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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)

**CONTINUING CONNECTED TRANSACTION
RENEWAL TENANCY AGREEMENT**

On 31 May 2021, Kiddieland Toys, a wholly-owned subsidiary of the Company entered into the Renewal Tenancy Agreement with Top Dragon, as the landlord, for a term of one year commencing on 1 June 2021 for the purpose of the leasing of the Office Premises.

As Top Dragon is owned as to 50% by each of Mr. Victor Lo (an executive Director of the Company) and his spouse, Ms. Esther Leung (an executive Director of the Company), Top Dragon is regarded as a connected person of the Company within the meaning of the Listing Rules and therefore, the Renewal Tenancy Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company under the Listing Rules.

Under Rule 14A.76 of the Listing Rules, as all the applicable percentage ratios in respect of the aggregate sum of the annual rental payable are less than 5% but greater than 0.1%, the entering of the Renewal Tenancy Agreement and the transactions contemplated thereunder are therefore exempted from the independent shareholders' approval requirement, but subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the section headed "Report of the Directors - Continuing connected transactions" of the annual report for the year ended 30 April 2020 in relation to the continuing connected transaction between Kiddieland Toys as the tenant and Top Dragon as the landlord under the Current Tenancy Agreement in respect of the Office Premises for a term of one year. The Current Tenancy Agreement is going to be expired on 31 May 2021. On 31 May 2021, Kiddieland Toys entered into the Renewal Tenancy Agreement to renew the lease for a term of one year commencing on 1 June 2021 with Top Dragon on substantially the same terms and with approximately 16.7% decrease in the monthly rental rate.

DETAILS OF THE RENEWAL TENANCY AGREEMENT

Lease of the Office Premises from Top Dragon

Major terms of the Renewal Tenancy Agreement

- Date : 31 May 2021
- Parties : Top Dragon as landlord and Kiddieland Toys as tenant
- Premises being leased : Portion of 14th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong with a gross floor area of approximately 8,250 sq. ft.
- Tenancy term : One year from 1 June 2021 to 31 May 2022
- Rental : HK\$400,000.00 per calendar month, inclusive of rates, government rent, management fees and air-conditioning charges, payable in advance on the first day of each and every calendar month
- Option to renew : Kiddieland Toys has the option to renew the tenancy for a further term of one year upon giving not less than one month's written notice before the expiration of the tenancy term
- Deposit : No deposit is payable by Kiddieland Toys under the Renewal Tenancy Agreement

The terms of the Renewal Tenancy Agreement were negotiated on an arm's length basis. The rental chargeable under the Renewal Tenancy Agreement was agreed by making reference to (i) the monthly rental rate under the Current Tenancy Agreement of HK\$480,000; (ii) the prevailing market rate for similar premises in the vicinity; and (iii) the current economic environment.

The Directors believe that the terms of the Renewal Tenancy Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

ANNUAL CAPS

The follow table sets out the annual caps in respect of the Renewal Tenancy Agreement:

Annual Cap for the 11 months ending 30 April 2022	Annual Cap for the 1 month ending 31 May 2022
HK\$4,400,000	HK\$400,000

The annual caps reflect the annual rental payable by the Group under the Renewal Tenancy Agreement based on the monthly rental of HK\$400,000.

The total amount of rental paid by the Group to Top Dragon under the Current Tenancy Agreement for the eleven months ended 30 April 2021 and the one month ending 31 May 2021 was HK\$5,280,000 and HK\$480,000 respectively.

LISTING RULES IMPLICATIONS

As Top Dragon is owned as to 50% by each of Mr. Victor Lo (an executive Director of the Company) and his spouse, Ms. Esther Leung (an executive Director of the Company), Top Dragon is a connected person of the Company under the Listing Rules and therefore the transaction under the Renewal Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregate sum of annual rental payable under the Renewal Tenancy Agreement are greater than 0.1% but less than 5%, the entering of the Renewal Tenancy Agreement and the transactions contemplated thereunder are exempted from the independent shareholders' approval requirement, but subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules.

It is noted that Mr. Victor Lo and Ms. Esther Leung have material interests in the Renewal Tenancy Agreement. Mr. Lo Shiu Kee Kenneth, Ms. Lo Shiu Shan Suzanne and Ms. Sin Lo Siu Wai Sylvia (being the son and daughters of Mr. Victor Lo and Ms. Esther Leung) also have material interests in the Renewal Tenancy Agreement. All of them have abstained from voting on the relevant board resolutions of the Company.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

Kiddieland Toys had in the past been leasing the Office Premises from Top Dragon. The Current Tenancy Agreement is going to be expired on 31 May 2021. The Directors believe that the entering of the Renewal Tenancy Agreement is necessary for the continuous use of the Office Premises as offices and the growth and operations of the Group.

Having considered the above, the independent non-executive Directors, in a board meeting held on 31 May 2021, opined that the Renewal Tenancy Agreement and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group. They considered that the terms of the Renewal Tenancy Agreement and the annual caps are fair and reasonable and that it is in the interests of the Company and the shareholders of the Company as a whole.

GENERAL

The principal business activities of the Group are manufacturing and selling of plastic toys products.

The Landlord is engaged in investment and property holding activities.

DEFINITIONS

“Company”	Kiddieland International Limited (stock code: 3830), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
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“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Kiddieland Toys”	Kiddieland Toys Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Victor Lo”	Lo Hung, the Chairman and executive Director of the Company
“Ms. Esther Leung”	Leung Siu Lin Esther, the executive Director of the Company
“Office Premises”	A portion of 14th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong with a gross floor area of approximately 8,250 sq. ft.
“Current Tenancy Agreement”	the tenancy agreement entered into between Kiddieland Toys and Top Dragon on 25 May 2020 for the leasing of the Office Premises for one year
“Renewal Tenancy Agreement”	the tenancy agreement entered into between Kiddieland Toys and Top Dragon on 31 May 2021 for the leasing of the Office Premises
“Top Dragon”	Top Dragon Enterprise Investment Limited, a company incorporated in Hong Kong with limited liability which is owned as to 50% by Mr. Victor Lo, and 50% by Ms. Esther Leung

By Order of the Board
Kiddieland International Limited
Lo Hung
Chairman

Hong Kong, 31 May 2021

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.