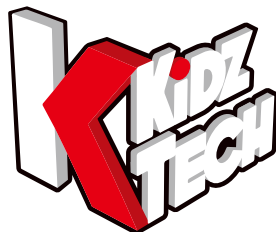


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Kidztech Holdings Limited

奇士達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6918)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- Revenue for FY2025 was approximately RMB216.2 million (FY2024: approximately RMB218.8 million), representing a decrease of approximately 1.2%.
- Gross profit margin for FY2025 was approximately 6.5% (FY2024: approximately 8.4%), representing a decrease of approximately 1.9%.
- Loss for FY2025 was approximately RMB82.7 million (FY2024: loss of approximately RMB61.1 million), representing an increase in loss of approximately 35.4%.
- Basic and diluted loss per Share for FY2025 was approximately RMB12.4 cents (FY2024: approximately RMB9.8 cents), representing an increase in loss per share of approximately 26.5%.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2025 RMB'000	2024 RMB'000
Revenue	3	216,163	218,773
Cost of sales		<u>(202,180)</u>	<u>(200,440)</u>
Gross profit		13,983	18,333
Other income and other gains/(losses), net		656	(2,507)
Selling expenses		(461)	(7)
Administrative expenses		(28,254)	(33,609)
Net impairment losses on trade and other receivables		<u>(53,907)</u>	<u>(31,403)</u>
Loss from operations		(67,983)	(49,193)
Finance costs	6	<u>(14,732)</u>	<u>(11,606)</u>
Loss before tax		(82,715)	(60,799)
Income tax expenses	7	<u>—</u>	<u>(284)</u>
Loss for the year	5	(82,715)	(61,083)
Other comprehensive income for the year <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(148)</u>	<u>4,046</u>
Total comprehensive loss for the year		<u>(82,863)</u>	<u>(57,037)</u>
Loss for the year attributable to:			
— owners of the Company		(82,701)	(61,063)
— non-controlling interests		<u>(14)</u>	<u>(20)</u>
		<u>(82,715)</u>	<u>(61,083)</u>
Total comprehensive loss for the year attributable to:			
— owners of the Company		(82,849)	(57,017)
— non-controlling interests		<u>(14)</u>	<u>(20)</u>
		<u>(82,863)</u>	<u>(57,037)</u>
Loss per share			
Basic and diluted (<i>RMB cents</i>)	9	<u>(12.4)</u>	<u>(9.8)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		155,603	159,237
Right-of-use assets		9,163	9,504
Prepayments		5,452	9,739
		170,218	178,480
Current assets			
Inventories		32,672	19,291
Trade receivables	<i>10</i>	231,035	301,262
Prepayments, deposits and other receivables		89,264	82,553
Cash and cash equivalents		7,517	10,705
		360,488	413,811
Current liabilities			
Trade and other payables	<i>11</i>	135,934	139,981
Amount due to a related company		962	962
Contract liabilities		872	1,091
License fee payable		1,867	1,867
Bank and other borrowings	<i>12</i>	133,263	125,762
Convertible bonds	<i>13</i>	16,691	—
Current income tax liabilities		18,747	18,974
		308,336	288,637
Net current assets		52,152	125,174
Total assets less current liabilities		222,370	303,654

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current liabilities			
Convertible bonds	<i>13</i>	—	12,908
Debentures	<i>14</i>	<u>4,652</u>	<u>4,870</u>
		<u>4,652</u>	<u>17,778</u>
NET ASSETS		<u>217,718</u>	<u>285,876</u>
Capital and reserves			
Share capital		676	562
Reserves		<u>217,378</u>	<u>285,636</u>
Equity attributable to owners of the Company		218,054	286,198
Non-controlling interests		<u>(336)</u>	<u>(322)</u>
TOTAL EQUITY		<u>217,718</u>	<u>285,876</u>

NOTES

For the year ended 31 December 2025

1. General information and basis of preparation

Kidztech Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 25 October 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of principal place of business in Hong Kong is Unit 2202, 22/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong. The Company’s shares (the “**Share(s)**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) from 18 March 2020 (the “**Listing**”).

The Company is an investment holding company and its subsidiaries (together with the Company collectively referred to as the “**Group**”) are principally engaged in (i) manufacturing and sales of toy cars; and (ii) sales of electronic products.

Going concern

The Group incurred a loss for the year of approximately RMB82,715,000 during the year ended 31 December 2025 and, as at 31 December 2025, the Group had cash and bank balances amounted to approximately RMB7,517,000 while its current bank and other borrowings amounted to approximately RMB133,263,000. In view of these circumstances, the directors of the Company had given careful consideration to the impact of the current and anticipated future liquidity of the Group.

The validity of the Group to operate as a going concern is dependent upon the outcomes of the Group to (i) attain profitable and positive cash flows from operations by exploiting business development and implementing effective cost control measures, and to ensure timely recovery of the Group’s outstanding trade and other receivables; and (ii) a facility letter granted to the Company by an independent third party to provide an unsecured borrowings to the Group to an extent of HK\$30,000,000. Up to the date of these consolidated financial statements, the Company had drawn down HK\$2,000,000 from the above facility.

Based on the cash flow projections of the Group and having taken into the above measures, the directors of the Company consider that the Group will be able to realise its assets and discharge its liabilities and commitments in the normal course of business for at least twelve months from the end of the reporting period. Therefore, the consolidated financial statements of the Group have been prepared on a going basis.

2. Adoption of new and amendments to HKFRS Accounting Standards

(a) Application of amendments to HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards, which the collective term includes all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and interpretation (“**Int**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025, for the preparation of these consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
--------------------------------------	-------------------------

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

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

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new and amendments to HKFRS Accounting Standards and Int, which are not effective for the financial year beginning 1 January 2025 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKAS 21 — Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HK Int 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new and amendments to HKFRS Accounting Standards and Int are expected to be in the period of initial application. Except for below, the amendments to HKFRS Accounting Standards are unlikely to have significant impact on the consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of Financial Statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (“MPMs”) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group’s statement of profit or loss, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs (e.g., adjusted operating profits and adjusted earnings before interest, taxes, depreciation and amortisation) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the consolidated financial statements.
- The consolidated statement of cash flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

3. Revenue

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of toy cars	184,057	215,410
Sales of electronic products	32,106	—
Procurement and selling of raw materials and electronic parts	—	3,363
	<u>216,163</u>	<u>218,773</u>
Disaggregation of revenue from contracts with customers:		
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Geographical markets		
Chinese Mainland	6,748	2,898
Hong Kong	209,415	215,875
Total	<u>216,163</u>	<u>218,773</u>
Major products		
Toy cars	184,057	215,410
Electronic products	32,106	—
Raw materials and electronic parts	—	3,363
Total	<u>216,163</u>	<u>218,773</u>
Timing of revenue recognition		
At a point in time	<u>216,163</u>	<u>218,773</u>

4. Segment information

The Group is principally engaged in (i) manufacturing and sales of toy cars; and (ii) sales of electronic products. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company, being the chief operating decision makers, regard that there is only one operating segment which is used to make strategic decisions. Revenue and loss before tax are the measures reported to the executive directors of the Company for the purpose of resources allocation and performance assessment.

Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
China Mainland	6,748	2,898	170,207	175,848
Hong Kong	209,415	215,875	11	2,632
	<u>216,163</u>	<u>218,773</u>	<u>170,218</u>	<u>178,480</u>

The Group's customer base included four (2024: four) customers with whom transactions have exceeded 10% of its revenue during the year ended 31 December 2025 is set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A (<i>note (i)</i>)	53,990	N/A
Customer B	45,450	52,537
Customer C	41,295	46,902
Customer D (<i>note (i)</i>)	34,650	N/A
Customer E (<i>note (ii)</i>)	N/A	48,025
Customer F (<i>note (ii)</i>)	<u>N/A</u>	<u>38,619</u>

Note:

- (i) These customers did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2024.
- (ii) These customers did not contribute over 10% of the total turnover of the Group for the year ended 31 December 2025.

5. Loss for the year

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Allowance for inventories (included in cost of sales)	—	1,712
Cost of inventories sold	199,017	198,728
Staff costs (including directors' emoluments)		
— Salaries, bonus and allowance	4,787	4,417
— Retirement benefits scheme contributions (<i>note</i>)	92	110
Depreciation and amortisation of property, plant and equipment, right-of-use assets and amortisation of intangible assets	10,917	11,544
Short-term lease expenses	2,268	—
Auditor's remuneration		
— Audit services	670	670
— Non-audit services	100	100
	<u>199,017</u>	<u>198,728</u>

Note: Contributions to the defined contribution retirement schemes by the Group for its employees are fully and immediately vested in the employees once the contributions are made. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there is no such an issue whether forfeited contributions may be used by the Group to reduce the existing level of contributions.

6. Finance costs

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest expenses on bank borrowings	5,193	4,862
Interest expenses on other borrowings	3,353	3,302
Interest expenses on lease liabilities	—	11
Interest expenses on debentures	171	170
Imputed interest on convertible bonds	4,431	122
Others	1,584	3,139
	<u>14,732</u>	<u>11,606</u>

7. Income tax expenses

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax – Hong Kong Profits Tax		
— Provision for the year	—	533
Current tax – People’s Republic of China (“ PRC ”) Enterprise Income Tax (“ EIT ”)		
— Over-provision in prior year	—	(249)
	<u>—</u>	<u>(249)</u>
	<u>—</u>	<u>284</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. Under the current laws of the British Virgin Islands (the “**BVI**”), entities incorporated in BVI are not subject to income tax.

Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) on the estimated assessable profit. No provision for Hong Kong Profits Tax has been made for the Company and the subsidiaries incorporated in Hong Kong as they have no assessable profits or have sufficient tax losses brought forward to set off against the estimated assessable profits for the current years.

The subsidiaries established in the PRC are subject to PRC EIT rate of 25% (2024: 25%) during the year ended 31 December 2025.

At the end of the reporting period, the Group has unused tax losses of RMB33,930,000 (2024: RMB33,274,000) available for set off against future profits. Deferred tax has not been recognised in respect of such losses due to unpredictability of future profits streams. These losses will expire within five years for PRC and can be carried forward indefinitely for Hong Kong.

8. Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

9. Loss per share

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year ended 31 December 2025 attributable to owners of the Company of approximately RMB82,701,000 (2024: RMB61,063,000) and the weighted average number of ordinary shares of 667,342,356 (2024: 624,564,000), in issue during the year ended 31 December 2025.

Diluted loss per share

Diluted loss per share is the same with the basic loss per share as the effect of the Company's outstanding potential ordinary shares in relation to share options and convertible bonds is anti-dilutive for the years ended 31 December 2025 and 2024.

10. Trade receivables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables, gross	333,937	356,774
Less: allowance for ECL	(102,902)	(55,512)
Trade receivables, net	<u>231,035</u>	<u>301,262</u>

The following is an aging analysis of gross carrying amount of trade receivables, presented based on the invoice dates, at the end of the years:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than 30 days	25,286	48,449
31 days to 120 days	84,898	138,953
121 days to 1 year	42,015	142,772
1 year to 2 years	174,133	24,574
More than 2 years	7,605	2,026
	<u>333,937</u>	<u>356,774</u>

11. Trade and other payables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	44,998	54,395
Accrued other expenses	65,687	56,422
Payroll payable	3,116	2,627
Value-added tax and other tax payables	20,862	20,858
Amounts due to shareholders of the Company (<i>note</i>)	<u>1,271</u>	<u>5,679</u>
	<u>135,934</u>	<u>139,981</u>

Note: The amounts due to shareholders of the Company are unsecured, non-interest bearing, and repayable on demand.

An aging analysis of the trade payables at the end of the reporting period, based on invoice dates, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than 30 days	3,674	2,928
31 days to 120 days	3,447	13,359
121 days to 1 year	—	425
1 year to 2 years	<u>37,877</u>	<u>37,683</u>
	<u>44,998</u>	<u>54,395</u>

12. Bank and other borrowings

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank borrowings (secured)	77,845	72,101
Other borrowings	55,418	53,661
	<u>133,263</u>	<u>125,762</u>

The borrowings are repayable as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
On demand or within one year	<u>133,263</u>	<u>125,762</u>

As at 31 December 2025 and 2024, certain bank and other borrowings were secured by:

- Property, plant and equipment and right-of-use assets with net book value approximately RMB24,213,000 (2024: RMB27,866,000);
- Shares of the Company held by certain shareholders of the Company; and
- Personal guarantees provided by Mr. Yu Huang and Ms. Chen Cheng, and certain non-controlling shareholders of the Company.

The interest rates per annum at the end of the reporting period were as follows:

	2025	2024
Borrowing variable-rate	<u>2.25%–18.00%</u>	<u>2.25%–18.00%</u>

13. Convertible bonds

The convertible bonds were issued on 20 December 2024. The bonds are convertible at the discretion of the bondholder into ordinary shares of the Company at any time commencing from the issue date and till the fifth business day prior to the maturity date. The bonds are convertible to an aggregate of 124,910,000 ordinary shares of the Company at HK\$0.160 per share. The maturity date is on the second anniversary of the issue date.

If the notes are not converted, they will be redeemed at par on 19 December 2026. Interest of 12% per annum will be settled with the outstanding principal at maturity date.

The net proceeds received from the issue of the convertible loan notes have been split between the liability element and an equity component, as follows:

	2024 <i>RMB'000</i>
Nominal value of convertible loan notes issued	18,788
Equity component	<u>(6,005)</u>
Liability component at date of issue	<u><u>12,783</u></u>

The interest charged for the year is calculated by applying an effective interest rate of 35.0% to the liability component for the 24 months period since the bonds were issued.

Movements of the liability component during the reporting period are as follows:

	<i>RMB'000</i>	
At issuance of the instrument		12,783
Interest charged		122
Exchange re-alignment		<u>3</u>
At 31 December 2024 and 1 January 2025		12,908
Interest charged		4,431
Exchange re-alignment		<u>(648)</u>
At 31 December 2025		<u><u>16,691</u></u>
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
The liabilities component is analysed as:		
Current liabilities	16,691	—
Non-current liabilities	<u>—</u>	<u>12,908</u>
	<u>16,691</u>	<u>12,908</u>

14. Debentures

As at 12 January 2024, the Company issued 1 tranches of debenture with an aggregate principal value of HK\$5,000,000 which matures on 11 January 2031. The debenture is unsecured, bearing interest rates of 4% per annum. Interest will be settled annually. The carrying amount of the debentures is analysed as follows:

	<i>RMB'000</i>	
At issuance of the debenture		4,615
Interest charged		170
Exchange difference		<u>85</u>
At 31 December 2024 and 1 January 2025		4,870
Repayment		(184)
Interest charged		171
Exchange difference		<u>(205)</u>
At 31 December 2025		<u><u>4,652</u></u>
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Represented by:		
Current portion	171	170
Non-current portion	<u>4,481</u>	<u>4,700</u>
	<u><u>4,652</u></u>	<u><u>4,870</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group has a vision of becoming a smart interactive entertainment product provider. The Group is principally engaged in the design, development, manufacture and sale of high-quality smart toy vehicles, smart interactive toys and traditional toys and the sale of smart hardware products.

Revenue

The Group's total revenue significantly decreased by approximately 1.2% from approximately RMB218.8 million for the year ended 31 December 2024 to approximately RMB216.2 million for the year ended 31 December 2025 ("FY2025"). The slight decrease in revenue was primarily due to the fact that the Group discontinued the procurement and selling of raw materials and electronic parts business for the period, so as to focus on Hong Kong export-oriented wholesalers to expand a diversified customer base in emerging Asian markets, while simultaneously diversifying its products and implementing a low gross profit sales strategy externally, with an aim to develop a potential market growth point. As such, such products were sold with low gross profit to clients.

Analysis of revenue by product type is as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Smart toys		
— Smart toy vehicles	184,057	215,410
Electronic products	32,106	—
Electronic parts	—	3,363
	<u>216,163</u>	<u>218,773</u>

Smart toys

Smart toy vehicles

The Group's smart toy vehicles decreased year on year by approximately 14.6% as compared to the same period of the last year was mainly due to the adjustment of sales strategies by the Group, that is, developing emerging markets with export-oriented wholesalers in Hong Kong, in order to capture the opportunity for diversification, and new customer base in such regions as well as conduct a rush-release with a lower profit margin for products mainly comprising of full function radio controlled toy vehicles, which are manufactured in different scales. During FY2025, the Group's smart toy vehicles were mostly "kidztech" brand products and co-branded products collectively released by the Company and renowned automobile manufacturers. The Group also manufactures under overseas customers' brands on original equipment manufacturing ("OEM") and original design manufacturing ("ODM") bases.

Smart interactive toys

The Group's smart interactive toys mainly are produced and sold for under the "kidztech" brand, and comprise smart interactive playsets, activity toys and musical toys, and some of these toys which play music and contain play features are intended to stimulate the sensory development of children. During 2025, the Group did not record any revenue from smart interactive toys (during 2024: nil).

Traditional toys

Traditional toys include traditional toy vehicles, traditional educational toys, dolls and other traditional toys such as outdoor and sport as well as infant toys. During 2025, the Group did not record any revenue from traditional toys (during 2024: Nil). In light of the quiet domestic retail market and low gross profit margins in the PRC, the Group suspended the production and sales of traditional toys until the market conditions improve.

Brands

The Group's smart toys, traditional toy and smart hardware products are (i) branded with its "kidztech" brand; (ii) cobranded with renowned automobile manufacturers, popular entertainment characters featured in animated television series or motion pictures or toy brand owner; or (iii) branded under its overseas customers' brands, which mainly represent the products manufactured by the Group on ODM and OEM bases and the products sold to its customers branded under their respective brands.

The Group believes that co-branding with other famous brands allows the Group to leverage on the marketing benefits of the internationally renowned brands to expediently gain consumer awareness, and recognition of authenticity, and to establish creditability and market acceptance from the mass market. The Group will continue to look for collaboration opportunities with other well-known brands and apply for licensed rights of renowned toy and entertainment character in due course to improve the marketability of our products.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately RMB18.3 million for FY2024 to approximately RMB14.0 million for FY2025, representing a decrease of approximately 23.7%. The Group's gross profit margin decreased by approximately 1.9 percentage point from approximately 8.4% in FY2024 to approximately 6.5% in FY2025. It was mainly attributable to implementation of the low gross profit sales strategy by the Group to expand the emerging markets in Asia Pacific for attracting long-term high-quality customer groups, with an aim to develop a potential market growth point for us.

Loss for the year

The Group's net loss increased from approximately RMB61.1 million for FY2024 to a net loss of approximately RMB82.7 million for FY2025. It was mainly attributable to an increase of approximately RMB22.5 million in net impairment losses on trade and other receivables.

Selling expenses

The Group's selling expenses increased from approximately RMB7 thousand for FY2024 to approximately RMB0.46 million for FY2025, which was primarily due to an increase in transportation costs and assuming part of the marketing and promotion expenses of Hong Kong wholesalers.

Administrative expenses

The Group's administrative expenses decreased by approximately 15.9% from approximately RMB33.6 million in FY2024 to approximately RMB28.3 million in FY2025, which was mainly attributable to the further decrease in employee expenditure during the period.

Taxation expense

Taxation expense of approximately RMB0 million in FY2025, decreasing from the taxation expense of approximately RMB0.3 million in FY2024, which was mainly due to no tax payables during the period.

Liquidity and financial resources

As at 31 December 2025, the Group's gearing ratio, which represents the Group's total borrowings divided by total equity, was approximately 61.2% (31 December 2024: 44%). As at 31 December 2025, the Group's total borrowings were approximately RMB133.3 million (31 December 2024: approximately RMB125.8 million) and the total equity was approximately RMB217.7 million (31 December 2024: approximately RMB285.9 million). The total borrowings represent the outstanding loans of the Group.

The current ratio, which is calculated based on the total current assets at the respective dates divided by the total current liabilities at the respective dates, was approximately 1.2 as at 31 December 2025 (31 December 2024: approximately 1.4); whereas the quick ratio, which is calculated based on the total current assets (excluding inventories) at the respective dates divided by the total current liabilities at the respective dates, was approximately 1.1 as at 31 December 2025 (31 December 2024: approximately 1.4).

As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB7.5 million (31 December 2024: approximately RMB10.7 million), representing a decrease of approximately RMB3.2 million, which was mainly due to an increase of the volume of inventory.

Working capital

The average inventory turnover period of the Group was approximately 47 days in FY2025 (FY2024: approximately 40 days), generally remaining stable.

The Group's trade receivables decreased from approximately RMB301.3 million as at 31 December 2024 to approximately RMB231.0 million as at 31 December 2025, which was mainly due to an increase in impairment losses of trade receivables during the period. The Group's average turnover days of trade receivables decreased from approximately 457 days in FY2024 to approximately 449 days in FY2025.

The Group's prepayments and other receivables increased from approximately RMB82.6 million as at 31 December 2024 to approximately RMB89.3 million as at 31 December 2025, which was mainly attributable to an increase in prepayment during the period.

The Group's trade and other payables decreased by approximately RMB4.1 million or approximately 2.9% from approximately RMB140.0 million as at 31 December 2024 to approximately RMB135.9 million as at 31 December 2025, mainly due to relative decrease in the amount of procurement of raw materials. The Group's average trade payable turnover days decreased from approximately 95.3 days in FY2024 to approximately 86.6 days in FY2025.

Bank and other borrowings

As at 31 December 2025, all the bank and other borrowings, amounting to approximately RMB133.3 million (31 December 2024: approximately RMB125.8 million), were repayable on demand and with fixed interest rate of 2.25% to 18.00%. The bank and other borrowings are predominantly denominated in RMB.

The weighted average effective interest rate as at 31 December 2025 was approximately 7.9% (31 December 2024: approximately 7.9%).

Significant investments, material acquisitions and disposal of subsidiaries

The Group did not have any significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures during FY2025. Save as disclosed in the announcement dated 16 September 2025 regarding the Group's a 51% equity stake in Times Logistics Investment Limited ("**Times Logistics**") at the consideration of USD51 dollars. Delingha Enesoon New Energy Technology Co. Ltd. (德令哈愛能森新能源科技有限公司) ("**Delingha**"), an indirect subsidiary of Times Logistics, is incorporated in Qinghai and primarily engages in the sales, service and after-sales services of molten salt materials and thermal energy storage equipment sectors. The acquisition agreement has automatically cancelled as the claims and debts owed by Delingha failed to be discharged and settled by 5 December 2025.

Future plans for material investments and capital assets

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

Capital structure

The capital structure of the Group is mainly based on the equity attributable to shareholders of the Company (the "**Shareholders**") (including share capital and reserves). As at 31 December 2025, the total number of issued ordinary Shares of the Company was 749,476,800 with a par value of HK\$0.001 each (31 December 2024: 624,564,000 Shares).

Pledge of assets

As at 31 December 2025, certain bank and other borrowings of the Group were secured by property, plant and equipment and restricted cash.

Save for the above, there was no charge on assets of the Group as at 31 December 2025.

Contingent liabilities

The Group did not have any significant contingent liability as at 31 December 2025 (31 December 2024: Nil).

Capital commitments

As at 31 December 2025, the Group had an aggregate capital commitment of approximately RMB8.8 million (31 December 2024: approximately RMB13.1 million).

Financial management and treasury policy

The financial risk management of the Group is the responsibility of the Group's treasury function at its head office. The Group adopted prudent funding and treasury management policies while maintaining an overall healthy financial position. The Group's source of funding was raised by cash generated from operating activities and bank borrowings. The Group's treasury policies mainly include managing capital liquidity and yield to safeguard the healthy development of the principal businesses of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group is from time to time considering various alternatives including but not limited to financial institution borrowings, non-financial institution borrowings, bonds issuance, etc.

Foreign exchange exposure

The Group's operating subsidiaries incorporated in Hong Kong operates with most transactions being settled in Hong Kong dollars ("HK\$"), except for certain transactions which are denominated in US dollars ("USD") or other currencies. The functional currency of these subsidiaries is USD. The Group's operating subsidiaries incorporated in the PRC operate in the PRC and their functional currency is Renminbi ("RMB"). As at 31 December 2025, foreign exchange risk arose mainly from certain balances of the operating subsidiaries in Hong Kong which are denominated in HK\$. The Directors consider that no significant foreign exchange risk exists for the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group did not use any financial instruments for hedging purposes.

EVENTS AFTER THE REPORTING PERIOD

On 24 February 2026, the Company received a conversion notice from Renxiang in relation to the exercise of the conversion rights attaching to the convertible bonds to convert the convertible bonds in the principal amount of HK\$20,000,000.00 at the conversion price of HK\$0.160 per conversion share (“**Conversion**”). Accordingly, on 2 March 2026, 124,910,000 conversion shares, representing approximately 16.67% of the total number of issued Shares immediately before the Conversion and approximately 14.29% of the total number of issued Shares as enlarged by the issue of the conversion shares after the Conversion, were allotted to Renxiang in accordance with the terms and conditions of the convertible bonds. Immediately after the allotment and issue of the conversion shares, the number of issued shares of the Company will increase by 124,910,000 Shares to 874,386,800 Shares.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 26 (2024: 32) full-time employees, of which, 6 of them were in Hong Kong and the rest of them were stationed in Shantou and Shenzhen, the PRC. The significantly decrease of employees was mainly because the Company outsourced part of production progress to suppliers/subcontractors.

The remuneration packages offered by the Group to its employees, including salaries, accidental insurance and allowances, depend on their job nature. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of the Group’s business. The Group has implemented training programmes for its employees to meet different job requirements, such as training on production procedures for its staff at its production department. It is believed that these initiatives have contributed to the increased productivity of employees of the Group. The Group has also adopted a share option scheme to reward, among others, its employees for their contribution to the Group (the “**Share Option Scheme**”).

As required by the relevant PRC laws and regulations, the Group has participated in housing fund and various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans, under which contributions were made at specified percentages of the salaries of its employees. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of its business.

The Group has arranged for its employees in Hong Kong to join the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) managed by an independent trustee. Under the MPF Scheme, the Group’s company in Hong Kong (the employer) and its employees make monthly contributions to the scheme at 5% of the employees’ earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the Group’s companies and its employees are subject to a cap of HK\$1,500 and thereafter contributions are voluntary. The Group’s contributions to the defined contribution scheme are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

OUTLOOK

With the aim of further developing its business and continuing its growth and also taking into account the development of the current situation as well as the everchanging global geopolitics environment and international order, the Group will implement the following strategies:

- continue to prioritise and focus on overseas market by (i) maintaining and strengthening relationship with its existing direct overseas customers; and (ii) expanding the customer base and continuing to focus on development in Chinese market;
- continue to strengthen, expand and diversify its customer base by focusing on (i) the Hong Kong and PRC Export-Oriented Wholesalers; and (ii) the PRC retailers;
- diversify its product offerings through continuous development of new smart products and global licensing strategy;
- expand its production capacity through outsourced part of production progress to suppliers/sub-contractors and improve its production efficiency;
- allocate more resources to expand sales of domestic and emerging Asian markets; and
- provide a more diversified product portfolio and services through cooperation opportunities in expanding into industrial sectors of high-end, artificial-intelligence, green related products and technologies.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for FY2025 (FY2024: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any member of the Group had purchased, sold or redeemed any of the Shares during FY2025.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability of the Company. During FY2025, the Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”), save and except the deviation as follows:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yu Huang is currently the chairman of the Board and the chief executive officer of the Group. Mr. Yu has been responsible for the overall management of the Group since the establishment of the Group. The Board believes that the current structure enables the Group to make and implement business decisions swiftly and effectively which promotes the Group’s development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired because of the diverse background and experience of the executive Directors, non-executive Director and independent non-executive Directors. Further, the audit committee (the “**Audit Committee**”), which consists of independent non-executive Directors, has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. In order to maintain good corporate governance and to fully comply with the code provision C.2.1 of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairman of the Board and chief executive officer separately.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

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 code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities. Having made specific enquiry, all Directors confirmed that they had complied with the Model Code during FY2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during FY2025.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee has reviewed with the management of the Company these audited annual results and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters, including the review of the audited consolidated financial statements of the Group for FY2024 and the 2025 interim consolidated financial statements of the Group. The audited annual results of the year ended 31 December 2025 contained herein have been reviewed by and agreed with the Audit Committee.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the consolidated financial statements, which mentions that the Group incurred a loss for the year of approximately RMB82,715,000 during the year ended 31 December 2025 and, as at 31 December 2025, the Group had cash and bank balances amounted to approximately RMB7,517,000 while its current bank and other borrowings amounted to approximately RMB133,263,000. These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kidztech.net). The annual report of the Company for FY2025 will be despatched to the Shareholders and published on the aforesaid websites in due course.

By order of the Board
Kidztech Holdings Limited
Yu Huang
Chairman

Shantou, 31 March 2026

As at the date of this announcement, the Board comprises Mr. Yu Huang, Mr. Hong Kun and Mr. Zhu Qiang as executive Directors, Ms. Zheng Jingyun as the non-executive Director, and Ms. Wang Shiling, Mr. Gong Lan and Ms. Huang Chunlian as independent non-executive Directors.

* *For identification purpose only*