

# TARGET

## Intelligence Report

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### **KIDDIELAND INTERNATIONAL LTD: WHO IS, IN TRUTH, IN CONTROL OF THIS KIDDIELAND TOY SHOW?**

Most likely, Senior Management of Kiddieland International Ltd (童園國際有限公司) (Code: 3830, Main Board, The Stock Exchange of Hongkong Ltd) was forced to endure grotesque shock waves in respect of the financials of the Company, during the Financial Year, ended April 30, 2022.

The Company's Total Revenue in respect of the 2022 Financial Year, at \$HK244,245,000.00, was at the Company's nadir, compared with the past five Financial Years, going back to the day, on or about September 21, 2017, when the Company first obtained permission for the listing of its entire Issued and Fully Paid-Up Share Capital on the premier equity market of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

With regard to the financial results, attributable to Shareholders of the Company, Kiddieland International Ltd recorded a Net Loss of \$HK65,541,000.00 in respect of 2022 Financial Year – the largest, recorded Net Loss in the history of the Company.

And, in respect of Total Equity (Shareholders' Funds), as at April 30, 2022, Shareholders of the Company witnessed a Year-On-Year 43.65-percent depreciation, at \$HK86,622,000.00, compared with the 2021 Financial Year when Shareholders' Funds were recorded at \$HK153,731,000.00.

### **The Business Of Kiddieland International Ltd**

The '**PRINCIPAL ACTIVITIES**' of Kiddieland International Ltd were presented to shareholders and investors at Page 13 of the 2022 Annual Report of the Company as follows:

*'The Company is principally engaged in manufacturing and selling of plastic toy products and laboratory equipment. The Company operates the Toy business segment through two categories. One is Outdoor-and-sports Toy, which is mainly engaged in the manufacture and distribution of ride-ons, rockers, trikes, scooters and walkers. The other is Infant-and preschool Toy, which is mainly engaged in the manufacture and*

*distribution of interactive playsets, activity toys, musical toys and action vehicles. The Laboratory equipment business segment is mainly engaged in the manufacture and distribution of laboratory equipment for primary and secondary school. The Company distributes its products within mainland market and to overseas markets.'*

In making vain attempts to placate, by way of offering explanations to shareholders and investors, alike, that which did not go, exactly, in accordance of Senior Management's plans and expectations in respect of the 2022 Financial Year, Mr Lo Hung (盧鴻), the Chairman of the Board of Directors of the Company, at Page Three of the 2022 Annual Report of the Company, explained the Company's many undeniable situations that beset Management's previous plans as soon as anomalies were made manifest, coupled with the onslaught of numerous financial tsunamis:

*'During the year ended 30 April 2022, ocean freight costs on certain routes have (sic) risen by as much as 500%. As such, the business performance of the export business sector worldwide was seriously affected. Orders from customers around the world were seriously affected by the elevated ocean freight rates and prolonged container shortage especially in the first half of the financial year. The Group's revenue for the year ended 30 April 2022 amounted to approximately HK\$244.2 million, representing a decrease of 19.1% over last year.'*

*'In the past few years, the company's profitability is (sic) mainly affected by the increase in raw materials price, the appreciation of RMB (renminbi, the official currency of the PRC) and the labour shortage. In addition, with the difficulties in managing the daily operation of the PRC factory efficiently by the Hong Kong management due to the closure of HK/PRC border, subcontracting the toys manufacturing to the reliable suppliers in the coming future will be one of the best solutions to survive in the current unstable market. With less capital investment in fixed assets and less overheads including the direct labour cost, the Management believes the arrangement will bring a positive result in the near future.'*

*'On 29 January 2022, the Company entered into an agreement for a joint venture formation in the PRC. The newly invested entity is principally engaging in the development and production of laboratory equipment for primary and secondary schools and evaluation system for scoring students based on their experimental operation test performance, sale of self-produced products to schools and sales agents, and provision of product installation and commissioning services. Its business operation and the target market are purely in the PRC, which is less sensitive to the macroeconomy.'*

*'There are still uncertainties abound for the year ahead due to continued Sino-USA trade disputes, military conflict between Russia and Ukraine, geopolitical tensions and resurgent of COVID outbreaks. Despite the different challenges we encounter from various fronts, we still believe our*

*success stems from our dedication to delivering high-quality products at competitive prices ...'.*

### **The Financials Of Kiddieland International Ltd**

At Pages 66 and 67 of the 2022 Annual Report of Kiddieland International Ltd, the '**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**' was presented, thusly:

	For The Financial Year, Ended April 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	244,245	301,901	(19.10)
Gross Profit	10,389	53,162	(80.46)
Gross Profit Margin*	4.25 percent	17.61 percent	(75.87)
Operating Profit/(Loss)	(75,912)	8,070	(1,040.67)
Profit Before Taxation	(76,643)	6,926	(1,206.60)
Profit/(Loss) For The Year	(70,144)	6,599	(1,162.95)
Profit/(Loss) For The Year Attributable To Shareholders Of The Company	(65,541)	6,599	(1,093.20)
Basic And Diluted Earnings/(Losses) Per Share	(6.60) cents	0.70 cents	(1,042.86)

\* These are **TARGET**'s calculations.

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