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Kiddieland International Limited

童園國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3830)

**ANNOUNCEMENT OF INTERIM RESULTS FOR
THE SIX MONTHS ENDED 31 OCTOBER 2023**

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Kiddieland International Limited (“**Kiddieland**” or the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 October 2023 together with the comparative unaudited figures for the corresponding period in 2022.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 October 2023

	<i>Note</i>	Six months ended 31 October 2023 HK\$'000 (unaudited)	Six months ended 31 October 2022 HK\$'000 (unaudited)
Revenue	5	148,709	124,604
Cost of sales	6	(121,998)	(137,984)
Gross profit/(loss)		26,711	(13,380)
Other income		233	469
Other (losses)/gains, net		(706)	2,730
Selling and distribution expenses	6	(7,201)	(7,051)
Administrative expenses	6	(14,714)	(17,859)
(Impairment losses)/reversals of impairment losses on financial assets, net		(40)	14

		Six months ended 31 October 2023 HK\$'000 (unaudited)	Six months ended 31 October 2022 HK\$'000 (unaudited)
Operating profit/(loss)		4,283	(35,077)
Finance income		315	9
Finance expenses		(559)	(679)
Finance costs, net		(244)	(670)
Profit/(loss) before taxation		4,039	(35,747)
Income tax expenses	7	(355)	(1,699)
Profit/(loss) for the period		<u>3,684</u>	<u>(37,446)</u>
Other comprehensive loss			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		(720)	(2,119)
Other comprehensive loss for the period, net of tax		(720)	(2,119)
Total comprehensive income/(loss) for the period		<u>2,964</u>	<u>(39,565)</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		4,510	(36,189)
Non-controlling interests		(826)	(1,257)
		<u>3,684</u>	<u>(37,446)</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		3,901	(37,886)
Non-controlling interests		(937)	(1,679)
		<u>2,964</u>	<u>(39,565)</u>
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company during the period (expressed in HK cents per share)			
Basic and diluted earnings/(loss) per share	8	<u>0.5</u>	<u>(3.6)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2023

		As at 31 October 2023 <i>HK\$'000</i> (unaudited)	As at 30 April 2023 <i>HK\$'000</i> (audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	9	7,297	7,988
Right-of-use assets		3,985	4,885
Intangible assets		7,311	9,727
Deferred income tax assets		10,682	10,989
Deposits and prepayments		620	567
		29,895	34,156
Current assets			
Inventories		11,088	19,603
Trade and bills receivables	10	29,396	12,036
Other receivables, deposits and prepayments		7,367	7,705
Income tax recoverable		1,344	1,336
Cash and bank balances		7,568	3,379
		56,763	44,059
Total assets		86,658	78,215
EQUITY			
Owners of the Company			
Share capital	11	100,000	100,000
Other reserves		6,242	6,242
Exchange reserves		(522)	87
Accumulated losses		(67,039)	(71,549)
		38,681	34,780
Non-controlling interests		2,435	3,372
Total equity		41,116	38,152

		As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
LIABILITIES			
Non-current liabilities			
Accruals and other payables		887	2,619
Deferred income tax liabilities		47	–
Lease liabilities		<u>1,625</u>	<u>2,467</u>
		<u>2,559</u>	<u>5,086</u>
Current liabilities			
Trade and bills payables	12	15,762	10,883
Accruals and other payables		14,719	9,844
Contract liabilities		9,985	11,736
Lease liabilities		<u>2,517</u>	<u>2,514</u>
		<u>42,983</u>	<u>34,977</u>
Total liabilities		<u><u>45,542</u></u>	<u><u>40,063</u></u>
Total equity and liabilities		<u><u>86,658</u></u>	<u><u>78,215</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP

Kiddieland International Limited (the “**Company**”) was incorporated in the Cayman Islands on 3 June 2016 as an exempted company with limited liability. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacturing and selling of plastic toy products and laboratory equipments.

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

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 31 October 2023 is prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting”. It should be read in conjunction with the annual report for the year ended 30 April 2023 (the “**Annual Report**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those as described in the Annual Report, except for the adoption of new standards, amendments and interpretations of HKFRSs effective for the financial year commencing on 1 May 2023.

(a) New and amended standards and interpretation of HKFRSs adopted by the Group

The Group has adopted the following new standards and amendments to standards which are mandatory for the financial year commencing on 1 May 2023 and are relevant to its operation:

HKFRS 17	Insurance Contract
HKFRS 4 (Amendments)	Expiry Date of the Deferral Approach
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Revised) (Amendments)	Disclosure of Accounting Policies
HKFRS Practice Statement 2 (Amendment)	Making Materiality Judgements
HKAS 8 (Amendments)	Accounting Policies, Change in Accounting Estimates and Errors
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HK (IFRIC)-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

(b) Amended standards not yet adopted by the Group

The following amended standards are not yet effective for annual periods commencing on 1 May 2023 and have not been early adopted by the Group:

		Effective for annual periods commencing on or after
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 May 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 May 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 May 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined

None of the above amendments to existing standards is expected to have a significant effect on the consolidated financial statements of the Group.

4 ESTIMATES

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

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

5 SEGMENT INFORMATION

The executive Directors of the Company have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

During the year ended 30 April 2022, the Group invested and started a new business which is related to manufacturing and selling of laboratory equipment for primary and secondary school. Subsequent to the investment, the Group engaged in two operating segments namely, Toy business and Laboratory equipment business. The chief operating decision-makers assess the business performance based on a measure of operating results. Information reported to the chief operating decision-makers for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the related revenue and results of the operating segments of Toy business and Laboratory equipment business are presented for the six months ended 31 October 2023 and 2022. The related assets and liabilities of the operating segments as at 31 October 2023 and 30 April 2023 are presented as below.

Segment revenue and results

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

For the six months ended 31 October 2023 (unaudited)

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

For the six months ended 31 October 2022 (unaudited)

	Toy business <i>HK\$'000</i>	Laboratory equipment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	105,631	18,973	124,604
Cost of sales	<u>(122,613)</u>	<u>(15,371)</u>	<u>(137,984)</u>
Gross profit/(loss)	<u>(16,982)</u>	<u>3,602</u>	<u>(13,380)</u>
Segment results	(32,193)	(6,083)	(38,276)
Unallocated:			
Other income			469
Other gains, net			2,730
Finance costs, net			<u>(670)</u>
Loss before income tax			<u><u>(35,747)</u></u>

Segment assets and liabilities

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

	Toy business <i>HK\$'000</i>	Laboratory equipment business <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 October 2023 (unaudited)			
Assets			
Segment assets	57,419	29,201	86,620
Unallocated:			
Property, plant and equipment			31
Cash and bank balances			<u>7</u>
Total assets			<u><u>86,658</u></u>
Liabilities			
Segment liabilities	26,083	19,459	45,542
Total liabilities			<u><u>45,542</u></u>
At 30 April 2023 (audited)			
Assets			
Segment assets	44,936	33,220	78,156
Unallocated:			
Property, plant and equipment			42
Cash and bank balances			<u>17</u>
Total assets			<u><u>78,215</u></u>
Liabilities			
Segment liabilities	20,333	19,730	40,063
Total liabilities			<u><u>40,063</u></u>

For the six months ended 31 October 2023, revenue by geographical areas is as follows:

	Six months ended 31 October 2023 <i>HK\$'000</i> (unaudited)	Six months ended 31 October 2022 <i>HK\$'000</i> (unaudited)
America	69,716	56,283
Europe	33,283	37,356
Asia Pacific and Oceania (exclude the PRC)	9,079	11,992
The PRC	36,631	18,973
	<u>148,709</u>	<u>124,604</u>

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

For the six months ended 31 October 2023, there was one (six months ended 31 October 2022: two) customer(s) which individually contributed over 10% of the Group's total revenue. During the period, the revenue contributed from the customer is as follows:

	Six months ended 31 October 2023 <i>HK\$'000</i> (unaudited)	Six months ended 31 October 2022 <i>HK\$'000</i> (unaudited)
Customer A	19,381	19,551
Customer B	N/A*	14,709
	<u>N/A*</u>	<u>14,709</u>

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

6 EXPENSES BY NATURE

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

	Six months ended 31 October 2023 HK\$'000 (unaudited)	Six months ended 31 October 2022 HK\$'000 (unaudited)
Auditor's remuneration		
— Audit services	700	748
— Non-audit services	21	177
Advertising and promotion expenses	1,468	1,153
Amortisation of intangible assets	3,187	5,869
Bank charges	254	205
Commissions	1,168	957
Consumables	408	966
Cost of inventories sold	103,682	90,815
Custom and declaration handling expenses	25	686
Depreciation of property, plant and equipment (<i>note 9</i>)	1,201	2,083
Depreciation of right-of-use assets	1,298	2,913
Expenses for short-term and low-value operating leases	1,651	2,582
Licenses fees	7,975	3,904
Logistics and warehousing expenses	1,853	1,811
Other taxes	144	693
Product testing expenses	743	765
Repair and maintenance expenses	304	838
Staff costs, including Directors' emoluments	13,328	38,833
Subcontracting expenses	—	679
Utilities	190	3,008
Other expenses	4,313	3,209
	<u>143,913</u>	<u>162,894</u>

During the six months ended 31 October 2022, the Group received subsidies of approximately HK\$520,000 from the Hong Kong government for paying wages and salaries of Hong Kong employees. In addition, due to the change of operation model of the Toy Business during the six months ended 31 October 2022, one of the subsidiaries in the PRC had incurred one-off severance payment of approximately HK\$7,816,000. There is no such subsidy and one-off severance payment during the six months ended 31 October 2023.

7 INCOME TAX EXPENSES

For the six months ended 31 October 2023 and 2022, Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit. The Group's subsidiaries in the PRC are subject to China enterprise income tax at a rate of 25% on estimated assessable profits. The Group's subsidiary in the U.S. is subject to U.S. corporate income tax at progressive tax rates ranged from 5% to 39% on the estimated assessable profit.

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

	Six months ended 31 October 2023 HK\$'000 (unaudited)	Six months ended 31 October 2022 HK\$'000 (unaudited)
Current income tax		
— Current tax on profit for the period	2	–
Deferred income tax	<u>353</u>	<u>1,699</u>
Income tax expenses	<u><u>355</u></u>	<u><u>1,699</u></u>

8 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the Company's owners by the weighted average number of ordinary shares in issue during the six months ended 31 October 2023 and 2022.

	Six months ended 31 October 2023 (unaudited)	Six months ended 31 October 2022 (unaudited)
Profit/(loss) attributable to the owners of the Company (HK\$'000)	<u><u>4,510</u></u>	<u><u>(36,189)</u></u>
Weighted average number of ordinary shares in issue (in thousand)	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
Basic earnings/(loss) per share (HK cents)	<u><u>0.5</u></u>	<u><u>(3.6)</u></u>

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the period ended 31 October 2023 and 2022 are the same as basic earnings/(loss) per share as there was no potential dilutive share.

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK'000</i> (unaudited)	Furniture and fixtures <i>HK'000</i> (unaudited)	Office equipment <i>HK'000</i> (unaudited)	Motor vehicles <i>HK'000</i> (unaudited)	Plant and machinery <i>HK'000</i> (unaudited)	Moulds and tools <i>HK'000</i> (unaudited)	Moulds work-in- progress <i>HK'000</i> (unaudited)	Total <i>HK'000</i> (unaudited)
Six months ended 31 October 2022								
Net book value								
At beginning of the period	876	329	623	67	3,670	5,507	1,400	12,472
Addition	-	11	45	-	145	-	1,463	1,664
Depreciation (<i>note 6</i>)	(830)	(47)	(183)	(29)	(241)	(753)	-	(2,083)
Transfer upon completion	-	-	-	-	-	2,076	(2,076)	-
Disposal	-	(9)	-	(32)	(1,839)	-	(745)	(2,625)
Written off	-	-	-	-	(207)	(2)	-	(209)
Exchange differences	(28)	(21)	(41)	(4)	(243)	(382)	(42)	(761)
At end of the period	<u>18</u>	<u>263</u>	<u>444</u>	<u>2</u>	<u>1,285</u>	<u>6,446</u>	<u>-</u>	<u>8,458</u>

Six months ended 31 October 2023

Net book value								
At beginning of the period	70	237	321	98	1,173	5,873	216	7,988
Addition	-	4	3	-	-	325	416	748
Depreciation (<i>note 6</i>)	(4)	(33)	(160)	(12)	(120)	(872)	-	(1,201)
Transfer upon completion	-	-	-	-	-	333	(333)	-
Disposal	-	-	-	-	(25)	-	-	(25)
Exchange differences	-	(9)	(11)	(4)	(45)	(144)	-	(213)
At end of the period	<u>66</u>	<u>199</u>	<u>153</u>	<u>82</u>	<u>983</u>	<u>5,515</u>	<u>299</u>	<u>7,297</u>

10 TRADE AND BILLS RECEIVABLES

	As at 31 October 2023 <i>HK\$'000</i> (unaudited)	As at 30 April 2023 <i>HK\$'000</i> (audited)
Trade and bills receivables	29,788	12,388
Less: loss allowance	<u>(392)</u>	<u>(352)</u>
Trade and bills receivables, net	<u>29,396</u>	<u>12,036</u>

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

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
US\$	27,044	11,915
RMB	2,744	473
	<u>29,788</u>	<u>12,388</u>

The Group grants credit periods to customers ranged from 0 to 180 days. As at 31 October 2023, the ageing analysis of trade and bills receivables in gross amount based on invoice date is as follows:

	As at 31 October 2023 HK\$'000 (unaudited)	As at 30 April 2023 HK\$'000 (audited)
Within 3 months	25,004	10,821
3 months to 1 year	4,372	1,243
Over 1 year	412	324
	<u>29,788</u>	<u>12,388</u>

11 SHARE CAPITAL

	Number of shares (in thousand) (unaudited)	Nominal value HK\$'000 (unaudited)
Authorised ordinary shares at HK\$0.1 each: As at 31 October 2023 and 30 April 2023	<u>10,000,000</u>	<u>1,000,000</u>
Ordinary shares issued and fully paid: As at 31 October 2023 and 30 April 2023	<u>1,000,000</u>	<u>100,000</u>

12 TRADE AND BILLS PAYABLES

Trade and bills payables are denominated in the following currencies:

	As at 31 October 2023 <i>HK\$'000</i> (unaudited)	As at 30 April 2023 <i>HK\$'000</i> (audited)
US\$	13,986	9,541
HK\$	31	103
RMB	1,745	1,239
	<u>15,762</u>	<u>10,883</u>

As at 31 October 2023, the ageing analysis of trade and bills payables based on invoice date is as follows:

	As at 31 October 2023 <i>HK\$'000</i> (unaudited)	As at 30 April 2023 <i>HK\$'000</i> (audited)
Within 1 month	5,962	4,542
1 to 2 months	7,082	5,760
2 to 3 months	2,640	196
Over 3 months	78	385
	<u>15,762</u>	<u>10,883</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the past few years, transportation cost was one of the biggest concerns of the importers around the world, including our target customers. Fortunately, the freight rates have been decreased to a normal and affordable level during the six months ended 31 October 2023. On the other hand, the current global economic climate is still under recovering from the impacts of the COVID-19 pandemic, this hurt the purchasing power of all around the world. At the same time, poor economy and weaken currencies against USD from countries outside U.S. have lower the demands of our goods too. Attribute to the high sales growth of the Laboratory Equipment Business, the Group's unaudited revenue for the six months ended 31 October 2023 (the "**Review Period**") was approximately HK\$148.7 million, which was increased by 19.3% as compared to the corresponding period last year (the "**Last Period**") (2022: HK\$124.6 million). The profit attributable to owners of the Company for the Review Period amounted to approximately HK\$4.5 million (2022: net loss of HK\$36.2 million).

OPERATING RESULTS

Revenue

Revenue generated from North America increased by 24.2% to approximately HK\$68.7 million in the Review Period (2022: HK\$55.3 million). Sales orders increased while the average selling price remained relatively constant. The increase was mainly attributed to revenue increase from a top developed country in the region. In addition, with the late arrival of goods due to the shipment delay and the backlogs at U.S ports in the year before last, the retailers had a high stock level in the year 2022 and thus preferred not to place as many orders in the Last Period. Therefore, it mostly hurt the sales performance to North America in the Last Period.

On the other hand, revenue generated from Europe decreased by 11.0% to approximately HK\$33.3 million in the Review Period (2022: HK\$37.4 million). Sales orders decreased but the average selling price had increased. The revenue decrease was mainly attributed to (i) the sluggish economy in several developing countries in Eastern Europe, especially Ukraine and Russia due to the war against each other; and (ii) the currency appreciation of USD which hurt the purchasing power in the European region.

Revenue generated from the Laboratory Equipment Business increased by 92.6% to approximately HK\$36.6 million in the Review Period (2022: HK\$19.0 million). Since it is a new business invested in January 2022, the Group considers it is still under the growing stage with high potential.

As a result of the above, the Group's overall revenue increased by 19.3% to approximately HK\$148.7 million in the Review Period (2022: HK\$124.6 million).

Gross Profit/(Loss)

The Group recorded a gross profit of approximately HK\$26.7 million in the Review Period whilst the Group recorded a gross loss of approximately HK\$13.4 million in the Last Period. The gross profit recorded in the Review Period was mainly attributed to (i) the 19.3% increase in revenue discussed above; (ii) the absence of one-off severance payment incurred due to change of operation model of the Toy Business. Most of the staffs in the Dongguan factory had been laid off during the Last Period; and (iii) less fixed overheads costs incurred after the completion of the change of the Toy Business operation.

Other (Losses)/Gains

The Group recorded other losses of approximately HK\$0.7 million in the Review Period whilst the Group recorded other gains of approximately HK\$2.7 million in the Last Period. The other gains recorded in the Last Period was mainly attributed to the gain on disposal of the property, plant and equipment related to the operational change of the Toy Business. The other losses recorded in the Review Period was mainly attributed to the impairment loss of an intangible asset.

Selling and Distribution Expenses

Selling and distribution expenses slightly increased by 1.4% to approximately HK\$7.2 million in the Review Period (2022: HK\$7.1 million). The increase was in line with the increase in the revenue. In addition, the Group has joined the toy fair in New York again during October 2023 since Year 2020.

Administrative Expenses

Administrative expenses decreased by 17.9% to approximately HK\$14.7 million in the Review Period (2022: HK\$17.9 million). The decrease was mainly attributed to the decrease in administrative staff costs and the operating lease expense of the headquarter in Hong Kong. The monthly rental has been decreased from \$0.4 million to \$0.1 million starting from November 2022.

Finance Costs

Net finance costs decreased by 71.4% to approximately HK\$0.2 million in the Review Period (2022: HK\$0.7 million). The decrease was attributed to the decrease in average bank borrowings level and the increase of bank interest income earned on the surplus cash on hand during the Review Period.

Income Tax Expenses

The Group recorded income tax expenses of approximately HK\$0.4 million for the Review Period whilst the Group recorded income tax expenses of approximately HK\$1.7 million for the Last Period.

The income tax expenses recorded for the Review Period were mainly attributable to the operating profit recorded in the Review Period whilst the income tax expenses for the Last Period were mainly attributable to the de-recognition of deferred tax assets of Dongguan toy factory.

Net Profit/(Loss)

As mentioned above, due to (i) the increase in revenue of approximately HK\$24.1 million; (ii) the absence of one-off severance payment incurred in the Dongguan toy factory comparing to that of last year; and (iii) the decrease of the staff costs and rental expenses, the Group recorded a net profit attributable to owners of the Company of approximately HK\$4.5 million for the Review Period (2022: net loss of HK\$36.2 million).

Foreign Currency Exposure

The sales, purchases and expense incurred in Toy Business are mainly denominated in Hong Kong and US Dollar. And for production factory located in the PRC related to Laboratory Equipment Business, sales, purchases and expenses incurred there are denominated in Renminbi.

Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial exposure in this area, and will closely monitor the trend of Renminbi to see if any action is required.

As at 31 October 2023, the Group had not entered into any financial instrument for the hedging of foreign currency.

OUTLOOK/FUTURE PROSPECTS AND STRATEGIES

As we reflect on the past year, Kiddieland has faced an array of challenges and opportunities, each playing a crucial role in our continued development and success. The lingering effects of the Covid-19 pandemic, compounded by the ongoing Ukraine War and a weakened Euro, have influenced the global economic landscape, resulting in a modest downturn in consumer spending worldwide. The toy industry as a whole has also navigated the complexities of raw material inflation. However, these hurdles have not hindered our drive for innovation and progress under our new strategic direction.

In response to these challenges, Kiddieland has adapted by engaging reliable subcontractors and outsourcing manufacturing processes to enhance profitability. This shift, necessitated by internal factors such as raw material inflation and market volatility, has been facilitated through partnerships with seasoned subcontractors, ensuring seamless operations and production continuity. Despite the various challenges, we have emerged with a resilient performance over the last fiscal year. Our proactive approach, including the introduction of reengineered and innovative products, has been pivotal in improving our profitability.

As we look forward, the global economic situation is expected to show signs of improvement in the second half of 2024. This anticipated upturn presents us with an opportunity to introduce more competitive and innovative products into a market primed for consumption after a period of reorganization.

In the forthcoming year, Kiddieland will concentrate on expanding our product range. Our strategy involves enhancing our portfolio with innovative licensed products, a segment that has shown considerable potential. We are committed to streamlining these products with improved designs, thereby increasing profitability and introducing innovation to the market. Additionally, we are embarking on a vigorous quest to diversify our retail selling points and identify new buyers and channels globally, aiming to enhance our reach and boost sales. Our strategic initiatives will be geared towards leveraging these anticipated market trends and evolving consumer preferences.

Furthermore, in addition to consolidating the achievements of the previous year, Kiddieland Technology will focus on optimizing and improving intelligent laboratory products and high school entrance examination experimental operation evaluation series products. By leveraging the market reputation of these products and the demonstration effect of multiple test centers across the country, there is potential for growth and further development. Moreover, we will enhance our sales management, conducting in-depth research on regional needs, and improving the responsiveness and quality of our internal departments to sales-related tasks, thereby providing customers with fast and quality services and products.

The recent policy document issued by the State, “Opinions on Building a High-Quality and Balanced Basic Public Education Service System”, aligns well with the product series of Kiddieland Technology. This synergy with national policies and market needs is opportune for further development. With last year’s experiences and the areas we’ve aimed to strengthen this year, the Management believes Kiddieland Technology will meet the development needs of China’s vast education market in terms of order sales, product quality, and brand influence. We are committed to leading the development of the education industry and striving to become a leader in educational equipment and information teaching in China.

Kiddieland looks to the future with optimism and is poised to seize the opportunities it presents.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities

During the six months ended 31 October 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Significant Investment Held

Except for investments in subsidiaries, the Group did not hold any significant investment during the six months ended 31 October 2023.

Interim Dividend

The Board has resolved not to declare any interim dividend in respect of the six months ended 31 October 2023.

Events after the Reporting Period

As of the date of this report, there is no significant event occurring after 31 October 2023.

Corporate Governance Code

Throughout the six months ended 31 October 2023, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

Code for Dealing in Company’s Securities by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”). Having made specific enquiry to each of the Directors, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 31 October 2023.

Audit Committee

The Audit Committee of the Company has reviewed with the management the interim results for the six months ended 31 October 2023, the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial information.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the website of the Hong Kong Stock Exchange at (www.hkexnews.hk) and that of the Company at (www.kiddieland.com.hk). The interim report of the Company for the six months ended 31 October 2023 will be despatched to the shareholders of the Company and made available on the website of the Hong Kong Stock Exchange and that of the Company in due course.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank all our shareholders, business partners, customers, suppliers, bankers, the management and staff for their support and contribution to the Group and its business throughout the period.

By Order of the Board
Kiddieland International Limited
Lo Hung
Chairman

Hong Kong, 18 December 2023

As at the date of this announcement, the Board comprises Ms. LO Shiu Shan Suzanne, Ms. SIN LO Siu Wai Sylvia, Mr. LO Hung and Ms. LEUNG Siu Lin Esther as the Executive Directors and Mr. MAN Ka Ho Donald, Mr. CHENG Dominic and Mr. SIT Hon Wing as the Independent Non-executive Directors.