



kidsland

凱知樂

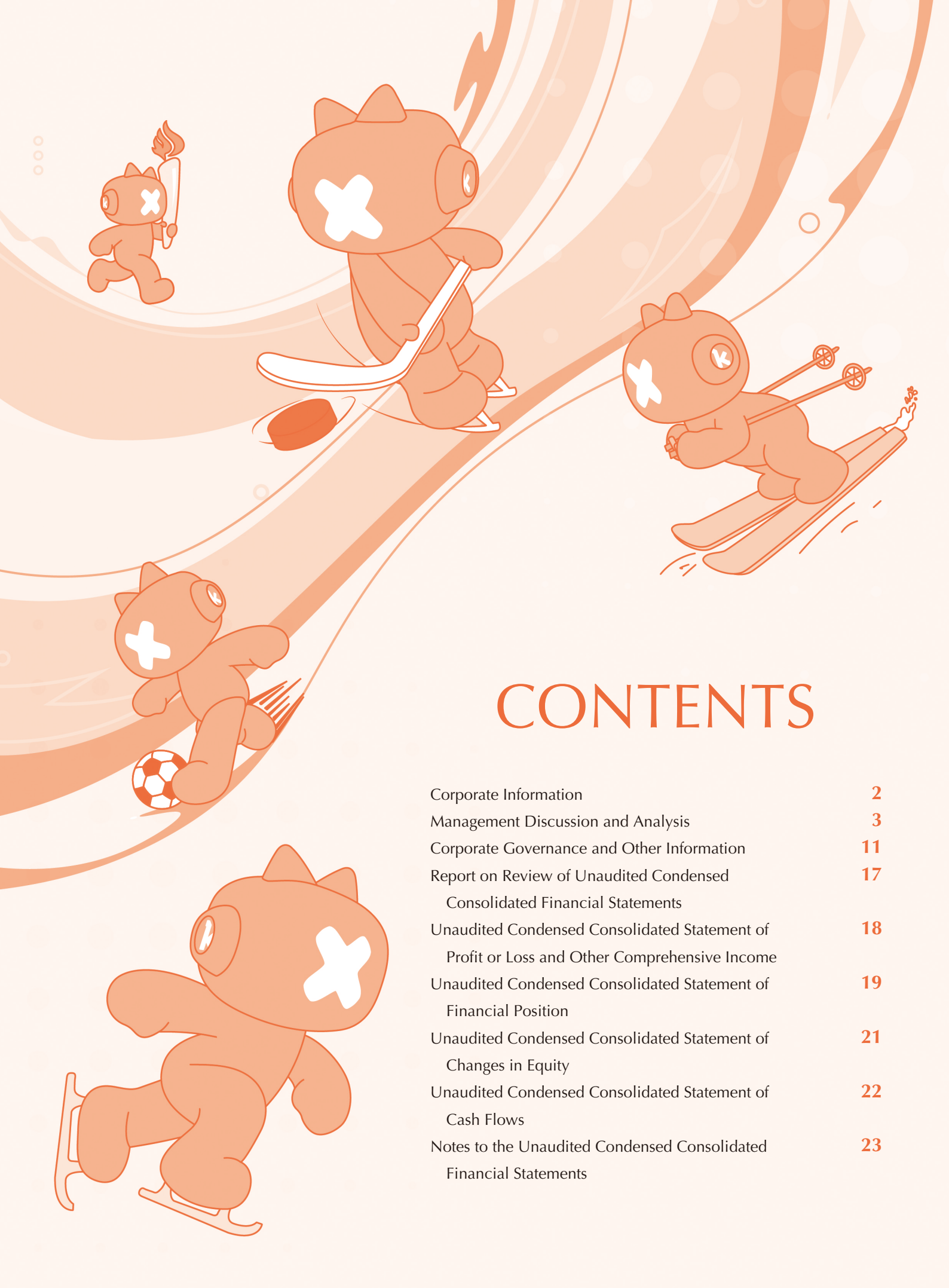
2024 INTERIM REPORT

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)



CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Corporate Governance and Other Information	11
Report on Review of Unaudited Condensed Consolidated Financial Statements	17
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Unaudited Condensed Consolidated Statement of Financial Position	19
Unaudited Condensed Consolidated Statement of Changes in Equity	21
Unaudited Condensed Consolidated Statement of Cash Flows	22
Notes to the Unaudited Condensed Consolidated Financial Statements	23



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Ching Yiu (*Chairman and Chief Executive Officer*)
Ms. Zhong Mei

Non-executive Director

Mr. Du Ping

Independent Non-executive Directors

Mr. Cheng Yuk Wo
Mr. Huang Lester Garson
Mr. Albert Thomas da Rosa, Junior
(appointed on 17 July 2024)
Dr. Lam Lee G. (resigned on 18 April 2024)

AUDIT COMMITTEE

Mr. Cheng Yuk Wo (*Chairman*)
Mr. Huang Lester Garson
Mr. Albert Thomas da Rosa, Junior
(appointed on 17 July 2024)
Dr. Lam Lee G. (resigned on 18 April 2024)

REMUNERATION COMMITTEE

Mr. Huang Lester Garson (*Chairman*)
Mr. Lee Ching Yiu
Mr. Cheng Yuk Wo

NOMINATION COMMITTEE

Mr. Lee Ching Yiu (*Chairman*) (appointed on 18 April 2024)
Mr. Cheng Yuk Wo
Mr. Huang Lester Garson
Dr. Lam Lee G. (*Chairman*) (resigned on 18 April 2024)

COMPANY SECRETARY

Ms. Tung Wing Yee Winnie

AUTHORISED REPRESENTATIVES

Mr. Lee Ching Yiu
Ms. Tung Wing Yee Winnie

INDEPENDENT AUDITOR

Moore CPA Limited
(formerly known as Moore Stephens CPA Limited)
Certified Public Accountants
Registered Public Interest Entity Auditors
801–806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

REGISTERED OFFICE

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Building A8, Yansha No. 50
Anjialou Road
Chaoyang District
Beijing, The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28/F, Times Tower
391–407 Jaffe Road
Wan Chai, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Hong Kong

Bank of China (Hong Kong) Limited
OCBC Bank (Hong Kong) Limited

The PRC

China Construction Bank
China Minsheng Bank
DBS Bank
Industrial and Commercial Bank of China

LEGAL ADVISER AS TO HONG KONG LAW

Loong & Yeung, Solicitors

COMPANY'S WEBSITE

www.kidslandholdings.com
(information on this website does not form part of this report)

LISTING INFORMATION

Place of Listing

The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

Stock Code

2122

Board Lot

2,000 shares

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the first half year of 2024, facing the dramatical change of the consumption market, in terms of both consumer sentiments and behaviours, where consumption downgrading became the main theme with consumers becoming more cautious about spending and more focused on price-value proposition, Kidsland International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) worked tirelessly to adapt its business model to the new trends.

Apart from partnering with renowned international brands, we continued to explore innovative products and peripheral products related to popular intellectual properties (IPs) to bring diversified products and experience to customers, so as to approach more target customers, from kids to teens and also young adults. Despite stock clearance activities since the second half year of 2023 have depressed short-term gross profit margin, by optimising product assortment, we managed to increase the gross profit margin from 33.8% for the six months ended 30 June 2023 (the “Prior Period”) and 29.8% for the year ended 31 December 2023 to 34.0% for the six months ended 30 June 2024 (the “Reporting Period”). In the meantime, inventory backlog reduced by 10.8% during the Reporting Period, and inventory turnover days dropped to 159 days and cash conversion cycle improved to 117 days for the Reporting Period (Prior Period: 189 days and 151 days, respectively). It enabled us to keep agile in adapting to future development with a healthier foundation.

To cater new consumption trends and to diversify sales channels, we have been actively developing instant-delivery online retail and achieved an increase of 5.1% in revenue from online stores for the Reporting Period. Additionally, we also continuously developed wholesales business by strengthening the key business partner relationship and strong product assortment, which led the revenue from distributors rose by 39.2% for the Reporting Period. With our unique integration of online and offline, retail and wholesale, together with our diversified channel segmentation, we aim to provide greater experience, convenience and service to consumers and customers.

Maintaining strong and agile is critical when facing current rapidly changing market, we kept improving our operational efficiency and optimising organizational structure. Whilst the consumption market is still challenging, we will keep strengthening our core competence, seeking new opportunities and development and pivoting our business model to adapt to the market.

RETAIL AND WHOLESALE BUSINESS

Our extensive distribution network comprises self-operated retail channels and wholesale channels. As of 30 June 2024, this network consisted of:

Self-operated Retail Channels

- 535 self-operated retail points of sale including retail shops and consignment counters (30 June 2023: 571)
- 34 online stores (30 June 2023: 28)

Wholesale Channels

- 304 distributors (30 June 2023: 344) which sell our products through third-party retailers or their own retail shops, totaling more than 1,300 (30 June 2023: more than 1,700)
- 9 hypermarket and supermarket chains (30 June 2023: 12) with a sum of 412 retail points (30 June 2023: 412)
- 2 online key accounts (30 June 2023: 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 periods indicated are shown below:

	Six months ended 30 June	
	2024	2023
Retail shops		
At the beginning of the period	155	172
Addition of new retail shops	7	4
Closure of retail shops	(17)	(9)
At the end of the period	145	167

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 periods indicated are shown below:

	Six months ended 30 June	
	2024	2023
Consignment counters		
At the beginning of the period	404	415
Addition of new consignment counters	18	21
Closure of consignment counters	(32)	(32)
At the end of the period	390	404

1.3 Online Stores

During the Reporting Period, we opened five flagship stores of brands that we represented on third-party-operated online platforms such as Tmall and JD.com, and closed two. As of 30 June 2024, we had 34 online stores in total, compared with 28 as of 30 June 2023.

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 in Mainland China.

2.1 Distributors

As of 30 June 2024, we had 304 distributors (30 June 2023: 344), which sell our products through third-party retailers or their own retail shops, totaling more than 1,300 (30 June 2023: more than 1,700) in Mainland China.

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

	Six months ended 30 June	
	2024	2023
Distributors		
At the beginning of the period	306	342
Addition of new distributors	47	55
Expiry without renewal of distribution agreements	(49)	(53)
At the end of the period	304	344

2.2 Hypermarket and Supermarket Chains

As of 30 June 2024, we had wholesale arrangements with 9 hypermarket and supermarket chains (30 June 2023: 12) with a sum of 412 retail points (30 June 2023: 412) in Tier 1, 2 and 3 cities in Mainland China (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 periods indicated:

	Six months ended 30 June	
	2024	2023
Hypermarket and supermarket chains		
At the beginning of the period	12	12
Addition of new hypermarket and supermarket chains	–	1
Termination or expiry of agreements with hypermarket and supermarket chains	(3)	(1)
At the end of the period	9	12



2.3 Online Key Accounts

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

	Six months ended 30 June	
	2024	2023
Online key accounts		
At the beginning of the period and at the end of the period	2	2

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue decreased by 15.2% to approximately RMB493.7 million from approximately RMB581.9 million for the Prior Period, due to the weak market sentiment and consumption downgrading with consumers becoming more cautious about spending and more focused on price-value proposition.

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Self-operated retail channels		
– Retail shops	265,747	332,677
– Consignment counters	109,060	137,939
– Online stores	29,574	28,145
Sub-total	404,381	498,761
Wholesale channels		
– Distributors	82,824	59,481
– Hypermarket and supermarket chains	2,838	18,883
– Online key accounts	3,609	4,747
Sub-total	89,271	83,111
Total	493,652	581,872

Self-operated Retail Channels

The self-operated retail channels recorded a decrease in revenue of 18.9% to approximately RMB404.4 million for the Reporting Period compared to the Prior Period, attributed to the drop in revenue from retail shops and consignment counters by 20.1% to approximately RMB265.7 million and 20.9% to approximately RMB109.1 million, respectively. Revenue from online stores rose by 5.1% to approximately RMB29.6 million.

Wholesale Channels

During the Reporting Period, revenue contributed by wholesale channels increased by 7.4% to approximately RMB89.3 million. Revenue from distributors rose by 39.2% to approximately RMB82.8 million, while revenue from hypermarket and supermarket chains as well as online key accounts dropped by 85.0% to approximately RMB2.8 million and 24.0% to approximately RMB3.6 million, respectively.

Revenue from Hong Kong, Macau and overseas (after inter-segment elimination) recorded a decrease of 20.0% from approximately RMB115.3 million for the Prior Period to approximately RMB92.2 million during the Reporting Period.

Cost of Sales, Gross Profit and Gross Profit Margin

Cost of sales decreased by 15.4% from approximately RMB385.0 million for the Prior Period to approximately RMB325.7 million for the Reporting Period. The Group's gross profit margin increased from 33.8% for the Prior Period to 34.0% for the Reporting Period, mainly attributable to the exploration of innovative products and optimisation of product assortment, which offset the depression of short-term gross profit margin resulted from stock clearance activities. Stock clearance activities continuously reduced inventory backlog during the Reporting Period. Gross profit decreased from approximately RMB196.9 million for the Prior Period to approximately RMB167.9 million for the Reporting Period.

Other Income

Other income, consisting mainly of government grants and promotional service income, decreased by approximately RMB1.0 million from approximately RMB3.2 million for the Prior Period to approximately RMB2.2 million for the Reporting Period, mainly resulting from the drop in government grants.

Other Losses, Net

Other losses, net was mainly attributable to net exchange differences. Other losses, net of approximately RMB3.8 million recorded for the Reporting Period (Prior Period: approximately RMB13.0 million), mainly resulting from the depreciation of Renminbi ("RMB").

Impairment Reversal/Loss on Financial Assets

The amount represented provision made for impairment loss on trade and bill receivables. Reversal of impairment loss of approximately RMB98,000 was recorded for the Reporting Period (Prior Period: provision for impairment loss of approximately RMB7,000).

Selling and Distribution Expenses

Selling and distribution expenses decreased by 8.8% from approximately RMB237.4 million for the Prior Period to approximately RMB216.5 million for the Reporting Period, which was mainly attributable to intensified expense management, especially on concessionaire fees, outsourced personnel service fees and advertising and promotional expenses.



General and Administrative Expenses

General and administrative expenses dropped by 13.9% from approximately RMB26.1 million for the Prior Period to approximately RMB22.5 million for the Reporting Period, resulting from control over staff costs and office rental expenses.

Finance Costs

Finance costs, consisting mainly of interest expenses arising from lease liabilities, loans from a related company and bank borrowings, slightly increased by approximately RMB0.2 million from approximately RMB5.5 million for the Prior Period to approximately RMB5.7 million for the Reporting Period.

Loss for the Period

A loss of approximately RMB80.2 million was recorded for the Reporting Period (Prior Period: approximately RMB82.9 million).

Inventory, Trade Receivables and Payables Turnover Days

Inventory turnover days decreased from 189 days for the Prior Period to 159 days for the Reporting Period. Trade receivables turnover days increased from 19 days for the Prior Period to 20 days for the Reporting Period. Trade payables turnover days increased from 57 days for the Prior Period to 62 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 151 days for the Prior Period to 117 days for the Reporting Period.

Capital Expenditure

During the Reporting Period, the Group invested approximately RMB5.6 million in property, plant, and equipment, mainly to renovate shops (Prior Period: approximately RMB10.2 million).

Liquidity and Financial Resources

The Group's cash position as of 30 June 2024 was approximately RMB21.9 million, compared to approximately RMB24.5 million as of 31 December 2023. 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 30 June 2024 were 1.1 and 0.4, respectively (31 December 2023: 1.2 and 0.5, respectively).

As of 30 June 2024, the Group had aggregate banking facilities of approximately RMB134.3 million (31 December 2023: approximately RMB167.2 million) for bank loans and trade financing, of which approximately RMB6.6 million (31 December 2023: approximately RMB42.5 million) was unutilised as of the same date.

As of 30 June 2024, the Group had a loan facility from a related company of approximately RMB136.9 million (31 December 2023: approximately RMB135.9 million), of which approximately RMB109.7 million (31 December 2023: approximately RMB85.3 million) was utilised.

Gearing Ratio

The table below analyses the Group's capital structure as of 30 June 2024:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash and cash equivalents	19,271	21,937
Restricted cash	2,661	2,541
Bank borrowings	(94,818)	(76,655)
Loan from a director	(15,000)	–
Loans from a related company	(109,664)	(85,302)
Lease liabilities	(87,582)	(92,522)
Net debt position	(285,132)	(230,001)
Total equity	34,889	113,285

The Group was in a net debt position of approximately RMB285.1 million as of 30 June 2024 (31 December 2023: approximately RMB230.0 million). The Group's gearing ratio, as calculated by dividing the Group's net debt by the Group's total equity, as of 30 June 2024 was approximately 817.3% (31 December 2023: 203.0%).

Charge of Assets

As of 30 June 2024, the Group had restricted cash of approximately RMB2.7 million mainly for bank guarantee of a trade finance facility (31 December 2023: approximately RMB2.5 million).

Contingent Liabilities

As of 30 June 2024, the Group did not have significant contingent liabilities (31 December 2023: Nil).

Foreign Exchange

The Group is exposed to foreign exchange risk arising from exposure in the United States dollar, Euro and Hong Kong dollar ("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 (the "Management") 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.

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 30 June 2024, the Company's share capital comprised 800,000,000 issued ordinary shares with nominal value of HK\$0.01 each. There was no change in the share capital of the Company during the Reporting Period.



EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2024, the Group had approximately 1,200 employees (including both in-house and outsourced employees) (30 June 2023: approximately 1,400 employees) in Mainland China, Hong Kong and Macau. Total remuneration for in-house and outsourced employees for the Reporting Period amounted to approximately RMB48.0 million and RMB37.4 million, respectively (Prior Period: approximately RMB51.1 million and RMB42.2 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; and 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 Group has been ensuring adequate training and professional development opportunities to employees.

EVENTS AFTER THE REPORTING PERIOD

On 17 July 2024, Mr. Albert Thomas da Rosa, Junior has been appointed by the board of directors of the Company (the "Directors" and the "Board", respectively) as an independent non-executive Director (the "INED") and a member of the audit committee of the Company (the "Audit Committee") with effect from the same date. For details, please refer to the Company's announcement dated 17 July 2024.

Save as disclosed above, there were no material subsequent events undertaken by the Group after 30 June 2024 and up to the date of this interim report.

INTERIM DIVIDENDS

The Board has resolved not to declare the payment of any interim dividend for the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and applied the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules” and the “CG Code”, respectively) 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 its shareholders (the “Shareholders”) as a whole that Mr. Lee Ching Yiu continues to assume the roles of the Chairman and the CEO.

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 guidelines for the Director’s 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.

BOARD COMMITTEES

Three committees of the Board (the “Board Committees”), namely the Audit Committee, the Remuneration Committee and the Nomination Committee, are established for the roles of overseeing particular aspects of the Group under defined terms of reference. The terms of reference align with the CG Code and are made available on the websites of the Stock Exchange and the Company. A list of the chairman and members of each Board Committee is set out under “Corporate Information” on page 2.

AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely Mr. Cheng Yuk Wo (as committee chairman), Mr. Huang Lester Garson and Mr. Albert Thomas da Rosa, Junior. It is mainly responsible for (i) making recommendations to the Board on the appointment, re-appointment or removal of external auditors; (ii) reviewing draft interim reports, annual reports, and financial statements (including any significant financial reporting judgements mentioned in them); and (iii) overseeing the Company’s financial reporting, risk management and internal control systems.

The terms of reference of the Audit Committee adopted by the Board are aligned with the code provisions set out in the CG Code, and are currently made available on the websites of the Stock Exchange and the Company.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the Reporting Period and this interim report. Based on this review and based on discussions with the Management, the Audit Committee was satisfied that the financial information was prepared in accordance with applicable accounting standards and fairly presented the Group’s financial position and results for the Reporting Period.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Interests in the Company's shares (the "Shares")

Name of Directors	Capacity/Nature of interests	Number of Shares held/interested	Approximate percentage of shareholding ⁽⁵⁾
Mr. Lee Ching Yiu	Beneficial owner	14,000,000 (L)	1.75%
	Held by controlled corporation ⁽²⁾	425,224,523 (L)	53.15%
Ms. Zhong Mei	Beneficial owner	4,000,000 (L) ⁽¹⁾	0.50%
	Held by controlled corporation ⁽³⁾	29,999,100 (L)	3.75%
Mr. Du Ping	Beneficial owner	1,500,000 (L) ⁽¹⁾	0.19%
	Held by controlled corporation ⁽⁴⁾	2,999,910 (L)	0.37%

(L) denotes long position

Notes:

- (1) These represent the maximum number of Shares which may be allotted and issued to such Directors upon the exercise of the pre-IPO share options granted to each of them under the pre-IPO share option scheme approved and adopted by the then shareholders on 20 October 2017 (the "Pre-IPO Share Option Scheme"). Details of the Pre-IPO Share Option Scheme are set out under the section headed "Share Option Schemes" below.
- (2) Mr. Lee Ching Yiu, the chairman of the Board, an executive Director and the CEO, is the sole shareholder of Asian Glory Holdings Ltd. ("Asian Glory"). By virtue of the SFO, Mr. Lee Ching Yiu is deemed to be interested in the Shares held by Asian Glory. Asian Glory owns approximately 92% of Lovable International Holdings Limited ("Lovable"). By virtue of the SFO, Asian Glory is deemed to be interested in the Shares held by Lovable.
- (3) Ms. Zhong Mei, an executive Director, is the sole shareholder of Stars Link Ventures Limited. By virtue of the SFO, Ms. Zhong Mei is deemed to be interested in the Shares held by Stars Links Venture Limited.
- (4) Mr. Du Ping, a non-executive Director, is the sole shareholder of Merits Forest Global Limited. By virtue of the SFO, Mr. Du Ping is deemed to be interested in the Shares held by Merits Forest Global Limited.
- (5) The percentages are calculated on the basis of 800,000,000 Shares in issue as of 30 June 2024.

Interest in the shares of Asian Glory – the immediate and ultimate holding company of the Company

Name of Director	Nature of interest	Number of issued ordinary shares held	Percentage of shareholding
Mr. Lee Ching Yiu	Beneficial owner	50,000	100%

Save as disclosed above and to the best knowledge of the Directors, as of 30 June 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2024, so far as known to the Board, the following persons (other than the Directors and chief executives of the Company) or entities had an interest and/or short position in the Shares or the underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of SFO:

Interests in the Shares

Name of Shareholders	Capacity/Nature of interests	Number of Shares held/interested	Approximate percentage of shareholding ⁽³⁾
Ms. Tang Hoi Lun	Interest of spouse ⁽¹⁾	439,224,523 (L)	54.90%
Asian Glory	Beneficial owner	425,206,524 (L)	53.15%
	Held by controlled corporation ⁽²⁾	17,999 (L)	0.00%

(L) denotes long position

Notes:

- (1) Ms. Tang Hoi Lun is the spouse of Mr. Lee Ching Yiu. By virtue of the SFO, Ms. Tang Hoi Lun is deemed to be interested in the Shares which Mr. Lee Ching Yiu is interested or is deemed to be interested in.
- (2) Lovable holds 17,999 Shares. Asian Glory owns approximately 92% of Lovable. By virtue of the SFO, Asian Glory is deemed to be interested in the Shares held by Lovable.
- (3) The percentages are calculated on the basis of 800,000,000 Shares in issue as of 30 June 2024.

Save as disclosed above, as of 30 June 2024, the Directors are not aware that any other persons (other than any Directors or chief executives of the Company) or entities had an interest or short position in the Shares or underlying Shares, which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which had entered in the register required to be kept by the Company pursuant to section 336 of the SFO.



CHANGES IN INFORMATION OF DIRECTORS

The Company is not aware of any change in the Directors' information since the date of the 2023 annual report pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTION SCHEMES

The Post-IPO Share Option Scheme

On 20 October 2017, the Company adopted a post-IPO share option scheme (the "Post-IPO Share Option Scheme") through a written resolution passed by the then Shareholders. The aim was to motivate and reward eligible participants, including (i) full-time or part-time employees, executives, or officers of the Company and its subsidiaries; (ii) Directors (including INEDs) of the Company and its subsidiaries; and (iii) advisors, consultants, suppliers, customers, and distributors (collectively, the "Post-IPO Eligible Participants"), who in the sole opinion of the Board will contribute or have contributed to the Group.

The options granted pursuant to the Post-IPO Share Option Scheme will expire no later than 10 years from the date of grant of the option. As of the date of this interim report, the Post-IPO Share Option Scheme had a remaining life of more than 3 years.

Options that are granted to Directors, chief executives of the Company, substantial Shareholders, or any of the foregoing parties' associates need to be approved by INEDs that are not among the proposed grantees of the options. A proposed share option grant requires prior approval through a polled Shareholder resolution at which all the Company's connected persons (as defined under the Listing Rules) shall abstain from voting if (i) the proposed grantee is a substantial Shareholder, INED, or associate of either one; and (ii) the share option grant introduces the theoretical possibility of a substantial aggregate increase via options-exercising at any point during any twelve-month span to the grantee's total shareholding; an increase is substantial if it exceeds (i) 0.1% of the total number of issued Shares calculated on the day of the grant; and (ii) HK\$5 million in value, based on the closing share price on the day of the grant.

For a proposed share option grant whose proposed grantee is neither a substantial Shareholder, INED, nor associate of either one, prior approval through a polled Shareholder resolution at which all the Company's connected persons (as defined under the Listing Rules) abstaining from voting is needed if the share option grant introduces the theoretical possibility of an aggregate increase, at any point during any twelve-month span via options-exercising, that exceeds 1% of the total of issued Shares to the grantee's total shareholding.

The aggregate number of underlying Shares of options granted, whether through the Post-IPO Share Option Scheme or other means, must never exceed 10% of the total number of issued Shares unless Shareholders approve otherwise. As of 30 June 2024, the total number of Shares available for issue under the Post-IPO Share Option Scheme was 51,500,000 Shares, which represented 6.4% of the Shares in issue as of the date of this interim report.

Options granted under the Post-IPO Share Option Scheme must have exercise prices, which are determined by the Directors, that are higher than (i) the Company's closing share price on the day of the grant; (ii) the Company's nominal share value; and (iii) the average of the Company's five most recent closing share prices before the day of the grant.

Each options grant, regardless of size, has a HK\$1.00 nominal price that the grantee must pay on or before the day of the grant. Unless the Board defines restrictions beforehand, option grantees may exercise their options as soon as they receive them. The Post-IPO Share Option Scheme will stop yielding new share options on 20 October 2027; its provisions, however, will take effect for as long as needed unless duly annulled at a general meeting.

No share option was granted, exercised, cancelled or lapsed under the Post-IPO Share Option Scheme since its adoption and up to 30 June 2024. No share option was outstanding under the Post-IPO Share Option Scheme as of 30 June 2024.

The Pre-IPO Share Option Scheme

On 20 October 2017, the Pre-IPO Share Option Scheme was adopted, through a written resolution passed by the then Shareholders, to motivate, retain, and reward eligible full-time key employees, consultants, and Directors of the Company or any of its subsidiaries (the “Pre-IPO Eligible Participants”). As of the date of this interim report, the Pre-IPO Share Option Scheme had a remaining life of more than 3 years.

Movements of the share options granted under the Pre-IPO Share Option Scheme during the Reporting Period were as follows:

	Outstanding as of 1 January 2024	Exercised during the period	Lapsed or cancelled during the period	Granted during the period	Outstanding as of 30 June 2024
Directors					
Mr. Lee Ching Yiu	4,000,000	–	–	–	4,000,000
Ms. Zhong Mei	4,000,000	–	–	–	4,000,000
Mr. Du Ping	1,500,000	–	–	–	1,500,000
Employees	22,100,000	–	3,100,000	–	19,000,000
Total	31,600,000	–	3,100,000	–	28,500,000

On this scheme’s inception date, 47,500,000 share options, each with an exercise price of HK\$0.8 per Share, were granted to eligible directors and employees of the Company. For the Reporting Period, options comprising 3,100,000 underlying Shares (Prior Period: 1,300,000) granted under the Pre-IPO Share Option Scheme lapsed, and the corresponding share option reserves of RMB2,554,000 (Prior Period: RMB1,042,000) were reclassified as retained earnings. As of 30 June 2024, the total number of Shares available for issue under the Pre-IPO Share Option Scheme was 28,500,000 Shares, which represented 3.6% of the Shares in issue as of the date of this interim report.

The Company used the following estimates to determine the binomial tree model’s parameters used for predicting the fair value of options granted in 2017. These estimates also affected the amount of such equity awards expected to vest and ultimately the calculation of share-based payments. These estimates and assumptions could have a material effect on the determination of the fair value of the share options and the amount of such equity awards expected to vest, which may in turn significantly impact the determination of the share-based payments.

Weighted average share price	HK\$1.15
Exercise price	HK\$0.80
Expected volatility	45.96%
Time-to-maturity	24 October 2027
Risk-free rate	1.88%
Expected dividend yield	0.00%

Save as disclosed above, no other share options have been granted, exercised, cancelled or lapsed under the Pre-IPO Share Option Scheme since its adoption and up to 30 June 2024.



Share options granted under the Pre-IPO Share Option Scheme may be exercised from the first day of the following exercisable periods until 24 October 2027:

	Grant date	Exercisable periods
Directors		
Mr. Lee Ching Yiu	25 October 2017	(i) 1,600,000 share options: From 25 October 2018 to 24 October 2027 (ii) 1,200,000 share options: From 25 October 2019 to 24 October 2027 (iii) 1,200,000 share options: From 25 October 2020 to 24 October 2027
Ms. Zhong Mei	25 October 2017	(i) 1,600,000 share options: From 25 October 2018 to 24 October 2027 (ii) 1,200,000 share options: From 25 October 2019 to 24 October 2027 (iii) 1,200,000 share options: From 25 October 2020 to 24 October 2027
Mr. Du Ping	25 October 2017	(i) 600,000 share options: From 25 October 2018 to 24 October 2027 (ii) 450,000 share options: From 25 October 2019 to 24 October 2027 (iii) 450,000 share options: From 25 October 2020 to 24 October 2027
Employees	25 October 2017	(i) 13,600,000 share options: From 25 October 2018 to 24 October 2027 (ii) 10,200,000 share options: From 25 October 2019 to 24 October 2027 (iii) 10,200,000 share options: From 25 October 2020 to 24 October 2027

Once the scheme is terminated by a resolution of each of a meeting by the Board or a general meeting by Shareholders in accordance with the terms of the scheme, no additional share options will be offered under the Pre-IPO Share Option Scheme. The terms of the scheme, however, shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior thereto or otherwise as may be required in accordance with the terms of the Pre-IPO Share Option Scheme.

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 (including sale of treasury shares, if any) any of such securities during the Reporting Period.

As of 30 June 2024, the Company did not hold any treasury shares.

Kidsland International Holdings Limited

Mr. Lee Ching Yiu

Chairman

29 August 2024

REPORT ON REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Moore CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180

F +852 2375 3828

www.moore.hk

大
華
馬
施
會
計
師
事
務
所
有
限
公
司
雲

To the Board of Directors of Kidsland International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Kidsland International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 18 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Moore CPA Limited

Certified Public Accountants

Hong Kong, 29 August 2024



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	4	493,652	581,872
Cost of sales	8	(325,742)	(385,021)
Gross profit		167,910	196,851
Other income	5	2,193	3,180
Other losses, net	6	(3,819)	(12,970)
Impairment reversal/(loss) on financial assets	8	98	(7)
Selling and distribution expenses	8	(216,466)	(237,415)
General and administrative expenses	8	(22,496)	(26,142)
Operating loss		(72,580)	(76,503)
Finance costs		(5,690)	(5,546)
Loss before income tax		(78,270)	(82,049)
Income tax expense	7	(1,950)	(820)
Loss for the period		(80,220)	(82,869)
Other comprehensive income, net of tax: <i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of foreign operations		1,824	8,233
Total comprehensive expense for the period		(78,396)	(74,636)
Loss for the period attributable to:			
– owners of the Company		(80,154)	(82,689)
– non-controlling interests		(66)	(180)
		(80,220)	(82,869)
Total comprehensive expense for the period attributable to:			
– owners of the Company		(78,290)	(74,232)
– non-controlling interests		(106)	(404)
		(78,396)	(74,636)
Loss per share, basic and diluted (RMB cents)	10	(10.02)	(10.34)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	17,469	24,228
Right-of-use assets	12	77,176	81,309
Intangible assets		7,185	7,822
Financial asset at fair value through profit or loss ("FVTPL")		–	–
Rental deposits	13	18,944	19,865
Deferred tax assets		14,260	15,990
		135,034	149,214
Current assets			
Inventories		268,977	301,448
Trade and bill receivables	13	52,126	57,050
Other receivables, deposits and prepayments	13	52,132	47,782
Right-of-return assets		205	52
Tax recoverable		–	729
Restricted cash		2,661	2,541
Cash and cash equivalents		19,271	21,937
		395,372	431,539
EQUITY			
Owners of the Company			
Share capital	17	6,931	6,931
Reserves		21,785	100,075
		28,716	107,006
Non-controlling interests		6,173	6,279
Total equity		34,889	113,285



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Loans from a related company	19	109,664	85,302
Other payables	14	2,087	2,984
Lease liabilities	12	31,251	30,992
		143,002	119,278
Current liabilities			
Trade payables	14	106,459	117,154
Other payables and accruals	14	71,092	82,502
Bank borrowings	16	94,818	76,655
Loan from a director	19	15,000	–
Lease liabilities	12	56,331	61,530
Contract liabilities	15	7,929	9,665
Current tax liabilities		886	684
		352,515	348,190
Net current assets		42,857	83,349
Total assets less current liabilities		177,891	232,563
Net assets		34,889	113,285

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Share option reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2023 (audited)	6,931	323,968	(118,988)	4,443	185,068	5,666	27,139	(120,482)	313,745	6,835	320,580
Loss for the period	-	-	-	-	-	-	-	(82,689)	(82,689)	(180)	(82,869)
Other comprehensive income/ (expense) for the period	-	-	-	-	-	8,457	-	-	8,457	(224)	8,233
Total comprehensive income/ (expense) for the period	-	-	-	-	-	8,457	-	(82,689)	(74,232)	(404)	(74,636)
Share options lapsed	-	-	-	-	-	-	(1,042)	1,042	-	-	-
Transfer to statutory reserve	-	-	-	11	-	-	-	(11)	-	-	-
Balance at 30 June 2023 (unaudited)	6,931	323,968	(118,988)	4,454	185,068	14,123	26,097	(202,140)	239,513	6,431	245,944
Balance at 1 January 2024 (audited)	6,931	323,968	(118,988)	4,454	185,068	9,422	25,425	(329,274)	107,006	6,279	113,285
Loss for the period	-	-	-	-	-	-	-	(80,154)	(80,154)	(66)	(80,220)
Other comprehensive income/ (expense) for the period	-	-	-	-	-	1,864	-	-	1,864	(40)	1,824
Total comprehensive income/ (expense) for the period	-	-	-	-	-	1,864	-	(80,154)	(78,290)	(106)	(78,396)
Share options lapsed	-	-	-	-	-	-	(2,554)	2,554	-	-	-
Balance at 30 June 2024 (unaudited)	6,931	323,968	(118,988)	4,454	185,068	11,286	22,871	(406,874)	28,716	6,173	34,889



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(6,874)	32,684
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,646)	(9,814)
Proceeds on disposal of property, plant and equipment	294	–
Interest received	25	73
Net proceeds from disposal of financial assets at FVTPL	2	42
	(5,325)	(9,699)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		
Principal elements of lease payments	(42,568)	(47,444)
Interest elements of lease payments	(2,904)	(3,494)
Payment for early termination of lease agreement	–	(29)
Net refund of rental deposits	235	458
(Increase)/decrease in restricted cash	(120)	40
Proceeds from loans from a related company	26,372	23,488
Repayment of loans from a related company	(2,726)	–
Proceeds from loan from a director	15,000	–
New bank borrowings raised	18,000	6,000
Interest paid	(1,814)	(906)
	9,475	(21,887)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,724)	1,098
CASH AND CASH EQUIVALENTS AT 1 JANUARY	21,937	18,490
Effect of foreign exchange rate changes	58	294
CASH AND CASH EQUIVALENTS AT 30 JUNE	19,271	19,882

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Going concern basis

During the six months ended 30 June 2024, the Group reported a loss before income tax of approximately RMB78,270,000 and had a net cash outflow of approximately RMB6,874,000 generated from the operating activities. As at 30 June 2024, the Group’s net current asset was approximately RMB42,857,000, of which the Group’s cash and cash equivalents amounted to approximately RMB19,271,000 as compared to the Group’s bank borrowings and loan from a director of approximately RMB94,818,000 and RMB15,000,000 respectively, which are repayable within the next twelve months from the end of the reporting period, and the loans from a related company of approximately RMB109,664,000, which is repayable after the next twelve months from the end of the reporting period.

The Group’s business has been negatively impacted by the weak market sentiment amidst the uncertainty about the macro-economic environment in Mainland China during the six months ended 30 June 2024. The poor consumer sentiment caused short-term disruption to the Group’s operations in Mainland China. Also, it is uncertain whether the weak market sentiment will continue and impact the Group’s operating performance and cash flows.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group would have sufficient financial resources to continue as a going concern. Management have prepared a cash flow forecast of the Group which covers a period of not less than twelve months from the date of the end of reporting period based on the existing situation, future events and commitments of the Group. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (i) as at 30 June 2024, the Group had available unutilised banking facilities of approximately RMB6,620,000 from financial institutions. Additionally, a loan facility is provided to the Group from its related company, with a facility limit of HK\$150,000,000 (equivalent to approximately RMB136,905,000), of which there was unutilised facility of approximately RMB27,241,000. The Group will draw down the loans to finance its operations, when needed;
- (ii) 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 do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group’s request. The Directors 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. Besides, for the loan from a director of the Company amounting to RMB15,000,000, such amount has been renewed subsequently and the maturity will be in August 2025;
- (iii) the Group will actively consider to launch marketing events in order to facilitate the sales of the inventories to strengthen further the working capital in the second half of 2024;
- (iv) the Group is implementing active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group; and
- (v) the Group will continue to seek for other alternative financing and bank borrowings to finance the settlement of the existing financial obligations and future operating and capital expenditure.



1. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The directors of the Company have reviewed the Group's cash flow projections prepared by management. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for the financial asset at FVTPL which is measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

3. ESTIMATION

The preparation of unaudited condensed consolidated financial statements requires management to make judgments, 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 the unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in trading and sales of toy and related lifestyle products.

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

Segment revenue and results

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

Six months ended 30 June 2024 (unaudited)

	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	401,406	95,701	(3,455)	493,652
Reportable segment (loss)/profit excluding depreciation and amortisation	(22,689)	5,101	–	(17,588)
Depreciation and amortisation	(36,782)	(13,856)	–	(50,638)
Reportable segment results	(59,471)	(8,755)	–	(68,226)
Unallocated other income				25
Unallocated corporate expenses				(3,320)
Unallocated other losses, net				(3,963)
Unallocated finance costs				(2,786)
Loss before income tax				(78,270)
Income tax expense				(1,950)
Loss for the period				(80,220)



4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2023 (unaudited)

	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	466,609	115,533	(270)	581,872
Reportable segment (loss)/profit excluding depreciation and amortisation	(15,378)	10,492	–	(4,886)
Depreciation and amortisation	(44,269)	(14,517)	–	(58,786)
Reportable segment results	(59,647)	(4,025)	–	(63,672)
Unallocated other income				73
Unallocated corporate expenses				(3,422)
Unallocated other losses, net				(12,976)
Unallocated finance costs				(2,052)
Loss before income tax				(82,049)
Income tax expense				(820)
Loss for the period				(82,869)

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 periods indicated:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Self-operated retail channels		
– Retail shops	265,747	332,677
– Consignment counters	109,060	137,939
– Online stores	29,574	28,145
Wholesale channels		
– Distributors	82,824	59,481
– Hypermarket and supermarket chains	2,838	18,883
– Online key accounts	3,609	4,747
	493,652	581,872

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

5. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest income	25	73
Government grants (Note)	815	1,831
Promotional service income	42	707
Sundry income	1,311	569
	2,193	3,180

Note: The Group recognises various government grants from the local government authorities for subsidising the operating activities and acquisition of fixed assets.

6. OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net exchange loss	(3,965)	(13,018)
Loss on disposal of property, plant and equipment	(527)	–
Gain on lease modifications (note 12(ii))	700	91
Gain on disposal of financial assets at FVTPL	2	42
Others	(29)	(85)
	(3,819)	(12,970)

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current income tax:		
Hong Kong, Macau and overseas profits tax	199	241
Under-provision in prior years:		
PRC corporate income tax	–	5
Deferred tax	1,751	574
	1,950	820

Income tax is accrued using the tax rate that would be applicable to expected total annual earnings.



8. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Auditors' remuneration		
– Audit services	826	809
Amortisation of intangible assets	672	660
Depreciation of property, plant and equipment (<i>note 11</i>)	10,330	14,165
Depreciation of right-of-use assets (<i>note 12(ii)</i>)	39,636	43,961
Impairment loss on property, plant and equipment (<i>Note</i>)	1,308	1,713
Impairment loss on right-of-use assets (<i>Note</i>)	2,898	2,562
Cost of inventories	326,869	376,449
Rental expenses in respect of:		
– variable leases payments (<i>note 12(ii)</i>)	1,730	1,866
– short-term leases (<i>note 12(ii)</i>)	20,554	13,788
Advertising and promotional expenses	5,093	7,867
Concessionaire fees	35,590	42,901
Employee benefit expenses (including directors' emoluments)	48,028	51,099
Outsourced personnel service fees	37,430	42,247
(Reversal of)/provision for impairment loss on trade receivables	(98)	7
(Reversal of)/provision for impairment loss on inventories, net (included in cost of sales)	(6,157)	2,405
Transportation costs	7,948	7,492
Building management fees	15,783	15,894

Note: The Group determines each individual retail store as a separately identifiable cash-generating unit (the "CGU") and monitors their financial performance. A provision for impairment of the Group's property, plant and equipment and right-of-use assets of RMB1,308,000 and RMB2,898,000, respectively for the six months ended 30 June 2024 (30 June 2023: RMB1,713,000 and RMB2,562,000 respectively) was made based on impairment assessment carried out for the retail store assets which have an impairment indicator of loss making. Such impairment losses were recorded in selling and distribution expenses. The recoverable amounts are based on value-in-use calculations. These calculations used projected cash flows and key assumptions such as future revenue growth rate and gross margin percentage of individual CGUs based on the Group's annual budget covering an average of 2-year period. A discount rate of 13.5% (30 June 2023: 13.0%) was applied to bring the future cash flows back to their present values.

9. DIVIDENDS

No dividends were paid during the six months ended 30 June 2024. The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024	2023
Loss attributable to the owners of the Company (in RMB'000)	(80,154)	(82,689)
Weighted average number of ordinary shares for the purpose of calculation of loss per share (in '000)	800,000	800,000

The computation of diluted loss per share for the six months ended 30 June 2024 does not assume the exercise of the Company's outstanding share options since they would have an anti-dilutive impact to the basic loss per share (2023: same).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, additions to property, plant and equipment amounted to RMB5,646,000 (2023: RMB10,179,000), consisting of leasehold improvements and furniture and equipment. The net book value of property, plant and equipment disposed during the six months ended 30 June 2024 amounted to RMB821,000 (2023: nil), while the depreciation charge of the six months ended 30 June 2024 was RMB10,330,000 (2023: RMB14,165,000).

The accumulated impairment loss of the Group's property, plant and equipment asset was RMB12,020,000 as at 30 June 2024 (31 December 2023: RMB12,661,000), representing additional impairment loss of RMB1,308,000 (for the year ended 31 December 2023: RMB3,355,000) recognised during six months ended 30 June 2024 and derecognise of impairment loss of RMB1,949,000 (for the year ended 31 December 2023: RMB3,260,000) when those underlying property, plant and equipment was written off.



12. LEASES

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

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

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

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Right-of-use assets		
– Leased premises	88,522	91,764
Less: Provision for impairment	(11,346)	(10,455)
	77,176	81,309
Lease liabilities		
Current	56,331	61,530
Non-current	31,251	30,992
	87,582	92,522

During the six months ended 30 June 2024, additions to right-of use assets amounted to RMB43,209,000 (30 June 2023: RMB25,423,000).

(ii) Amounts recognised in the condensed consolidated statement of profit or loss and other comprehensive income

The condensed consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Depreciation of right-of-use assets (note 8)	39,636	43,961
Interest expenses (included in finance costs)	2,904	3,494
Expense relating to short-term leases (note 8)	20,554	13,788
Expense relating to variable lease payments not included in lease liabilities (note 8)	1,730	1,866
Impairment loss on right-of-use assets (note 8)	2,898	2,562
Gain on lease modifications (note 6)	(700)	(91)

13. TRADE AND BILL RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade receivables from contracts with customers	61,454	66,476
Less: Provision for impairment	(10,101)	(10,199)
	51,353	56,277
Bill receivables	3,866	3,866
Less: Provision for impairment	(3,093)	(3,093)
	773	773
Other receivables, deposits and prepayments		
– Rental deposits	45,103	45,338
– Other deposits	8,318	10,775
– Prepayments for purchase of merchandise stock for resale and expenses	3,977	1,763
– Prepaid royalties	304	578
– Rebate receivables from suppliers	7,774	5,220
– Promotion income receivable from brand owners	80	696
– Others	5,520	3,277
	71,076	67,647
	123,202	124,697
Rental deposits presented as non-current assets	18,944	19,865
Presented as current assets	104,258	104,832
	123,202	124,697

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 to the Group after deducting the concessionaire fee. 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 and other receivables and deposits 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.



13. TRADE AND BILL RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

The following is an ageing analysis of trade receivables presented based on the invoice date.

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 30 days	29,215	40,190
31 to 60 days	11,186	8,716
61 to 90 days	3,048	2,740
91 to 180 days	5,991	1,532
Over 180 days	12,014	13,298
	61,454	66,476
Less: Provision for impairment	(10,101)	(10,199)
	51,353	56,277

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade payables (<i>Note (a)</i>)	106,459	117,154
Other payables and accruals		
– Due to related companies (<i>Note (b)</i>)	17,995	16,505
– Accrued expenses	23,213	32,366
– Accrued staff costs	6,194	9,666
– Outsourced personnel service fee payable	6,102	6,767
– Provision for retirement benefit costs	450	355
– Long service payment provision	602	597
– Provision for reinstatement costs (<i>Note (c)</i>)	9,402	9,818
– Other taxes payable	6,715	6,907
– Others	2,506	2,505
	73,179	85,486
Less: Provision for reinstatement costs presented as non-current liability	(1,485)	(2,387)
Long service payment provision presented as non-current liability	(602)	(597)
Other payables and accruals presented as current liabilities	71,092	82,502

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

- (a) The credit periods on trade payables offered by suppliers are within 60 days to 90 days.

The following is an ageing analysis of trade payables presented based on the invoice date.

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 30 days	93,648	87,103
31 to 60 days	7,790	23,886
61 to 90 days	896	2,940
Over 90 days	4,125	3,225
	106,459	117,154

- (b) Details of the amounts due to related companies are set out below:

Amounts due to related companies	Nature of balance	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Land Smart Development Limited (Note (i))	Non-trade	8,881	8,725
Lovable Products Trading Limited (Note (i))	Non-trade	6,403	5,388
Politor Limited (Note (i))	Non-trade	2,711	2,392
		17,995	16,505

Note:

- (i) The related companies are controlled by Mr. Lee Ching Yiu, chairman of the Group. The amounts are unsecured, interest-free and repayable on demand.
- (c) Provision for reinstatement cost represents the present value of the estimated cost for the restoration work of the Group's leased premises agreed to be carried out upon the expiry of the relevant leases.

15. CONTRACT LIABILITIES

Contract liabilities of the Group arise from the advance payments made by customers while the underlying products are yet to be delivered, provision for sales return and customer loyalty program.



16. BANK BORROWINGS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Secured	42,818	10,000
Unsecured	52,000	66,655
	94,818	76,655
The carrying amount of the above borrowings that contain a repayment on demand clause but repayable:		
Within one year	94,818	76,655
Less: Amounts shown under current liabilities	(94,818)	(76,655)
Amounts shown under non-current liabilities	–	–

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Variable-rate borrowings	22,818	22,655
Fixed-rate borrowings	72,000	54,000
	94,818	76,655

As at 30 June 2024, variable-rate bank borrowings with principal amounts of HK\$25,000,000 (equivalent to approximately RMB22,818,000) (31 December 2023: HK\$25,000,000 (equivalent to approximately RMB22,655,000)) carry interest at 1.8% above three month Hong Kong Inter-bank Offered Rate (“HIBOR”) per annum. The amounts are secured by a pledged deposit from a related company and guaranteed by the Company and a related company as at 30 June 2024 (2023: unsecured and guaranteed by the Company). As of the same date, although the Group has not fully met a specific financial covenant tied to this revolving loan facility, the Company is actively working with the bank to remediate and obtain a waiver from this. The directors of the Company are of the view that the Company is able to fulfill this obligation from its internal resources when required.

16. BANK BORROWINGS (Continued)

As at 30 June 2024, the fixed-rate bank borrowings consist of the following: (i) an aggregate principal amount of RMB12,000,000 (31 December 2023: RMB6,000,000) carrying interest ranging from 3.10% to 4.50% (31 December 2023: 4.50%) per annum, which is unsecured and guaranteed by Ms. Zhong Mei (“Ms. Zhong”), an executive director of the Company, and by a subsidiary of the Group; (ii) a principal amount of RMB2,000,000 carrying interest at 5.10% per annum (31 December 2023: nil), which is unsecured and guaranteed by Ms. Zhong; (iii) an aggregate principal amount of RMB38,000,000 (31 December 2023: RMB38,000,000) carrying interest ranging from 2.05% to 3.90% (31 December 2023: 2.05% to 3.90%) per annum, which is unsecured and guaranteed by several independent third parties, with guarantees by Ms. Zhong, a subsidiary of the Group, and a related party held by Mr. Lee Ching Yiu (“Mr. Lee”), chairman of the Group; (iv) a principal amount of RMB10,000,000 (31 December 2023: RMB10,000,000) carrying interest at 2.90% (31 December 2023: 2.90%) per annum, which is secured by a property held by Mr. Lee, and guaranteed by Mr. Lee; and (v) a principal amount of RMB10,000,000 carrying interest at 3.05% per annum (31 December 2023: nil), which is secured by a property held by Ms. Zhong, and guaranteed by Ms. Zhong.

The Group’s bank borrowings are denominated in the following currencies:

	At 30 June 2024 RMB’000 (unaudited)	At 31 December 2023 RMB’000 (audited)
HK\$	22,818	22,655
RMB	72,000	54,000
	94,818	76,655

The Group’s bank borrowings are denominated in RMB and HK\$ which are the functional currencies of the relevant group entities.

17. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital RMB’000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2023, 30 June 2023, 31 December 2023, 1 January 2024 and 30 June 2024	50,000,000,000	433,188
Issued and fully paid:		
At 1 January 2023, 30 June 2023, 31 December 2023, 1 January 2024 and 30 June 2024	800,000,000	6,931



18. SHARE OPTION SCHEMES**(i) The Pre-IPO Share Option Scheme**

On 20 October 2017, a share option scheme was adopted by the shareholders of the Company (the "Pre-IPO Share Option Scheme"). The Pre-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that the eligible participants under the scheme have or may have made to the Group.

The eligible participants include any full-time, key employees, consultants or directors of the Company or any of its subsidiaries who, in the opinion of the directors of the Company, have contributed to the Company and/or any of its subsidiaries.

On the same date, the Company was authorised to grant to 78 eligible participants to subscribe for an aggregate of 47,500,000 shares under the Pre-IPO Share Option Scheme.

The exercise price of a share in respect of any particular share option offered under the Pre-IPO Share Option Scheme shall be HK\$0.8.

The share options granted to each grantee under the Pre-IPO Share Option Scheme shall be vested in three tranches representing 40%, 30% and 30% of the total number of options granted, respectively, commencing on 25 October 2018, the first anniversary of the grant date and on each of the second and third anniversary of the grant date. No consideration is payable on the grant of an option. The grantees to whom a share option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise the share option any time after the share option has been vested but in any event on or before the expiry of ten years from the grant date.

The following tables disclose details of movements of share options granted during the period under the Pre-IPO Share Option Scheme:

Options	Outstanding at 1 January 2024 (audited)	Lapsed during the period	Exercised during the period	Outstanding at 30 June 2024 (unaudited)
Directors				
Tranche 1	3,800,000	–	–	3,800,000
Tranche 2	2,850,000	–	–	2,850,000
Tranche 3	2,850,000	–	–	2,850,000
	9,500,000	–	–	9,500,000
Employees				
Tranche 1	8,840,000	(1,240,000)	–	7,600,000
Tranche 2	6,630,000	(930,000)	–	5,700,000
Tranche 3	6,630,000	(930,000)	–	5,700,000
	22,100,000	(3,100,000)	–	19,000,000
	31,600,000	(3,100,000)	–	28,500,000

18. SHARE OPTION SCHEMES (Continued)**(i) The Pre-IPO Share Option Scheme** (Continued)

Details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Date of Grant	Number of share options granted	Exercise period
Tranche 1	25 October 2017	19,000,000	25 October 2018 to 24 October 2027
Tranche 2	25 October 2017	14,250,000	25 October 2019 to 24 October 2027
Tranche 3	25 October 2017	14,250,000	25 October 2020 to 24 October 2027
		47,500,000	

(ii) The Post-IPO Share Option Scheme

On 20 October 2017, a share option scheme was adopted by the shareholders of the Company (the “Post-IPO Share Option Scheme”).

The Post-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that the eligible participants under the scheme have or may have made to the Group. The eligible participants include any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including independent non-executive directors) of the Company or any of its subsidiaries, advisors, consultants, suppliers, customers, distributors and such other persons who in the opinion of the directors of the Company will contribute or have contributed to the Company or any of its subsidiaries.

The options granted pursuant to the Post-IPO Share Option Scheme will expire no later than 10 years from the date of grant of the option. As at 30 June 2024, the Post-IPO Share Option Scheme had a remaining life of more than 3 years.

For any options granted to directors, chief executives or substantial shareholders of the Company, or any of their respective associate, options to be granted to any of these persons shall be approved by the independent non-executive directors (excluding any independent non-executive director who is the proposed grantee of options). Where any option granted to a substantial shareholder or an independent non-executive director, or any of their respective associates, would result in the shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period, (i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares, in excess of HK\$5 million, such grant of options shall be subject to prior approval by resolutions of the shareholders (voting by way of poll) at which all connected persons of the Company shall abstain from voting in favour.



18. SHARE OPTION SCHEMES (Continued)**(ii) The Post-IPO Share Option Scheme** (Continued)

The number of shares issued and to be issued in respect of options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the total shares of the Company in issue, without prior approval from the shareholders of the Company and with such participants and his associates abstaining from voting.

The amount payable on acceptance of an option is HK\$1.00, which will be payable on or before a prescribed acceptance date. In relation to any options granted under the Post-IPO Share Option Scheme, the exercise price is determined by the directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The Post-IPO Share Option Scheme does not contain any minimum period for which an option must be held before it can be exercised. However, at the time of granting of the options, the directors of the Company may specify any such minimum period.

Unless otherwise terminated by the directors of the Company or the shareholders in general meeting in accordance with the terms of the Post-IPO Share Option Scheme, the Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption which was 20 October 2017, after which no further options will be granted or offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required.

The total number of the shares which may be allotted and issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the Listing date (10 November 2017) unless shareholders' approval has been obtained.

No share option under the Post-IPO Share Option Scheme has been granted since its adoption.

19. RELATED PARTY TRANSACTIONS

(a) Related parties

As at 30 June 2024, Asian Glory Holdings Limited held 53.15% (31 December 2023: 53.15%) equity interest in the Company as the single largest shareholder.

(b) Transactions

Significant transactions with related parties and companies, which were carried out in the normal course of the Group's business, are summarised as follows:

Name of related companies	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Land Smart Development Limited (<i>Note</i>)	Rental expenses	156	720
Politor Limited (<i>Note</i>)	Rental expenses	300	292
Lovable Products Trading Limited (<i>Note</i>)	Loan interest	972	1,146

Note: The related companies are controlled by Mr. Lee, the controlling shareholder and chairman of the Board.

(c) Balances with related parties

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Amounts due to related companies		
Land Smart Development Limited	8,881	8,725
Lovable Products Trading Limited	6,403	5,388
Politor Limited	2,711	2,392
	17,995	16,505
Loans from a related company		
Lovable Products Trading Limited	109,664	85,302
Loan from a director		
Mr. Lee Ching Yiu	15,000	–



19. RELATED PARTY TRANSACTIONS (Continued)**(c) Balances with related parties** (Continued)

The amounts due to related companies are unsecured, interest-free and repayable on demand. The amounts approximate their fair values and are denominated in HK\$ and RMB.

Kidsland HK Limited entered into a loan agreement and amendment agreements on 27 August 2019, 1 December 2021, 26 August 2022, 21 August 2023, 1 November 2023 and 31 December 2023, respectively, with Lovable Products Trading Limited, a company controlled by Mr. Lee Ching Yiu, the controlling shareholder and chairman of the Board, which agreed to provide a loan facility of HK\$150,000,000 or the equivalent amount in US\$ (equivalent to approximately RMB136.9 million) (31 December 2023: HK\$150,000,000 or the equivalent amount in US\$ (equivalent to approximately RMB135.9 million)).

As at 30 June 2024, the loans from a related company with principal amounts of US\$11,891,000 (equivalent to approximately RMB84,565,000) (31 December 2023: US\$9,901,000 (equivalent to approximately RMB69,897,000)) and HK\$27,500,000 (equivalent to approximately RMB25,099,000) (31 December 2023: HK\$17,000,000 (equivalent to approximately RMB15,405,000)) were interest bearing at 2.0% (31 December 2023: 2.0%) per annum, unsecured and repayable within two years (31 December 2023: two years). As at 30 June 2024 and 31 December 2023, the carrying amounts of the loans approximate to their fair value.

As at 30 June 2024, the loan from a director with principal amount of RMB15,000,000 (31 December 2023: nil) was interest-free, unsecured and repayable within six months.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the periods are as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Directors' fees	464	500
Salaries and allowances	5,768	4,768
Retirement benefit schemes contributions	525	481
	6,757	5,749

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after 30 June 2024.