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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

- The Group continued to advance its strategic transformation during the first half of 2026 and yielded encouraging results, with its gradual revenue growth and improvements in profitability and operational efficiency.

- Driven by targeted product portfolio optimisation and innovative channel deployment, during the Reporting Period, the Group's revenue increased by 6.5% to approximately RMB450.1 million. Both self-operated retail channels and wholesale channels recorded an increase in revenue as compared with the Prior Period.

- The Group continued to optimise its product portfolio by incorporating brands with strong margin profiles, strengthening the Group's presence in high-demand categories, and mitigating margin erosion from retail discounting, thereby lifting the overall gross profit margin to 34.7% for the Reporting Period.

- Through retail network optimisation and organisational restructuring, the Group successfully streamlined its spending, resulting in a 9.2% reduction in total selling and distribution, and general and administrative expenses to approximately RMB179.9 million for the Reporting Period.

- Net loss after tax was substantially narrowed by 79.9% to approximately RMB13.6 million for the Reporting Period as compared with approximately RMB67.6 million for the Prior Period.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Against a challenging and evolving consumer market, Kidsland International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") continued to advance its strategic transformation during the first half of 2026, with a focus on strengthening its core businesses, optimising its product and channel mix, and improving operating efficiency. These initiatives delivered encouraging results, with the Group achieving gradual revenue growth and improvements in profitability and operational efficiency during the six months ended 30 June 2026 (the "**Reporting Period**").

The Group continued to deepen its collaboration with the global top intellectual property ("**IP**"), Pokémon, and accelerate the development of its trading card game ("**TCG**") business. Since the end of 2025, dedicated Pokémon zones have been progressively introduced across the Group's retail store and consignment counter channels. By the first half of 2026, these dedicated zones had been rolled out across the Group's major retail points, and Pokémon rapidly became one of the leading brands by sales of the Group, contributing to the overall improvement in retail performance. Meanwhile, building on the Group's operational service collaboration with Pokémon, several Pokémon TCG Official Gyms were launched in multiple cities during the first half of 2026. The Pokémon TCG Official Gyms gained strong market attraction, demonstrating the significant potential of the TCG segment and further enhancing consumer engagement with the retail ecosystem of the Group.

The Group also further strengthened its partnership with Sam's Club, with a number of products becoming best sellers in its toy category during the Reporting Period, yielded remarkable results. At the same time, the Group continued to develop new retail formats, with Hall One collectible toy stores further established in core cities. The newly opened stores recorded encouraging sales performance.

The Group achieved stable revenue growth of 6.5% to approximately RMB450.1 million during the Reporting Period, as compared with approximately RMB422.5 million for the six months ended 30 June 2025 (the "**Prior Period**"). Meanwhile, the Group continued to optimise its product portfolio by incorporating brands with strong margin profiles, strengthening the Group's presence in high-demand categories, and mitigating margin erosion from retail discounting. As a result, overall gross profit margin increased from 29.9% for the Prior Period to 34.7% for the Reporting Period, reflecting a meaningful improvement in product mix and pricing discipline.

The retail network optimisation initiated in 2025 also delivered tangible results during the Reporting Period. Through the continued adjustment and optimisation of store with low-efficiency and underperforming, overall retail operating costs significantly reduced. In parallel, organisational restructuring further enhanced the Group's operational and management efficiency. Against the backdrop of revenue growth and improved gross profit margin, the Group managed to streamline spending, total selling and distribution, and general and administrative expenses reduced by 9.2% from approximately RMB198.2 million for the Prior Period to approximately RMB179.9 million for the Reporting Period.

Looking ahead, while the Group is encouraged by the strategic transformation progress achieved during the first half of 2026, it remains mindful of fluctuations in macroeconomic consumer sentiment and evolving consumer preference cycles. To actively counter these uncertainties, the Group will continuously deepen its demand insights within the market and closely align with the latest trends in consumer preferences. By optimising product mix and delivering distinctive customer experience initiatives, the Group aims to capture the demands of core customer segments more precisely, thereby consolidating brand loyalty.

At the same time, to maintain operational sustainability and resilience, apart from exploring new brands and innovative business models, the Group will accelerate the incubation of its own proprietary IPs like Au Nain Bleu and innovative brands like Pic it, diversifying the Group's product portfolio. In addition, the Group will maintain its ongoing focus on streamlining organisational structure and enhancing operational efficiency, thereby adhering to a balanced approach to growth and long-term value creation.

RETAIL AND WHOLESALE BUSINESS

Our extensive distribution network comprises self-operated retail channels and wholesale channels. As of 30 June 2026, this network consisted of:

Self-operated Retail Channels

– 407 self-operated retail points of sale including retail shops and consignment counters (30 June 2025: 470)

– 37 online stores (30 June 2025: 39)

Wholesale Channels

– 264 distributors (30 June 2025: 253) which sell our products through third-party retailers or their own retail shops, totaling more than 900 (30 June 2025: more than 800)

– 6 hypermarket and supermarket chains (30 June 2025: 9) with a sum of 1,520 retail points (30 June 2025: 420)

– 2 online key accounts (30 June 2025: 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	
	2026	2025
Retail shops		
At the beginning of the period	**97**	140
Addition of new retail shops	**8**	2
Closure of retail shops	**(9)**	(25)
At the end of the period	**96**	117

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	
	2026	2025
Consignment counters		
At the beginning of the period	**330**	378
Addition of new consignment counters	**2**	9
Closure of consignment counters	**(21)**	(34)
At the end of the period	**311**	353

1.3 Online Stores

During the Reporting Period, we closed one flagship store of brands that we represented on third-party-operated online platforms such as Tmall and JD.com. As of 30 June 2026, we had 37 online stores in total, compared with 39 as of 30 June 2025.

2. Wholesale Channels

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

2.1 Distributors

As of 30 June 2026, we had 264 distributors (30 June 2025: 253), which sell our products through third-party retailers or their own retail shops, totaling more than 900 (30 June 2025: more than 800).

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

	Six months ended 30 June	
	2026	2025
Distributors		
At the beginning of the period	**256**	270
Addition of new distributors	**37**	38
Expiry without renewal of distribution agreements	**(29)**	(55)
At the end of the period	**264**	253

2.2 Hypermarket and Supermarket Chains

As of 30 June 2026, we had wholesale arrangements with 6 hypermarket and supermarket chains (30 June 2025: 9) with a sum of 1,520 retail points (30 June 2025: 420) in Tier 1, 2 and 3 cities in Chinese Mainland (based on information provided by the hypermarket and supermarket chains).

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

	Six months ended 30 June	
	2026	2025
Hypermarket and supermarket chains		
At the beginning of the period	**9**	12
Termination or expiry of agreements with hypermarket and supermarket chains	**(3)**	(3)
At the end of the period	**6**	9

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	
	2026	2025
Online key accounts		
At the beginning of the period and at the end of the period	**2**	2

FINANCIAL REVIEW

Revenue

Driven by targeted product portfolio optimisation and innovative channel deployment, during the Reporting Period, the Group's revenue increased by 6.5% to approximately RMB450.1 million from approximately RMB422.5 million for the Prior Period. Both self-operated retail channels and wholesale channels recorded an increase in revenue as compared with the Prior Period.

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Self-operated retail channels		
– Retail shops	**237,958**	220,578
– Consignment counters	**67,590**	86,923
– Online stores	**28,625**	25,258
Sub-total	**334,173**	332,759
Wholesale channels		
– Distributors	**75,363**	80,651
– Hypermarket and supermarket chains	**39,882**	6,658
– Online key accounts	**647**	2,410
Sub-total	**115,892**	89,719
Total	**450,065**	422,478

Self-operated Retail Channels

The self-operated retail channels recorded an increase in revenue of 0.4% to approximately RMB334.2 million for the Reporting Period compared with the Prior Period, attributed to the growth in revenue from retail shops and online stores by 7.9% to approximately RMB238.0 million and 13.3% to approximately RMB28.6 million, respectively, partially offset by the drop in revenue from consignment counters by 22.2% to approximately RMB67.6 million.

Wholesale Channels

The Group's sustained collaboration with the Sam's Club in Chinese Mainland yielded remarkable results, with multiple products becoming top sellers in the Sam's Club toy category, boosted substantial sales growth. During the Reporting Period, revenue from hypermarket and supermarket chains rose significantly by 499.0% to approximately RMB39.9 million. Revenue from distributors and online key accounts dropped by 6.6% to approximately RMB75.4 million and 73.2% to approximately RMB0.6 million, respectively. Revenue contributed by wholesale channels increased by 29.2% to approximately RMB115.9 million during the Reporting Period.

Revenue from Hong Kong, Macau and overseas (after inter-segment elimination) recorded an increase of 11.1% from approximately RMB80.3 million for the Prior Period to approximately RMB89.1 million for the Reporting Period resulted from upturn in consumer sentiment.

Cost of Sales, Gross Profit and Gross Profit Margin

Cost of sales decreased by 0.7% from approximately RMB296.0 million for the Prior Period to approximately RMB293.9 million for the Reporting Period. The Group's gross profit margin increased from 29.9% for the Prior Period to 34.7% for the Reporting Period, resulted from continuous product mix refinement centered on incorporating brands with strong margin profiles, strengthening the Group's presence in high-demand categories, and mitigating margin erosion from retail discounting. Gross profit increased from approximately RMB126.5 million for the Prior Period to approximately RMB156.2 million for the Reporting Period.

Other Income

Other income, consisting mainly of rebates from platform service providers of online stores, government grants and promotional service income, increased by approximately RMB0.2 million from approximately RMB1.3 million for the Prior Period to approximately RMB1.5 million for the Reporting Period, mainly due to the rise in rebates from platform service providers of online stores.

Other Gains, Net

Other gains, net was mainly attributable to net exchange differences and lease modifications. Other gains, net of approximately RMB15.8 million was recorded for the Reporting Period (Prior Period: approximately RMB9.4 million), mainly resulting from the appreciation of Renminbi ("**RMB**") against Hong Kong dollar ("**HK$**").

Impairment Loss on Financial Assets

The amount represented provision made for impairment loss on trade and bill receivables. Provision for impairment loss of approximately RMB1.2 million was recorded for the Reporting Period (Prior Period: approximately RMB0.5 million).

Selling and Distribution Expenses

Selling and distribution expenses decreased by 11.0% from approximately RMB182.5 million for the Prior Period to approximately RMB162.5 million for the Reporting Period, which was mainly attributable to intensified expense management, especially on lease-related expenses, staff costs and concessionaire fees.

General and Administrative Expenses

General and administrative expenses rose by 11.2% from approximately RMB15.7 million for the Prior Period to approximately RMB17.5 million for the Reporting Period, mainly resulting from the incurrence of equity-settled share-based expenses and slight increase in repair and maintenance costs.

Finance Costs

Finance costs, consisting mainly of interest expenses arising from lease liabilities, borrowings and loans from a related company, increased by approximately RMB0.9 million from approximately RMB5.0 million for the Prior Period to approximately RMB5.9 million for the Reporting Period.

Loss for the Period

A loss of approximately RMB13.6 million was recorded for the Reporting Period (Prior Period: approximately RMB67.6 million). The loss substantially narrowed by 79.9% resulting from the growth in both revenue and margin, as well as intensified expense management.

Inventory, Trade Receivables and Payables Turnover Days

Inventory turnover days decreased from 123 days for the Prior Period to 92 days for the Reporting Period. Trade receivables turnover days slightly increased from 17 days for the Prior Period to 18 days for the Reporting Period. Trade payables turnover days increased from 70 days for the Prior Period to 83 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 70 days for the Prior Period to 27 days for the Reporting Period.

Capital Expenditure

During the Reporting Period, the Group invested approximately RMB4.1 million in property, plant, and equipment, mainly to renovate shops (Prior Period: approximately RMB2.8 million).

Liquidity and Financial Resources

The Group's cash position as of 30 June 2026 was approximately RMB49.7 million, compared to approximately RMB25.0 million as of 31 December 2025. 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 2026 were 0.7 and 0.4, respectively (31 December 2025: 0.8 and 0.4, respectively).

As of 30 June 2026, the Group had aggregate banking facilities of approximately RMB158.2 million (31 December 2025: approximately RMB154.6 million) for bank loans and trade financing, of which approximately RMB5.5 million (31 December 2025: approximately RMB2.1 million) was unutilised as of the same date.

As of 30 June 2026, the Group had a loan facility from a related company of approximately RMB130.3 million (31 December 2025: approximately RMB135.5 million), of which approximately RMB84.9 million (31 December 2025: approximately RMB95.2 million) was utilised as of the same date.

Charge of Assets

As of 30 June 2026, the Group had restricted cash of approximately RMB3.0 million mainly for bank guarantee of a trade finance facility (31 December 2025: approximately RMB2.9 million).

Contingent Liabilities

As of 30 June 2026, the Group did not have significant contingent liabilities (31 December 2025: Nil).

Foreign Exchange

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

RESULTS

The board of directors of the Company (the "**Directors**" and the "**Board**", respectively) announces the unaudited condensed consolidated results of the Group for the Reporting Period, prepared on the basis set out in Note 1 below, together with the comparative figures for the Prior Period, as follows.

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

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	4	**450,065**	422,478
Cost of sales	8	**(293,886)**	(295,951)
Gross profit		**156,179**	126,527
Other income	5	**1,469**	1,300
Other gains, net	6	**15,846**	9,365
Impairment loss on financial assets	8	**(1,217)**	(478)
Selling and distribution expenses	8	**(162,471)**	(182,497)
General and administrative expenses	8	**(17,454)**	(15,692)
Operating loss		**(7,648)**	(61,475)
Finance costs		**(5,885)**	(5,031)
Loss before income tax		**(13,533)**	(66,506)
Income tax expense	7	**(65)**	(1,083)
Loss for the period		**(13,598)**	(67,589)
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
– Exchange differences on translation from functional currency to presentation currency		**215**	49
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**(10,949)**	(4,751)
Other comprehensive expense for the period, net of tax		**(10,734)**	(4,702)
Total comprehensive expense for the period		**(24,332)**	(72,291)

	Notes	Six months ended 30 June **2026** ***RMB'000*** **(unaudited)**	 2025 *RMB'000* (unaudited)
Loss for the period attributable to:			
– owners of the Company		**(13,412)**	(67,298)
– non-controlling interests		**(186)**	(291)
		(13,598)	(67,589)
Total comprehensive (expense)/income for the period attributable to:			
– owners of the Company		**(24,423)**	(72,060)
– non-controlling interests		**91**	(231)
		(24,332)	(72,291)
Loss per share, basic and diluted *(RMB cents)*	10	**(1.02)**	(6.58)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**14,216**	14,259
Right-of-use assets	11	**90,784**	75,658
Intangible assets		**665**	1,137
Financial assets at fair value through profit or loss		**–**	–
Rental and other deposits		**12,650**	11,518
Deferred tax assets		**11,227**	11,405
		129,542	113,977
Current assets			
Inventories		**151,138**	148,224
Trade and bill receivables	12	**44,469**	42,879
Other receivables, deposits and prepayments		**40,110**	47,426
Right-of-return assets		**54**	165
Restricted cash		**2,957**	2,930
Cash and cash equivalents		**46,779**	22,067
		285,507	263,691
DEFICIT			
Attributable to owners of the Company			
Share capital		**11,992**	9,752
Deficit		**(173,208)**	(148,408)
		(161,216)	(138,656)
Non-controlling interests		**5,207**	5,116
Total deficit		**(156,009)**	(133,540)

	Notes	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Loans from a related company		**84,936**	95,230
Loan from a director of the Company		**15,000**	15,000
Convertible preference shares		**4,656**	5,378
Other payables		**2,663**	2,795
Lease liabilities	11	**52,956**	43,905
		160,211	162,308
Current liabilities			
Trade payables	13	**158,979**	111,234
Other payables and accruals		**74,563**	70,561
Loan from a related company		**2,500**	–
Borrowings		**124,475**	120,040
Lease liabilities	11	**42,018**	35,885
Contract liabilities		**7,931**	10,799
Current tax liabilities		**381**	381
		410,847	348,900
Net current liabilities		**(125,340)**	(85,209)
Total assets less current liabilities		**4,202**	28,768
Net liabilities		**(156,009)**	(133,540)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2026

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026 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 2025, which have been prepared in accordance with HKFRS Accounting Standards.

Going concern basis

During the six months ended 30 June 2026, the Group reported a loss for the period of approximately RMB13,598,000 and had a net cash inflow of approximately RMB58,574,000 generated from the operating activities. As at 30 June 2026, the Group's net current liabilities were approximately RMB125,340,000, and the Group's net liabilities were approximately RMB156,009,000, of which the Group's cash and cash equivalents amounted to approximately RMB46,779,000 as compared to the Group's bank borrowings and loan from a related company of approximately RMB124,475,000 and RMB2,500,000 respectively, which are repayable within the next twelve months from the end of the reporting period; loans from a related company and loan from a director of the Company of approximately RMB84,936,000 and RMB15,000,000 respectively, which are repayable after the next twelve months from the end of the reporting period.

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

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

The Group has been actively exploring and expanding new sales channels and product lines to boost sales and attract a diverse range of new customers. In particular, the new brand partnerships and collaborations with leading intellectual property owner(s) that were established and already resulted in positive performance since the fourth quarter of 2025 to the first half of 2026 will continue to be further developed and scaled up in the second half of 2026 and throughout 2027. In this regard, the Group expects these new sales channels and product lines to be able to contribute significant positive results and cash flows to the Group in 2026, and substantially improve the Group's overall operating performance and therefore the operating cash flows so as to enable the support of the Group's liquidity and working capital requirements.

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

The Group has obtained financial support from a related company, Lovable Products Trading Limited ("**Lovable Products Trading**"), which provides total facilities amounting to HK$150,000,000 (equivalent to approximately RMB130,290,000). As at 30 June 2026, the Group has successfully obtained approval for extension of such facilities from the maturity date on 31 March 2027 to 31 January 2028, of which the unutilised portion of the facilities is approximately HK$52,215,000 (equivalent to approximately RMB45,354,000) as at 30 June 2026. In addition, the Group has also obtained confirmation in writing for the extension of the repayment due date of another loan of RMB15,000,000 from Mr. Lee Ching Yiu, the chairman and executive director of the Company, from 7 February 2027 to 7 February 2028.

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

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

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

(iv) *Cost-saving measures to be further implemented*

The Group has been implementing active cost-saving measures to manage selling, distribution, general and administrative expenses, and employing various strategies to enhance operating cash flows and ensure sufficient funding for the Group's working capital needs.

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

2. ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards 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 2025.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in trading and sale of toys 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 2026

(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	**360,915**	**92,850**	**(3,700)**	**450,065**
Reportable segment (loss)/profit excluding depreciation and amortisation	**(3,508)**	**11,860**	**–**	**8,352**
Depreciation and amortisation	**(22,871)**	**(7,464)**	**–**	**(30,335)**
Reportable segment results	**(26,379)**	**4,396**	**–**	**(21,983)**
Unallocated other income				**3**
Unallocated corporate expenses				**(3,874)**
Unallocated other gains, net				**15,821**
Unallocated finance costs				**(3,500)**
Loss before income tax				**(13,533)**
Income tax expense				**(65)**
Loss for the period				**(13,598)**

Six months ended 30 June 2025

(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	342,222	83,787	(3,531)	422,478
Reportable segment (loss)/profit excluding depreciation and amortisation	(32,352)	3,047	–	(29,305)
Depreciation and amortisation	(27,593)	(9,397)	–	(36,990)
Reportable segment results	(59,945)	(6,350)	–	(66,295)
Unallocated other income				7
Unallocated corporate expenses				(3,284)
Unallocated other gains, net				6,034
Unallocated finance costs				(2,968)
Loss before income tax				(66,506)
Income tax expense				(1,083)
Loss for the period				(67,589)

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	
	2026 ***RMB'000*** **(unaudited)**	2025 *RMB'000* (unaudited)
Self-operated retail channels		
– Retail shops	**237,958**	220,578
– Consignment counters	**67,590**	86,923
– Online stores	**28,625**	25,258
Wholesale channels		
– Distributors	**75,363**	80,651
– Hypermarket and supermarket chains	**39,882**	6,658
– Online key accounts	**647**	2,410
	450,065	422,478

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**3**	7
Government grants *(Note)*	**240**	270
Promotional service income	**20**	237
Rebates from platform service providers of online stores	**1,032**	525
Sundry income	**174**	261
	1,469	1,300

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

6. OTHER GAINS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net exchange gain	**15,804**	6,034
Gain on disposal of property, plant and equipment	**–**	86
Gain on lease modifications *(note 11(ii))*	**75**	3,253
Others	**(33)**	(8)
	15,846	9,365

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**–**	–
Deferred tax	**65**	1,083
	65	1,083

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 loss on financial assets, selling and distribution expenses, and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Auditors' remuneration		
– Audit services	**729**	879
Amortisation of intangible assets	**435**	455
Depreciation of property, plant and equipment	**3,999**	7,014
Depreciation of right-of-use assets *(note 11(ii))*	**25,901**	29,521
Impairment loss on property, plant and equipment *(Note)*	**86**	1,451
Impairment loss on right-of-use assets *(Note)*	**538**	2,765
Cost of inventories	**284,697**	286,754
Write-down of inventories, net (included in cost of sales)	**4,053**	3,252
Rental expenses in respect of:		
– variable leases payments *(note 11(ii))*	**3,569**	1,269
– short-term leases *(note 11(ii))*	**13,236**	19,816
Advertising and promotional expenses	**8,841**	6,691
Concessionaire fees	**23,195**	29,481
Employee benefit expenses (including directors' emoluments)	**42,768**	37,588
Outsourced personnel service fees	**25,264**	32,816
Provision for impairment loss on trade receivables	**1,217**	478
Transportation costs	**6,694**	7,492
Building management fees	**12,541**	14,626

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 RMB86,000 and RMB538,000, respectively for the six months ended 30 June 2026 (30 June 2025: RMB1,451,000 and RMB2,765,000, respectively) was made based on impairment assessment carried out for the retail store assets which have an impairment indicator. Such impairment losses were recorded in selling and distribution expenses. 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. Discount rates of 11.4% and 12.9% (30 June 2025: 12.0% and 12.0%) were applied for the PRC segment and Hong Kong, Macau and overseas segment, respectively, to bring the future cash flows back to their present values.

9. DIVIDENDS

No dividends were paid during the six months ended 30 June 2026. The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026 (2025: 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	
	2026	2025
	(unaudited)	(unaudited)
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share *(in RMB'000)*	**(13,412)**	(67,298)
Weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share *(in '000)*	**1,320,003**	1,023,098

The computation of diluted loss per share for the six months ended 30 June 2026 does not assume the exercise of the Company's outstanding share options and the conversion of the Company's outstanding convertible preference shares (30 June 2025: same) since they would have an anti-dilutive impact to the basic loss per share.

11. LEASES

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

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

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

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Right-of-use assets		
– Leased premises	**97,599**	81,935
Less: provision for impairment	**(6,815)**	(6,277)
	90,784	75,658
Lease liabilities payable:		
Within one year	**42,018**	35,885
Within a period of more than one year but not exceeding two years	**35,457**	25,869
Within a period of more than two years but not exceeding five years	**15,926**	16,097
Within a period of more than five years	**1,573**	1,939
	94,974	79,790
Less: amount due for settlement within 12 months shown under current liabilities	**(42,018)**	(35,885)
Amount due for settlement after 12 months shown under non-current liabilities	**52,956**	43,905

During the six months ended 30 June 2026, additions to right-of use assets amounted to RMB42,238,000 (30 June 2025: RMB10,482,000).

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

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of right-of-use assets *(note 8)*	**25,901**	29,521
Interest expenses (included in finance costs)	**2,385**	2,063
Expense relating to short-term leases *(note 8)*	**13,236**	19,816
Expense relating to variable lease payments not included in lease liabilities *(note 8)*	**3,569**	1,269
Impairment loss on right-of-use assets *(note 8)*	**538**	2,765
Gain on lease modifications *(note 6)*	**(75)**	(3,253)

12. TRADE AND BILL RECEIVABLES

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables from contracts with customers	**56,178**	53,371
Less: provision for impairment	**(11,709)**	(10,492)
	44,469	42,879
Bill receivables	**–**	3,866
Less: provision for impairment	**–**	(3,866)
	–	–
	44,469	42,879

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

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Within 30 days	**34,121**	33,139
31 to 60 days	**7,448**	4,826
61 to 90 days	**586**	1,262
91 to 180 days	**561**	1,168
Over 180 days	**13,462**	12,976
	56,178	53,371
Less: provision for impairment	**(11,709)**	(10,492)
	44,469	42,879

13. TRADE PAYABLES

The credit periods granted by suppliers are generally ranged from 60 to 90 days. The following is an ageing analysis of trade payables presented based on the invoice date.

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Within 30 days	**146,073**	99,918
31 to 60 days	**4,907**	6,146
61 to 90 days	**2,280**	987
Over 90 days	**5,719**	4,183
	158,979	111,234

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

As of 30 June 2026, the Company did not hold any treasury shares.

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITION AND DISPOSAL

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

CAPITAL STRUCTURE

As of 30 June 2026, the Company's share capital comprised 1,355,914,286 issued ordinary shares (the "**Share(s)**") with nominal value of HK$0.01 each.

On 23 January 2026, the Company received a conversion notice from Asian Glory Holdings Limited, a company wholly owned by Mr. Lee Ching Yiu, the chairman of the Board, an executive Director and the chief executive officer, in relation to the conversion of 250,000,000 convertible preference shares of the Company held by it, which were convertible into 250,000,000 new ordinary Shares. On 27 January 2026, 250,000,000 new ordinary Shares were allotted and issued to Asian Glory Holdings Limited. Please refer to the Company's announcement dated 23 January 2026 for further details.

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

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2026, the Group had approximately 900 employees (including both in-house and outsourced employees) (30 June 2025: approximately 900 employees) in Chinese Mainland, Hong Kong and Macau. Total remuneration for in-house and outsourced employees for the Reporting Period amounted to approximately RMB42.8 million and RMB25.3 million, respectively (Prior Period: approximately RMB37.6 million and RMB32.8 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

There were no material subsequent events undertaken by the Group after 30 June 2026 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

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

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

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on review of the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2026.

Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the unaudited condensed consolidated financial statements which indicates that the Group incurred a net loss of RMB13,598,000 for the six months ended 30 June 2026 and, as of that date, the Group's current liabilities exceeded its current assets by RMB125,340,000, and the Group had net liabilities of RMB156,009,000. As stated in Note 1 to the unaudited condensed consolidated financial statements, these conditions, along with other matters as set forth in Note 1 to the unaudited condensed consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as 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.

AUDIT COMMITTEE AND REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The unaudited condensed consolidated financial statements of the Group for the Reporting Period have been reviewed by Moore CPA Limited, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

GRATITUDE

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

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

Hong Kong, 28 August 2026

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