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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)

DISCLOSEABLE TRANSACTION IN RELATION TO TENANCY AGREEMENT

THE TENANCY AGREEMENT

On 10 November 2022, Kidsland LCS (an indirect wholly-owned subsidiary of the Company) as the tenant entered into the Tenancy Agreement with the Landlord (the counterpart of the Tenancy Agreement signed by the Landlord was received by the Group on 29 November 2022) in respect of the Premises for a term of 3 years from 1 October 2022 to 30 September 2025 (both days inclusive).

LISTING RULES IMPLICATIONS

Based on HKFRS 16, the entering into of the Tenancy Agreement will require the Group to recognise the exclusive right as right-of-use asset in the consolidated financial statements of the Company. As such, under the Listing Rules, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset under Chapter 14 of the Listing Rules.

As the highest applicable Percentage Ratio of the transaction under the Tenancy Agreement, calculated based on the value of the right-of-use of the Premises under the Tenancy Agreement to be recognised by the Company according to HKFRS 16, is higher than 5% but lower than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 10 November 2022, Kidsland LCS (an indirect wholly-owned subsidiary of the Company) as the tenant entered into the Tenancy Agreement with the Landlord (the counterpart of the Tenancy Agreement signed by the Landlord was received by the Group on 29 November 2022) in respect of the Premises for a term of 3 years from 1 October 2022 to 30 September 2025 (both days inclusive).

THE TENANCY AGREEMENT

A summary of the principal terms of the Tenancy Agreement is set out below:

Date	:	10 November 2022
Parties	:	(i) Kidsland LCS as the tenant; and (ii) the Landlord
Premises	:	shop nos. 207–209 on the 2nd floor of the Mall
Mall	:	the mall known as Hysan Place situated in Hong Kong
Term	:	3 years from 1 October 2022 to 30 September 2025 (both days inclusive)

The right-of-use asset

The unaudited value of the right-of-use asset recognised by the Company under the Tenancy Agreement amounts to approximately HK\$6.7 million, which is the present value of the total base rental payable during the term of the Tenancy Agreement plus estimated reinstatement cost with the lease at the inception of the lease term under the Tenancy Agreement in accordance with HKFRS 16. A discount rate of 5.85% per annum is applied to compute the present value of the total base rental payable under the Tenancy Agreement.

INFORMATION ON THE PARTIES

Kidsland LCS as the tenant

The Company is an investment holding company and its subsidiaries are principally engaged in the trading and sale of toys and related lifestyle products in Mainland China, Hong Kong and Macau.

Kidsland LCS is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. Kidsland LCS is primarily engaged in retail sale of toys and related lifestyle products in Hong Kong.

The Landlord

Earn Extra is a company incorporated under the laws of Hong Kong with limited liability. Earn Extra is principally engaged in property investment.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, (i) Earn Extra is an indirect wholly-owned subsidiary of Hysan Development Company Limited (stock code: 14); and (ii) Earn Extra and its ultimate beneficial owner(s) thereof are third parties independent of the Company and its connected persons.

REASONS AND BENEFITS FOR ENTERING INTO THE TENANCY AGREEMENT

As part of the Group's strategy to expand its retail network, the Group intends to use the leased Premises for the operations of its new kkplus kidsland store. The Directors believe that the Premises is located at a prime location in Hong Kong.

The terms of the Tenancy Agreement are arrived at after arm's length negotiation and the rental is determined with reference to the prevailing market rental of similar property in the nearby locations. The Directors consider that the Tenancy Agreement has been entered into in the ordinary and usual course of business of the Group and believe that the terms of the Tenancy Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITION

“Board”	the board of Directors
“Company”	Kidsland International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose issued Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 2122)
“Director(s)”	director(s) of the Company
“Earn Extra”	Earn Extra Investments Limited, a company incorporated under the laws of Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKFRS 16”	HKFRS 16 Leases
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Kidsland LCS”	Kidsland LCS Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Landlord”	Earn Extra
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mainland China”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Mall”	the mall known as Hysan Place situated in Hong Kong

“Percentage Ratio(s)”	the percentage ratio(s) as defined under Rule 14.07 of the Listing Rules applied for determining the classification of notifiable transactions under the Listing Rules
“Premises”	shop nos. 207–209 on the 2nd floor of the Mall
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 10 November 2022 entered into between Kidsland LCS and the Landlord
“%”	per cent

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

Hong Kong, 29 November 2022

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