

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PLAYMATES TOYS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 869)

CONNECTED TRANSACTIONS

RENEWAL OF LEASES

Reference is made to the Existing Leases pursuant to which the Connected Landlords agreed to lease certain premises to the Group for office and warehouse use. The Existing Leases are due to expire on 31 December 2022.

The Board announces that on 16 December 2022, PICL, an indirect wholly-owned subsidiary of the Company, as tenant, entered into the following Leases to continue leasing office and warehouse space from the Connected Landlords at the same premise as that leased under the Existing Leases:

- (1) First HK Lease with PPML, an indirect wholly-owned subsidiary of PHL, as agent for Belmont Limited as landlord in respect of the First HK Premises with effect from 1 January 2023;
- (2) Second HK Lease with PPML, an indirect wholly-owned subsidiary of PHL, as agent for Bagnols Limited as landlord in respect of the Second HK Premises with effect from 1 January 2023; and
- (3) UK Lease with GWL, an indirect wholly-owned subsidiary of PHL, as landlord in respect of the UK Premises with effect from 1 January 2023.

PHL indirectly owns and controls approximately 50.85% shareholding of the Company and is a substantial shareholder of the Company. Consequently, PPML, GWL, Belmont Limited and Bagnols Limited, each an associate of PHL, are connected persons of the Company under the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Group will recognise the present value of aggregate rental payment under the Leases as right-of-use assets on its consolidated statement of financial position with an estimated value of approximately HK\$14.5 million. Accordingly, the transactions under the Leases would be regarded as acquisitions of assets and constitute connected transactions for the Company under the Listing Rules.

Shareholders should note that the above estimated value of right-of-use assets is unaudited and may be subject to adjustment in the future.

Since the applicable percentage ratios in respect of the aggregate amount of the right-of-use assets under the Leases are more than 0.1% but less than 5%, the Leases are subject to the announcement and reporting requirements but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the Existing Leases pursuant to which the Connected Landlords agreed to lease certain premises to the Group for office and warehouse use. The Existing Leases are due to expire on 31 December 2022.

The Board announces that on 16 December 2022, PICL, an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Leases to continue leasing office and warehouse space from the Connected Landlords, at the same premise as that leased under the Existing Leases.

The principal terms of the Leases are as follows:

FIRST HK LEASE

Date:	16 December 2022
Parties:	PPML, an indirect wholly-owned subsidiary of PHL, as agent for the Belmont Limited, an indirect wholly-owned subsidiary of PHL, as landlord PICL, an indirect wholly-owned subsidiary of the Company, as tenant
First HK Premises:	the entire 9 th and 11 th Floors of The Toy House, No. 100 Canton Road, Tsimshatsui, Kowloon, with a gross floor area of approximately 8,858 square feet
Term:	36 months, from 1 January 2023 to 31 December 2025 (both days inclusive)
Charges:	Rental of HK\$354,320 per month (exclusive of rates, Government rent, utilities and other outgoings)
Deposit:	HK\$1,256,952, equivalent to three months' rental and management charges
Usage:	For office use

Pursuant to the First HK Lease, PICL is required to pay rental monthly in advance to PPML.

SECOND HK LEASE

Date:	16 December 2022
Parties:	PPML, an indirect wholly-owned subsidiary of PHL, as agent for the Bagnols Limited, an indirect wholly-owned subsidiary of PHL, as landlord PICL, an indirect wholly-owned subsidiary of the Company, as tenant
Second HK Premises:	a portion of Ground Floor, Phase I and the entire 10 th Floor, Phase I of Playmates Factory Building, No. 1 Tin Hau Road, Tuen Mun, Hong Kong with a gross floor area of approximately 6,446 square feet
Term:	36 months, from 1 January 2023 to 31 December 2025 (both days inclusive)
Charges:	Rental of HK\$27,380 per month (exclusive of rates, Government rent, utilities and other outgoings)
Deposit:	HK\$82,140, equivalent to three months' rental
Usage:	For storage and warehousing

Pursuant to the Second HK Lease, PICL is required to pay rental monthly in advance to PPML.

UK LEASE

Date:	16 December 2022
Parties:	GWL, an indirect wholly-owned subsidiary of PHL, as landlord PICL, an indirect wholly-owned subsidiary of the Company, as tenant
UK Premises:	An event and storage space at Great Westwood, Bucks Hill, Kings Langley, Hertfordshire WD4 9AD, United Kingdom with a gross floor area of approximately 3,299 square feet
Term:	36 months, from 1 January 2023 to 31 December 2025 (both days inclusive)
Charges:	Rental of GBP5,700 (equivalent to approximately HK\$54,150) per month (inclusive of utilities but exclusive of government taxes)
Deposit:	GBP17,100 (equivalent to approximately HK\$162,450) equivalent to three months' rental
Usage:	For event and storage

Pursuant to the UK Lease, PICL is required to pay the rental monthly in advance to GWL.

The rental payments under the Leases are expected to be financed by the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE LEASES

The Group has been leasing certain office and warehouse space from the Connected Landlords in Hong Kong and the UK at the same premise as that of the First HK Premises, the Second HK Premises and the UK Premises. The Company considers that the use of the First HK Premises, the Second HK Premises and the UK Premises is beneficial to the Group as a whole as it satisfies the business needs of the Group and for administrative convenience and saving of relocation costs.

The terms of the Leases (including the rental thereunder) have been negotiated on an arm's length basis between the parties with reference to prevailing market rent of similar properties at the nearby locations of First HK Premises, the Second HK Premises and the UK Premises respectively. Having considered the above factors, the directors of the Company (including the independent non-executive directors) are of the view that the Leases have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of Leases are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

PHL indirectly owns and controls approximately 50.85% shareholding of the Company and is a substantial shareholder of the Company. Consequently, PPML, GWL, Belmont Limited and Bagnols Limited, each an associate of PHL, are connected persons of the Company under the Listing Rules.

In accordance with HKFRS 16 "Leases", the Group will recognise the present value of aggregate rental payment under the Leases as right-of-use assets on its consolidated statement of financial position with an estimated value of approximately HK\$14.5 million. Accordingly, the transactions under the Leases would be regarded as acquisitions of assets and constitute connected transactions for the Company under the Listing Rules.

Shareholders should note that the above estimated value of right-of-use assets is unaudited and may be subject to adjustment in the future.

Since the applicable percentage ratios in respect of the aggregate amount of the right-of-use assets under the Leases are more than 0.1% but less than 5%, the entering into the Leases are only subject to the announcement and reporting requirements but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chan Kwong Fai, Michael and Mr. Chan Kong Keung, Stephen being the directors of the Company and PHL have abstained from voting on the relevant resolutions at the board meeting for approving the Leases.

GENERAL

The Company is an investment holding company with its principal subsidiaries engaged in the design, development, marketing and distribution of toys and family entertainment activity products, and related investment activities.

PICL, an indirect wholly-owned subsidiary of the Company, is engaged in the development, marketing and distribution of toys and family entertainment activity products, and related investment activities.

PHL is an investment holding company, whose shares are listed on the Stock Exchange, with its principal subsidiaries engaged in property investments, property management business, securities and other investments, and in the design, development, marketing and distribution of toys and family entertainment activity products, and related investment activities.

Belmont Limited, an indirect wholly-owned subsidiary of PHL, is engaged in property investment.

Bagnols Limited, an indirect wholly-owned subsidiary of PHL, is engaged in property investment.

GWL, an indirect wholly-owned subsidiary of PHL, is engaged in property investment.

PPML, an indirect wholly-owned subsidiary of PHL, is engaged in property management.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Bagnols Limited”	a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of PHL;
“Belmont Limited”	a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of PHL;
“Board”	the board of directors of the Company;
“Company”	Playmates Toys Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“Connected Landlords”	means PPML and GWL;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules;
“Existing Leases”	collectively: (1) the tenancy agreement dated 31 December 2019 between PPML and PICL in respect of the leasing

of a portion of 5th Floor and the entire 9th and 11th Floors of The Toy House, No.100 Canton Road, Tsimshatsui, Kowloon, Hong Kong for the term commencing from 1 January 2020 to 31 December 2022 (both days inclusive), further particulars of which are disclosed in the announcement of the Company dated 31 December 2019. The lease of the portion of 5th Floor of the premises was surrendered before expiry of the above lease term;

- (2) the tenancy agreement dated 31 December 2019 entered into between GWL and PICL in respect of the leasing of the UK Premises for the term commencing from 1 January 2020 to 31 December 2022 (both days inclusive), further particulars of which are disclosed in the announcement of the Company dated 31 December 2019; and
- (3) the two license agreements dated 11 February 2021 entered into between PPML and PICL in respect of the use of (i) a portion of Ground Floor, Phase I, and (ii) and the entire 10th Floor, Phase I of Playmates Factory Building, No. 1 Tin Hau Road, Tuen Mun, Hong Kong, respectively, and for the term commencing from 1 January 2021 to 31 December 2022 (both days inclusive) and further particulars of which are disclosed in the 2021 annual report of the Company;

“First HK Lease”	the tenancy agreement dated 16 December 2022 between PPML and PICL relating to the renting of the First HK Premises with effect from 1 January 2023;
“First HK Premises”	the premises known as the entire 9 th and 11 th Floors of The Toy House, No.100 Canton Road, Tsimshatsui, Kowloon, Hong Kong;
“Group”	the Company and its subsidiaries;
“GWL”	Great Westwood Limited, a company incorporated in British Virgin Islands and is an indirect wholly-owned subsidiary of PHL;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“GBP”	British Pounds Sterling, the lawful currency of the United Kingdom;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“HKFRS”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants from time to time;
“Leases”	First HK Lease, Second HK Lease and UK Lease collectively;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratios”	has the meaning ascribed to it in the Listing Rules;
“PHL”	Playmates Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“PPML”	Prestige Property Management Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of PHL;
“PICL”	Playmates International Company Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company;
“Second HK Lease”	the tenancy agreement dated 16 December 2022 between PPML and PICL relating to the renting of the Second HK Premises with effect from 1 January 2023;
“Second HK Premises”	the premises known as a portion of Ground Floor, Phase I and the entire 10 th Floor, Phase I of Playmates Factory Building, No. 1 Tin Hau Road, Tuen Mun, Hong Kong;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“UK”	United Kingdom;
“UK Lease”	the tenancy agreement dated 16 December 2022 between GWL and PICL relating to the renting of the UK Premises with effect from 1 January 2023;
“UK Premises”	the premises known as an event and storage space at Great Westwood, Bucks Hill, Kings Langley, Hertfordshire WD4 9AD, United Kingdom.

By Order of the Board
Ng Ka Yan
Company Secretary

Hong Kong, 16 December 2022

As at the date of this announcement, the Board comprises the following directors:

Mr. Chan Kwong Fai, Michael (*Chairman*); Mr. Chan Kong Keung, Stephen (*Executive Director*); Mr. Chow Yu Chun, Alexander (*Independent Non-executive Director*); Mr. Ip Shu Wing, Charles (*Independent Non-executive Director*); Mr. Lam Wai Hon (*Independent Non-executive Director*); Mr. Yu Hon To, David (*Independent Non-executive Director*) and Mr. Tran Vi-hang William (*Executive Director*)

For the purpose of this announcement, the exchange rate of GBP1 = HK\$9.5 has been used which is an approximate and for illustration only. It does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.