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 ANNOUNCEMENT: PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform shareholders of the Company and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for FY2017, the Group is expected to record a decrease in the consolidated profit attributable to the owners of the Company for FY2017 as compared to that for FY2016.

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

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) (the "**SFO**")

The board of directors (the "**Board**") of the Company wishes to inform shareholders of the Company and potential investors that based on a preliminary review of the unaudited consolidated management accounts ("**Unaudited FY2017 Accounts**") of the Group for the year ended 31 December 2017 ("**FY2017**"), the Group is expected to record a decrease in the consolidated profit attributable to the owners of the Company("**Consolidated Profit**") for FY2017 as compared to that for the year ended 31 December 2016 ("**FY2016**"). Based on the information currently available to the Board, the Consolidated Profit for FY2017 is expected to be in the range of HK$50 million to HK$70 million, as compared to the Group's Consolidated Profit of approximately HK$90 million for FY2016. The decrease in the Consolidated Profit is primarily attributable to: (a) a decrease in gross profit margin of the Group's products in the fourth quarter of FY2017, which was resulted from the decrease in selling prices of some of the Group's major products mainly in the same period, which normally is the peak season for the sales of the Group's products. The decrease in selling prices was made after some of the major players in the PRC toy market had adopted in the last two months of 2017 more aggressive pricing strategies, and the Group had to follow in order to maintain the Group's competitiveness in such connection; (b) an increase in general and administrative expenses due to an increase in the scale of the Group's operations, and also an increase in legal and professional fees for compliance costs of the Group in FY2017; (c) share-based payment expenses (which is subject to finalisation) regarding share options granted in FY2017; and (d) an increase in the non-recurring listing expenses in connection with the listing of the Company's shares in November 2017.

The Company has yet to finalise the audited annual results of the Group for FY2017. The information contained in this announcement is only based on the preliminary assessment by the Board of the current information available, including the Unaudited FY2017 Accounts, which has neither been reviewed by the audit committee of the Company, nor reviewed or audited by the external auditors of the Company. The actual annual results of the Group for FY2017 may be different from what is disclosed in this announcement. Shareholders of the Company and potential investors are advised to read carefully the annual results announcement of the Company for FY2017, which is expected to be published before the end of March 2018.

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

By order of the Board
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, 15 February 2018

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