kidsland
凱知樂

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)

INSIDE INFORMATION
PROFIT WARNING

This announcement is made by Kidsland International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As disclosed in the Company's interim report for the six months ended 30 June 2018 ("**1H-2018**"), the Group's financial performance for 1H-2018 was affected by, among other factors, increase in purchase cost and greater discounts being offered in promotion campaigns, increase in selling and distribution expenses (mainly due to increase in staff costs, rental expense and consignment expenses), increase in general and administrative expenses, and increase in non-cash share-based payment expenses (regarding share options granted in 2017). As a result, the Group recorded a net loss of approximately HK$60.7 million for 1H-2018. It was also disclosed in the above interim report that the economic adjustments in the PRC and the trade war between the US and China would continue to add uncertainty to the retail growth outlook.

The board of directors (the "**Board**") of the Company wishes to inform shareholders (the "**Shareholders**") of the Company and potential investors that the operating factors and difficult market conditions mentioned above continued in the five months ended 30 November 2018, and is expected to continue affecting the Group's performance in the second half of 2018. The Board expects that notwithstanding the Group's revenue being maintained at a level similar to the last financial year, the Group's gross profit for the year ending 31 December 2018 ("**FY2018**") will substantially decline as compared to the corresponding results for the year ended 31 December 2017 ("**FY2017**"), and the Group is likely to see the net profit substantially decreased as compared with the Group's after-tax profit for FY2017 in the sum of about HK$65.4 million.

The information contained in this announcement is only based on the Board's preliminary review of the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2018 and the Board's assessment for the remaining period for FY2018, which has neither been reviewed by the audit committee of the Board, nor reviewed or audited by the external auditors of the Company. The actual results of the Group will be subject to other changes in the operating factors and market conditions (especially during the Christmas and New Year periods) which the Board will continue to monitor. The Group's financial performance will also be affected by other factors such as the exchange rate of Renminbi to Hong Kong dollars, and non-cash share-based payment expenses. The annual results of the Group for FY2018 may be different from the information contained in this announcement. The Group's annual results for FY2018 will only be confirmed and finalized after it has been audited by the Company's external auditors and reviewed by the audit committee of the Board.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board of
Kidsland International Holdings Limited
凱知樂國際控股有限公司
Lee Ching Yiu
Chairman of the Board,
Chief Executive Officer
and Executive Director

Hong Kong, 21 December 2018

As at the date of this announcement, the Board comprises Mr. Lee Ching Yiu, Dr. Lo Wing Yan William and Ms. Zhong Mei as executive directors; Mr. Du Ping and Ms. Duan Lanchun as non-executive directors; and Mr. Cheng Yuk Wo, Dr. Lam Lee G. and Mr. Huang Lester Garson as independent non-executive directors.