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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 ALERT FOR SECOND HALF OF 2020

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 Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) 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).

The board of directors of the Company (the “**Directors**” and the “**Board**”, respectively) wishes to inform the Company’s shareholders (the “**Shareholders**”) and potential investors that, based on a preliminary review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2020 (the “**Full Year 2020**”) and information currently available to the Board, the Group expects to record a net loss after tax of not more than RMB131.0 million, compared to unaudited net loss after tax of approximately RMB135.6 million for the six months ended 30 June 2020 (the “**First Half 2020**”) and audited net loss after tax of approximately RMB79.5 million for the year ended 31 December 2019 (the “**Full Year 2019**”). In other words, the net loss after tax for the Full Year 2020 is expected to be greater than the audited net loss after tax for the Full Year 2019 but less than the unaudited net loss after tax of the First Half 2020.

The significant deterioration in business in 2020, compared to that of 2019, was mainly attributable to the outbreak of the novel coronavirus disease 2019 (the “**COVID-19**”), as expected by the markets and communicated to Shareholders previously in the announcement of the Company dated 28 August 2020.

However, based on the preliminary review of the Group's unaudited consolidated management accounts for the Full Year 2020 and information currently available to the Board, the Group expects to record a net profit after tax of not less than RMB4.0 million for the six months from 1 July 2020 to 31 December 2020 (the "**Second Half 2020**"). This is the first time the Group has recorded a net profit after tax for any six-month period since 1 January 2018.

To the best knowledge of the Directors, the expected improvement in financial performance of the Second Half 2020 compared to the First Half 2020 was mainly due to the following factors:

- (i) contraction in sales decline due to ease of negative impact from the COVID-19 in the Second Half 2020 in Mainland China and robust growth in sales in Hong Kong;
- (ii) the Group's continuous effort of cost savings; and
- (iii) net exchange gains and reduction in inventory provision in the Second Half 2020.

Nevertheless, the Board considers that the Group's business prospects and financial performance sustainability in 2021 remains challenging and uncertain due to the following factors:

- (i) speed of normalization in general economic and employment situation in Mainland China and Hong Kong post COVID-19 pandemic and uncertain consumer sentiment resulting from these factors; and
- (ii) speed and degree of success in execution of our turnaround strategy.

The Group is currently in the process of compiling its consolidated results for the Full Year 2020. The information contained in this announcement (except the figures for the unaudited net loss after tax for the First Half 2020 and audited net loss after tax for the Full Year 2019) is only based on the Board's preliminary evaluation of the Group's unaudited consolidated management accounts for the Full Year 2020, which have not been audited nor reviewed by the Company's independent auditors. These figures may be subject to necessary adjustments in the financial results announcement of the Company for the Full Year 2020, which is expected to be published by the end of March 2021 (the "**Final Results Announcement**").

Shareholders and potential investors are advised to read carefully the Final Results Announcement and exercise caution when dealing in the shares of the Company, and should note that undue reliance on or use of the above information may cause investment risks.

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

Hong Kong, 26 March 2021

As of the date of this announcement, the Board comprises the executive Directors, namely Mr. Lee Ching Yiu (Chairman and Chief Executive Officer), Mr. Hung Shing Ming and Ms. Zhong Mei; the non-executive Directors, namely Mr. Du Ping and Ms. Duan Lanchun; and the independent non-executive Directors, namely Mr. Cheng Yuk Wo, Mr. Huang Lester Garson and Dr. Lam Lee G.