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Kiddieland International Limited

童園國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3830)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of Kiddieland International Limited (the “**Company**”) dated 31 January 2022 (the “**Announcement**”) in relation to the formation of a joint venture. Unless otherwise defined, capitalised terms used herein shall have the same meaning as defined in the Announcement.

The Board wishes to provide the Shareholders and potential investors of the Company with the following additional information in relation to the Agreement, the JV Formation and the Target Company:

Further information relating to the Target Company

The Target Company plans to establish 8 production lines for educational equipment products, introduce advanced production and testing equipment and production technology from Germany and bring in advanced physics and chemistry laboratory research and information technology professional development talents. It is intended that the Target Company will establish a headquarters in Meizhou, a production base in Huizhou and sales points in 7 major regions in the PRC (namely Dongbei, Huabei, Huadong, Huazhong, Xibei, Xinan and Huanan). Provincial and municipal operation service providers will be found for each such province. Such provincial and municipal operation service providers will develop customers base locally and the Target Company will arrange the delivery and installation of the products and provision of after-sales services. Sales staff with local knowledge and connections with local schools and education bureaus will be recruited. It is also expected that the Target Company will also participate in exhibitions at national or provincial levels within the industry annually to promote its new research and products so that market share may be secured.

The Target Company will have a registered capital of RMB40,000,000 (approximately HK\$48,885,413) in accordance with the Agreement. It is intended that RMB8,000,000 (approximately HK\$9,777,083) of such registered capital be applied towards the purchase of the assets and equipment (including office furniture, electronic equipment, mechanical equipment, transport vehicle, air conditioners, tooling equipment, moulding instrument and welding machine) under the Asset Transfer Agreement with the balance applied towards the purchase of production equipment, sourcing of raw materials, research and development, and as general working capital.

IP Rights License Agreement

The intellectual property rights exclusively licensed to the Target Company under the IP Rights License Agreement include (i) patents relating to educational furniture and educational software copyrights and (ii) a number of trademarks.

The Company was informed that the intellectual property rights to be licensed under the IP Rights License Agreement were considered of insignificant value by the external auditors of Tianzhi. Based on the audited accounts of Tianzhi as at 30 September 2021, no value has been ascribed to the intellectual property rights to be licensed under the IP Rights License Agreement. In the premises, the management of the Company takes the view that the intellectual property rights are of no material value.

The license fee payable under the IP Rights License Agreement is RMB1, which is determined by the parties after arms' length negotiations, and is considered fair and reasonable by the parties. The JV Formation was negotiated on the basis that the Purchaser will provide the majority of the funding needs to the Target Company whereas the Minority Shareholders will help line up business personnel as well as relevant intellectual property rights for exclusive use by the Target Company with a lower contribution of capital.

Further information on the Minority Shareholders

The Vendor has many years of entrepreneurial experience in the education industry, with ample experience and market resources for engaging in education informatization business. The Vendor's past experiences have established a foundation for her to venture into educational related industry. The Vendor had in 2010 founded Tianzhi, which company is principally engaged in the business as a junior high school physics and chemistry laboratory comprehensive solution provider with products including examination system laboratory, smart laboratory, conventional education laboratory and school furniture. As both Tian Tian Zhihui and Meizhou Boguangying are ultimately controlled and managed by the Vendor, these two companies are therefore also experienced in the development and production of educational facilities.

The Directors believe that the experience and expertise of the Minority Shareholders, in particular the Vendor, coupled with the Group's strengths (namely the Group's expertise on production and logistics management and its listing status and capital strength) will be beneficial to the operation of the business of the Target Company. There will also be synergies between the Group's toy business and the Target Company's educational related business, both targeting kids and teenagers.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) Tian Tian Zhihui, Meizhou Boguangying, their directors and legal representatives and the Vendor; and (b) the Company, any connected person at the Company's level, and/or any connected person at the Purchaser's level.

For the purpose of this announcement, RMB has been converted into HK\$ at the rate of RMB0.81824 to HK\$1.00 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By order of the Board
Kiddieland International Limited
Lo Hung
Chairman

Hong Kong, 23 February 2022

As at the date of this announcement, the Board 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 Executive Directors and Mr. MAN Ka Ho Donald, Mr. CHENG Dominic and Mr. LEUNG Kwok Wai Gary as Independent Non-executive Directors.