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**KIDDIELAND™**

**Kiddieland International Limited**

童園國際有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3830)**

## **PROFIT WARNING AND BUSINESS UPDATE**

This announcement is made by Kiddieland International 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 of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company and potential investors that based on a preliminary review of the Group’s unaudited consolidated management accounts for the six months ended 31 October 2022 (the “**Current Period**”), the revenue of the Group for the said period has decreased by approximately 28% as compared to that for the six months ended 31 October 2021 (the “**Last Period**”). The Group is expected to record a loss of approximately HK\$35.0 to 40.0 million for the Current Period as compared to the net loss of approximately HK\$3.3 million for the Last Period.

The loss expected to incur by the Group in the Current Period was mainly attributable to (i) the decrease in revenue as currency appreciation of USD and the global weakening economy; (ii) the one-off non-recurring severance payment incurred due to change of operation model of the Toy Business, Most of the staffs in the Dongguan factory have been terminated during the Review Period ; (iii) the realised loss incurred from re-sales of production materials related to the Toys Business to third parties; and (iv) the derecognition of deferred tax assets of Dongguan factory in the Review Period.

The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the Current Period and information currently available to the Company, and is not based on any figures or information which have been audited by the Company’s auditor. The Company and the auditor are still in the process of finalising the interim results which are subject to the review and approval by the Company’s Audit Committee and the Board. The interim results are expected to be announced on Monday, 19 December 2022.

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

Regarding the Group's business update, as mentioned in the "Outlook/Future Prospects and Strategies" section in the 2022 annual report and experiencing an operating loss during the year ended 30 April 2022 and the six months ended 31 October 2022, the Group has decided to have a change on one of the business segments, i.e., plastic toy manufacturing. During September 2022, it has been transited to outsourcing of toy production and re-selling and signed the manufacturing agreement with the subcontractor. The Company believed the new business model to be more cost efficient as it maintains less fixed overheads, which is particularly advantageous during the difficult and uncertain times. The Management has a strong belief that such a move will lead to a positive results in the long-run.

By Order of the Board  
**Kiddieland International Limited**  
**Lo Hung**  
*Chairman*

Hong Kong, 15 December 2022

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. LO Shiu Kee Kenneth, Ms. LO Shiu Shan Suzanne, Ms. SIN LO Siu Wai Sylvia, Mr. LO Hung and Ms. LEUNG Siu Lin Esther as the Executive Directors and Mr. MAN Ka Ho Donald, Mr. CHENG Dominic and Mr. LEUNG Kwok Wai Gary as the Independent Non-executive Directors.*