 December 2025. In addition, the Group has also obtained confirmation in writing for the extension of the repayment due date of another loan of RMB15,000,000 from Mr. Lee Ching Yiu, the chairman and executive director of the Company, from 7 February 2026 to 7 February 2027.

In the opinion of the directors of the Company, the Group expects that it will obtain further renewal of the existing facilities upon their respective maturities with the continued financial support from Lovable Products Trading and Mr. Lee Ching Yiu. In addition to the continued financial support, the directors of the Company also expect that additional financial resources will be able to obtain as needed to enable the Group to continue its operation and improve its operation performance and to meet its liabilities as and when they fall due.

(iii) *Negotiation on renewal of existing external borrowings*

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

(iv) Cost-saving measures to be further implemented

The Group has been implementing active cost-saving measures to manage selling, distribution, general and administrative expenses, and employing various strategies to enhance operating cash flows and ensure sufficient funding for the Group's working capital needs. In particular, for the year ended 31 December 2025, selling and distribution expenses have been reduced by approximately RMB85,825,000 to approximately RMB333,006,000 from approximately RMB418,831,000 for the year ended 31 December 2024 and general and administrative expenses have been reduced by approximately RMB10,248,000 to approximately RMB36,006,000 from approximately RMB46,254,000 for the year ended 31 December 2024.

The directors of the Company have given careful consideration to the liquidity requirements for the Group's operations and reviewed the Group's cash flow projections prepared by management which cover the next twelve months from the date of these consolidated financial statements authorised for issuance. Management's cash flow projections include assumptions with regard to the anticipated cash flows generated from and used in the Group's operations, continuing development of new sales channels and product lines, continuing and additional support from existing facilities from a related company and a loan from a director of the Company, renewal of existing external borrowings and cost-saving measures to be further implemented, to enable the Group to continue its operations and to meet its liabilities as and when they fall due. These measures, which incorporated assumptions about future events and conditions, are subject to inherent uncertainties, and indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

2.2 Principal accounting policies

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

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

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

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

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

HKFRS 18 "Presentation and Disclosure in Financial Statements"

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3 REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

(a) Segment revenue and results

The following is an analysis of the Group's segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2025:

	The PRC *RMB'000*	**Hong Kong, Macau and overseas** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Revenue				
– Revenue recognised at a point in time	**673,427**	**171,160**	**(9,144)**	**835,443**
Reportable segment (loss)/profit excluding depreciation and amortisation	**(64,301)**	**7,602**	**–**	**(56,699)**
Depreciation and amortisation	**(48,640)**	**(18,393)**	**–**	**(67,033)**
Reportable segment results	**(112,941)**	**(10,791)**	**–**	**(123,732)**
Unallocated other income				**20**
Unallocated corporate expenses				**(7,102)**
Unallocated other gains, net				**9,534**
Unallocated finance costs				**(7,006)**
Loss before income tax				**(128,286)**
Income tax expense				**(1,671)**
Loss for the year				**(129,957)**

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

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

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities as at 31 December 2025 by reportable segment:

	The PRC *RMB'000*	**Hong Kong, Macau and overseas** *RMB'000*	**Total** *RMB'000*
Segment assets	**309,337**	**31,929**	**341,266**
Deferred tax assets			**11,405**
Unallocated assets			**24,997**
Total assets per consolidated statement of financial position			**377,668**
Segment liabilities	**220,949**	**52,869**	**273,818**
Current tax liabilities			**381**
Borrowings			**120,040**
Loans from a related company			**95,230**
Loan from a director of the Company			**15,000**
Convertible preference shares			**5,378**
Unallocated liabilities			**1,361**
Total liabilities per consolidated statement of financial position			**511,208**

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

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

(c) Other segment information

The following is an analysis of the Group's other segment information as at 31 December 2025 by reportable segment:

	The PRC ***RMB'000***	**Hong Kong, Macau and overseas** ***RMB'000***	**Total** ***RMB'000***
Additions to non-current assets	**74,057**	**9,185**	**83,242**
Depreciation and amortisation	**48,641**	**18,392**	**67,033**
Impairment losses on financial assets, net	**201**	**–**	**201**
Impairment loss on right-of-use assets	**3,355**	**–**	**3,355**
Impairment loss on property, plant and equipment	**1,614**	**–**	**1,614**
Impairment loss on intangible assets	**–**	**288**	**288**
Write-down of inventories, net	**2,268**	**418**	**2,686**

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

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

(d) Assets and liabilities related to contracts with customers

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

	2025 ***RMB'000***	2024 *RMB'000*
Current assets		
Right-of-return assets	**165**	254
Current contract liabilities		
– Receipts in advance	**8,841**	5,505
– Customer loyalty programme	**1,793**	2,124
– Liability arising from expected sales return	**165**	254
Total	**10,799**	7,883

As at 1 January 2024, right-of-return assets amounted to RMB52,000 and contract liabilities amounted to RMB9,665,000.

There are no unsatisfied performance obligations as at 31 December 2025 and 2024.

Where a customer has a right to return a product within a given period, the Group recognises a liability arising from expected sales return of RMB165,000 (2024: RMB254,000) for the amount of consideration received for which the entity does not expect to be entitled. The Group also recognises a right to the returned goods of RMB165,000 (2024: RMB254,000) measured by reference to the former carrying amount of the goods. The costs to recover the products are not material because the customers usually return them in a saleable condition.

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**7,883**	9,665

(e) Revenue by sales and distribution channels

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

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

	2025	2024
	RMB'000	*RMB'000*
Self-operated retail channels		
– Retail shops	**423,607**	504,414
– Consignment counters	**153,509**	202,328
– Online stores	**49,978**	56,598
Wholesale channels		
– Distributors	**159,458**	196,768
– Hypermarket and supermarket chains	**44,080**	7,814
– Online key accounts	**4,811**	6,566
	835,443	974,488

(f) Information about major customers

For the years ended 31 December 2025 and 2024, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

4 OTHER INCOME

	2025	2024
	RMB'000	*RMB'000*
Interest income	**20**	64
Government grants *(Note)*	**343**	1,024
Promotional service income	**257**	377
Rebates from platform service providers of online stores	**729**	1,007
Sundry income	**426**	532
	1,775	3,004

Note: Various government subsidies have been received from the local government authorities for subsidising the operating activities and acquisition of fixed assets. During the year ended 31 December 2025, subsidy income amounting to RMB343,000 (2024: RMB1,024,000) are recognised in profit or loss.

5 OTHER GAINS/(LOSSES), NET

	2025	2024
	RMB'000	*RMB'000*
Net exchange gain/(loss)	**9,534**	(10,545)
Gain on lease modifications	**3,863**	2,003
Gain/(loss) on disposal of property, plant and equipment	**25**	(521)
Others	**(267)**	(35)
	13,155	(9,098)

6 EXPENSES BY NATURE

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

	2025	2024
	RMB'000	*RMB'000*
Auditors' remuneration		
– Audit services	**1,237**	1,440
– Non-audit services	**137**	137
Amortisation of intangible assets	**904**	1,349
Depreciation of property, plant and equipment	**11,851**	17,681
Depreciation of right-of-use assets	**54,278**	75,592
Cost of inventories	**585,004**	665,330
Write-down of inventories, net (included in cost of sales)	**2,686**	10,914
Rental expenses in respect of		
– variable leases payments	**2,740**	2,561
– short-term leases	**32,626**	38,800
Advertising and promotional expenses	**12,553**	11,659
Concessionaire fees	**52,276**	66,681
Employee benefit expenses (including directors' emoluments)	**75,506**	95,192
Outsourced personnel service fees	**60,045**	71,865
Provision for impairment loss on trade receivables	**201**	801
Provision for impairment loss on bill receivables	**–**	773
Other receivables written-off	**1,489**	–
Impairment loss on property, plant and equipment *(Note (a))*	**1,614**	1,859
Impairment loss on right-of-use assets *(Note (a))*	**3,355**	7,207
Impairment loss on intangible assets *(Note (b))*	**288**	4,172
Transportation costs	**13,837**	15,421
Building management fees	**26,813**	31,272
Retail shop expenses	**13,642**	16,789
Office expenses	**1,880**	2,618
Travel expenses	**2,113**	1,778
Insurance	**743**	943
Others	**9,738**	12,465
	967,556	1,155,299

Notes:

(a) The Group determines each individual retail store as a separately identifiable cash-generating unit ("**CGU**") and monitors their financial performance. A provision for impairment of the Group's property, plant and equipment and right-of-use assets of RMB1,614,000 and RMB3,355,000, respectively for the year ended 31 December 2025 (2024: RMB1,859,000 and RMB7,207,000, respectively) was made based on impairment assessment carried out for the retail store assets which have an impairment indicator. Such impairment losses were recorded in selling and distribution expenses.

(b) Impairment losses on toy distribution rights and trademark of nil (2024: RMB2,197,000) and RMB288,000 (2024: RMB1,975,000) have been made based on the impairment assessment, which were recorded to "cost of sales" and "selling and distribution expenses", respectively.

7 FINANCE COSTS

	2025	2024
	RMB'000	*RMB'000*
Interest expenses on borrowings	**3,829**	3,836
Interest expenses on loans from a related company	**1,367**	2,134
Interest expenses on lease liabilities	**4,078**	5,647
Interest expenses on long service payment obligation	**19**	19
Imputed interest expenses on convertible preference shares	**871**	–
Guarantee fees paid	**939**	925
	11,103	12,561

8 INCOME TAX EXPENSE

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

	2025	2024
	RMB'000	*RMB'000*
Current income tax		
– Hong Kong, Macau and overseas profits tax	**–**	36
Deferred tax	**1,671**	2,907
	1,671	2,943

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

PRC corporate income tax is provided on the profits of the Group's subsidiaries in the PRC at 25% (2024: 25%). The applicable rate of Hong Kong profits tax is 16.5% (2024: 16.5%). The applicable rate of Macau profits tax is 12% (2024: 12%).

9 LOSS PER SHARE

Basic

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

	2025	2024
Loss attributable to owners of the Company *(RMB'000)*	**(129,050)**	(202,151)
Weighted average number of ordinary shares in issue *('000)*	**1,064,846**	800,000
Basic loss per share *(RMB cents)*	**(12.12)**	(25.27)

Diluted

The computation of diluted loss per share for the year ended 31 December 2025 does not assume the exercise of the Company's outstanding share options and the conversion of the Company's outstanding convertible preference shares (2024: exercise of the Company's outstanding share options) since they would have an anti-dilutive impact to the basic loss per share.

10 DIVIDENDS

The Board has decided not to propose for payment of any final dividend for the year ended 31 December 2025 (2024: Nil).

11 LEASES

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

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

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

	2025 ***RMB'000***	2024 *RMB'000*
Right-of-use assets		
– Leased premises	**81,935**	76,761
Less: provision for impairment	**(6,277)**	(13,200)
	75,658	63,561

During the year ended 31 December 2025, additions to right-of-use assets amounted to RMB75,715,000 (2024: RMB69,660,000).

	2025	2024
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	**35,885**	45,789
Within a period of more than one year but not exceeding two years	**25,869**	12,565
Within a period of more than two years but not exceeding five years	**16,097**	11,164
Within a period of more than five years	**1,939**	3,988
	79,790	73,506
Less: Amount due for settlement within 12 months shown under current liabilities	**(35,885)**	(45,789)
Amount due for settlement after 12 months shown under non-current liabilities	**43,905**	27,717

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

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

	2025	2024
	RMB'000	*RMB'000*
Depreciation of right-of-use assets *(note 6)*	**54,278**	75,592
Impairment loss on right-of-use assets *(note 6)*	**3,355**	7,207
Interest expenses *(note 7)*	**4,078**	5,647
Expense relating to short-term leases *(note 6)*	**32,626**	38,800
Expense relating to variable lease payments not included in lease liabilities *(note 6)*	**2,740**	2,561
Gain on lease modifications *(note 5)*	**(3,863)**	(2,003)

The total cash outflow for leases during the year ended 31 December 2025 was RMB98,581,000 (2024: RMB128,735,000).

12 TRADE AND BILL RECEIVABLES

	2025 *RMB'000*	2024 *RMB'000*
Trade receivables from contracts with customers	**53,371**	51,033
Less: provision for impairment	**(10,492)**	(10,291)
	42,879	40,742
Bill receivables	**3,866**	3,866
Less: provision for impairment	**(3,866)**	(3,866)
	–	–
	42,879	40,742

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

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

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

The Group pledged trade receivables with amount of RMB10,116,000 (2024: RMB10,020,000) to a third party guarantee company to secure the guarantee granted to the Group.

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

	2025 *RMB'000*	2024 *RMB'000*
Within 30 days	**33,139**	26,515
31 to 60 days	**4,826**	6,368
61 to 90 days	**1,262**	2,089
91 to 180 days	**1,168**	4,873
Over 180 days	**12,976**	11,188
	53,371	51,033
Less: loss allowance	**(10,492)**	(10,291)
	42,879	40,742

13 TRADE PAYABLES

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

	2025	2024
	RMB'000	*RMB'000*
Within 30 days	**99,918**	84,309
31 to 60 days	**6,146**	25,452
61 to 90 days	**987**	3,040
Over 90 days	**4,183**	4,159
	111,234	116,960

ANNUAL GENERAL MEETING

The Company's annual general meeting shall be held on Friday, 12 June 2026 (the "**2026 AGM**"). A notice convening the 2026 AGM, along with other relevant documents, will be published and disseminated to the shareholders of the Company (the "**Shareholders**") in accordance with the requirements under the Company's articles of association and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2026 AGM

For the purpose of determining the entitlement of the Shareholders to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Tuesday, 9 June 2026 to Friday, 12 June 2026 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2026 AGM, the non-registered Shareholders must lodge their duly completed and stamped transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 8 June 2026. The record date for determining the eligibility of Shareholders to attend and vote at the 2026 AGM is Friday, 12 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

As of 31 December 2025, the Company did not hold any treasury shares.

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITION AND DISPOSAL

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

CAPITAL STRUCTURE

As of 31 December 2025, the Company's share capital comprised 1,105,914,286 issued ordinary shares (the "**Share(s)**") with nominal value of HK$0.01 each.

On 19 February 2025, the Company has completed a loan capitalisation, by which the unsecured loan of HK$100,000,000 was capitalised and settled through the issuance of 305,914,286 ordinary Shares and 1,122,657,143 convertible preference shares of the Company. For details, please refer to the Company's announcements dated 27 December 2024 and 24 January 2025, and the Company's circular dated 9 January 2025.

Save as disclosed above, there was no change in the share capital of the Company during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

FUTURE PLAN FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As of 31 December 2025, the Group did not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2025, the Group had approximately 800 employees (including both in-house and outsourced employees) (31 December 2024: approximately 1,100 employees) in Chinese Mainland, Hong Kong and Macau. Total remuneration for in-house and outsourced employees for the Reporting Period amounted to approximately RMB75.5 million and RMB60.0 million, respectively (Prior Period: approximately RMB95.2 million and RMB71.9 million, respectively). The Group's remuneration packages comply with legislation in relevant jurisdictions and are decided based on market conditions and employees' levels of experience and qualifications; bonuses are awarded based on employee performance and the Group's financials. The Company has adopted two share option schemes on 20 October 2017 (the "**Share Option Schemes**"). The Group has been ensuring adequate training and professional development opportunities to employees.

At its meeting held on 27 March 2026, the remuneration committee of the Board has reviewed the Share Option Schemes.

EVENTS AFTER THE REPORTING PERIOD

On 23 January 2026, the Company received a conversion notice from Asian Glory Holdings Limited, a company wholly owned by Mr. Lee Ching Yiu, the chairman of the Board, an executive Director and the chief executive officer, in relation to the conversion of 250,000,000 convertible preference shares of the Company held by it to convert the same into 250,000,000 new ordinary Shares. On 27 January 2026, 250,000,000 new ordinary Shares were alloted and issued to Asian Glory Holdings Limited. Thereafter, the capital structure of the Company consists of 1,355,914,286 ordinary shares and 872,657,143 preference shares. Please refer to the Company's announcement dated 23 January 2026 for further details.

Save as disclosed herein, there were no material subsequent events undertaken by the Group after 31 December 2025 and up to date of this announcement.

FINAL DIVIDEND

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

This decision reflects the Board's commitment to preserving funds for future strategic initiatives and operational needs, ensuring the Company remains well-positioned for long-term growth and resilience.

CORPORATE GOVERNANCE PRACTICES

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

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

EXTRACT FROM THE AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2025.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the consolidated financial statements which indicates that the Group incurred a net loss of RMB129,957,000 during the year ended 31 December 2025 and, as of that date, the Group's current liabilities exceeded its current assets by RMB85,209,000, and the Group had net liabilities of RMB133,540,000. As stated in Note 2.1 to the consolidated financial statements, these conditions, along with other matters as set forth in Note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

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

SCOPE OF WORK OF MOORE CPA LIMITED

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

GRATITUDE

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

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

Hong Kong, 27 March 2026

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