
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this Circular or as to the action to be taken, you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Playmates Holdings Limited, you should at once hand this Circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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PLAYMATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)

**PROPOSED SHARE SUBDIVISION
PROPOSED AMENDMENT TO BYE-LAWS
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES
ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

Resolutions will be proposed at the Annual General Meeting to be held at 11th Floor, The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong, on Thursday, 18 May 2017 at 11:30 a.m. to approve the matters referred to in this Circular. The notice convening the Annual General Meeting is set out in Appendix III to this Circular. If you are unable to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy enclosed with this Circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting.

12 April 2017

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EXPECTED TIMETABLE OF SHARE SUBDIVISION

The expected timetable for the implementation of the Share Subdivision and the associated trading arrangement is as follows:

Events	Time and date
Latest time for lodging proxy forms for the AGM	11:30 a.m. on 16 May 2017
Expected date and time of the AGM	11:30 a.m. on 18 May 2017
Announcement of results of the AGM	18 May 2017

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision as set out in the section headed “Conditions of the Share Subdivision” in the Letter from the Board

Events	Time and date
Effective date of the Share Subdivision	19 May 2017
Commencement of dealing in the Subdivided Shares	9:00 a.m. on 19 May 2017
Original counter for trading in Shares in board lots of 2,000 Shares temporarily closes	9:00 a.m. on 19 May 2017
Temporary counter for trading in Subdivided Shares in board lots of 20,000 Subdivided Shares (in the form of existing share certificates) opens	9:00 a.m. on 19 May 2017
First day of free exchange of existing share certificates for new share certificates for the Subdivided Shares	19 May 2017
Original counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of new share certificates for the Subdivided Shares) re-opens	9:00 a.m. on 5 June 2017
Parallel trading in the Shares and Subdivided Shares (in the form of existing share certificates and new share certificates) commences	9:00 a.m. on 5 June 2017
Temporary counter for trading in Subdivided Shares in board lots of 20,000 Subdivided Shares (in the form of existing share certificates) closes	4:00 p.m. on 23 June 2017
Parallel trading in the Shares and Subdivided Shares (in the form of existing share certificates and new share certificates) ends	4:00 p.m. on 23 June 2017
Last day of free exchange of existing certificates for new share certificates for the Subdivided Shares	27 June 2017

EXPECTED TIMETABLE OF SHARE SUBDIVISION

Notes:

1. All dates and times set out herein refer to Hong Kong local dates and times.
2. Dates or deadlines specified herein are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) at the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.playmates.net as and when appropriate and in accordance with the Listing Rules.

DEFINITIONS

In this Circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Announcement”	the announcement of the Company dated 29 March 2017 in respect of, the proposed Share Subdivision and the proposed amendment to Bye-laws
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at 11th Floor, The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong, on Thursday, 18 May 2017 at 11:30 a.m., or any adjournment thereof
“AGM Notice”	the notice dated 12 April 2017 convening the Annual General Meeting as set out in Appendix III to this Circular
“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bye-laws”	bye-laws of the Company, as amended from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	Playmates Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Issue Mandate”	the general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution approving the grant of such mandate
“Latest Practicable Date”	3 April 2017, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information for inclusion in this Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the general and unconditional mandate to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution approving the grant of such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	the ordinary share(s) in the issued and unissued share capital of the Company, the par value of which being HK\$0.10 each prior to completion of the Share Subdivision
“Shareholder(s)”	holder(s) of the Share(s) and/or the Subdivided Share(s) (as the case may be)
“Share Subdivision”	the proposed subdivision of every one (1) issued and unissued Share of par value of HK\$0.10 each into ten (10) Subdivided Shares of par value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company upon completion of the Share Subdivision
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“%”	per cent.

LETTER FROM THE BOARD



PLAYMATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)

Mr. CHAN Chun Hoo, Thomas (*Chairman*)
Mr. CHENG Bing Kin, Alain (*Executive Director*)
Mr. IP Shu Wing, Charles (*Independent Non-executive Director*)
Mr. LEE Peng Fei, Allen (*Independent Non-executive Director*)
Mr. LO Kai Yiu, Anthony (*Independent Non-executive Director*)
Mr. TO Shu Sing, Sidney (*Executive Director*)
Mr. TSIM Tak Lung (*Deputy Chairman and Non-executive Director*)
Mr. YU Hon To, David (*Independent Non-executive Director*)

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal office:
23rd Floor,
The Toy House,
100 Canton Road,
Tsimshatsui,
Hong Kong

12 April 2017

To Shareholders

Dear Sir or Madam,

**PROPOSED SHARE SUBDIVISION
PROPOSED AMENDMENT TO BYE-LAWS
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES
ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to the Board's proposal to effect a Share Subdivision whereby every one (1) existing issued and unissued Share in the share capital of the Company will be subdivided into ten (10) Subdivided Shares; and to amend the Bye-laws subject to and upon the Share Subdivision becoming effective.

Apart from the above, the Board also proposes to refresh the existing general mandates granted to the Directors at the last annual general meeting of the Company held on 27 May 2016 to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the rules regulating the repurchase by companies having a primary listing on Stock Exchange of their own shares as contained in the Listing Rules. These mandates will lapse at the conclusion of the forthcoming Annual General Meeting

LETTER FROM THE BOARD

which is to be held on 18 May 2017 unless renewed at that meeting. It is therefore proposed that the general mandates to issue and allot, and to repurchase, shares in the Company will be renewed at the Annual General Meeting.

The purpose of this Circular is to provide you with the relevant information regarding the Share Subdivision, the amendment to the Bye-laws, the Issue Mandate, the Repurchase Mandate and the election of Directors; and to seek your approval of the resolutions to be proposed at the Annual General Meeting.

PROPOSED SHARE SUBDIVISION

The Board proposes to put forward to the Shareholders a proposal to effect a Share Subdivision whereby every one (1) existing issued and unissued Share in the share capital of the Company will be subdivided into ten (10) Subdivided Shares.

Conditions of the Share Subdivision

The Share Subdivision is conditional upon:

- (i) the passing of an ordinary resolution to approve the Share Subdivision by the Shareholders at the Annual General Meeting; and
- (ii) the Stock Exchange granting the approval to the listing of, and permission to deal in, the Subdivided Shares.

Assuming all the conditions are fulfilled, the Share Subdivision will become effective on 19 May 2017 being the next Business Day following the passing of the relevant ordinary resolution at the Annual General Meeting, which is expected to be held on 18 May 2017.

Effect of the Share Subdivision

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$300,000,000 divided into 3,000,000,000 Shares of par value of HK\$0.10 each, of which 214,000,000 Shares* have been issued and credited as fully paid. Assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, immediately after the Share Subdivision becoming effective, the authorised share capital of the Company will become HK\$300,000,000 divided into 30,000,000,000 Subdivided Shares of par value of HK\$0.01 each, of which 2,140,000,000 Subdivided Shares will be in issue and are credited as fully paid.

LETTER FROM THE BOARD

	As at the Latest Practicable Date and before completion of the Share Subdivision	Immediately after completion of the Share Subdivision
Par value of each share	HK\$0.10	HK\$0.01
Number of authorized shares	3,000,000,000	30,000,000,000
Authorised share capital	HK\$300,000,000	HK\$300,000,000
Number of shares in issue	214,000,000	2,140,000,000
Issued share capital	HK\$21,400,000	HK\$21,400,000

* Of the existing 214,000,000 Shares in issue, 52,000 Shares, 42,000 Shares and 52,000 Shares have been repurchased by the Company on-market on 27 March 2017, 30 March 2017 and 31 March 2017 respectively but not yet been cancelled.

Upon the Share Subdivision becoming effective, all Subdivided Shares will rank *pari passu* in all respects with the Shares in issue prior to the Share Subdivision and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

The Shares are currently traded in the board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the board lot size for trading will remain unchanged in board lots of 2,000 Subdivided Shares. The Share Subdivision is not expected to result in any odd lots other than those that already exist.

Based on the closing price of HK\$10.28 per Share as at the Latest Practicable Date, the current board lot value amounts to HK\$20,560 and the theoretic board lot value would be approximately HK\$2,056 assuming that the Share Subdivision has already become effective.

LISTING AND DEALING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subdivided Shares arising from the Share Subdivision.

Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in on which listing or permission to deal in is being or is proposed to be sought on any other stock exchanges other than the Stock Exchange.

LETTER FROM THE BOARD

Free exchange of Subdivided Shares' certificates and trading arrangement

Subject to the Share Subdivision becoming effective, which is expected to be on 19 May 2017, Shareholders may, during the period from 19 May to 27 June 2017 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit share certificates for the existing Shares in green colour to the Company's branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new certificates of the Subdivided Shares in orange colour. After the expiry of such period, each share certificate for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the Subdivided Shares or each share certificate for the existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on 23 June 2017 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Subdivided Shares on the basis of one (1) Share for ten (10) Subdivided Shares.

It is expected that the new share certificates will be available for collection within a period of ten (10) Business Days after the submission of the existing share certificates to the Company's branch share registrar for exchange.

Securities convertible or exchangeable into Shares

As at the Latest Practicable Date, the Company did not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

REASONS FOR THE SHARE SUBDIVISION

Upon the proposed Share Subdivision becoming effective, the par value of each share in the Company will decrease and the total number of shares of the Company in issue will increase. As a result, the Share Subdivision is expected to result in reducing the trading price of each share in the Company correspondingly which would appeal to more investors. The Board believes that the Share Subdivision will improve the liquidity in trading of the shares in the Company and thereby widen its Shareholder base. In view of the above, the Board considers that the Share Subdivision is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Save for the expenses incurred by the Company in implementing the Share Subdivision, the Share Subdivision will have no material effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Share Subdivision will not have any material adverse effect on the financial position of the Group.

LETTER FROM THE BOARD

PROPOSED AMENDMENT TO BYE-LAWS

Subject to and conditional upon the passing of the ordinary resolution to approve the Share Subdivision at the Annual General Meeting and the Share Subdivision becoming effective, the Board proposes to amend the Bye-laws to reflect the new par value of the Subdivided Shares by deleting the existing Bye-law 3(1) in its entirety and substituting therewith the following new Bye-law 3(1) with effect from the date on which the Share Subdivision becomes effective:

“3(1) The share capital of the Company shall be divided into shares of a par value of \$0.01 each or such other par value as the Members may from time to time determine.”

The proposed amendment to the Bye-laws is conditional upon the passing at the AGM of the special resolution to approve the amendment.

GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 27 May 2016, resolutions were passed giving general mandate to the Directors to repurchase its own Shares in accordance with the rules regulating the repurchase by companies having a primary listing on Stock Exchange of their own shares as contained in the Listing Rules. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting unless renewed at that meeting.

An ordinary resolution will be put forward at the Annual General Meeting to give a Repurchase Mandate to the Directors to repurchase Shares (or Subdivided Shares if the Share Subdivision becomes effective) at any time until either the conclusion of the next annual general meeting of the Company following the passing of the resolution (unless the mandate is renewed at such meeting) or the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Bye-laws to be held or until the mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest. The Shares (or Subdivided Shares if the Share Subdivision becomes effective) which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10% of the entire issued share capital of the Company at the date of the passing of the resolution approving the Repurchase Mandate.

As at the Latest Practicable Date, the entire issued share capital of the Company comprised 214,000,000 Shares.

Subject to the passing of the ordinary resolution to approve the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 10% of the entire issued share capital of HK\$21,400,000, that is to repurchase a maximum of 21,400,000 Shares or a maximum of 214,000,000 Subdivided Shares if the Share Subdivision becomes effective.

An explanatory statement as required under the Listing Rules to provide the requisite information is set out in Appendix I hereto.

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 27 May 2016, resolutions were passed giving general mandate to the Directors to issue and allot Shares up to 20% of the entire issued share capital of the Company as at the date of passing of the relevant resolution. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting unless renewed at that meeting.

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given an Issue Mandate to issue new shares in the Company representing up to 20% of the entire issued share capital of the Company as at the date the resolution is passed. In addition, an ordinary resolution will also be proposed at the Annual General Meeting to authorise an extension of such general mandate to the Directors to issue new shares in the Company during the period up to the next annual general meeting of the Company or such earlier period as stated in the relevant resolution by adding to the aggregate number of Shares (or Subdivided Shares if the Share Subdivision becomes effective) which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate such number of Shares (or Subdivided Shares if the Share Subdivision becomes effective) that will be repurchased under the Repurchase Mandate, if granted.

As at the Latest Practicable Date, the entire issued share capital of the Company comprised 214,000,000 Shares.

Subject to the passing of the ordinary resolution to approve the Issue Mandate and on the basis that no further shares in the Company are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Issue Mandate to issue a maximum of 20% of the entire issued share capital of HK\$21,400,000, that is to issue a maximum of 42,800,000 Shares or a maximum of 428,000,000 Subdivided Shares if the Share Subdivision becomes effective.

The Directors consider that the Issue Mandate will enhance the flexibility for the Company to raise equity financing in future to the extent permitted under the Listing Rules and the Issue Mandate. The Directors confirm that no Share has been issued by the Company under the Issue Mandate granted at the last annual general meeting on 27 May 2016.

ELECTION OF DIRECTORS

Pursuant to Bye-law 87(1), at each annual general meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement according to the rules of the Stock Exchange. At the forthcoming Annual General Meeting, Mr. Chan Chun Hoo, Thomas (“Mr. Chan”), Mr. Lee Peng Fei, Allen (“Mr. Lee”) and Mr. Tsim Tak Lung (“Mr. Tsim”), who are subject to retirement by rotation under Bye-law 87(1), will retire at the Annual General Meeting.

LETTER FROM THE BOARD

Mr. Lee and Mr. Tsim will offer themselves for re-election at the same meeting. The biographical details of Mr. Lee and Mr. Tsim are set out in Appendix II to this Circular.

Mr. Chan has decided not to stand for re-election upon expiry of the present term of directorship at the forthcoming Annual General Meeting. Consequently, Mr. Chan will cease to be the Chairman and a director of the Company at the conclusion of the Annual General Meeting. Mr. Chan has served Playmates Group for 50 years and it is his desire to devote more time to other interests after retirement. Mr. Chan has confirmed that he has no disagreement with the Board and there is no matter that needs to be brought to the attention of the Shareholders in respect of his not seeking for re-election.

The Board would like to express sincere appreciation to Mr. Chan for his invaluable contribution to Playmates Group over half a century.

In accordance with Bye-law 88 and subject to the approval by the Shareholders at Annual General Meeting, the Board proposed that Ms. Helen Chan be appointed as an executive director of the Company at the Annual General Meeting. The biographical details of Ms. Helen Chan are set out in Appendix II to this Circular.

ANNUAL GENERAL MEETING

The AGM Notice is set out in Appendix III to this Circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve the Share Subdivision, the amendment to Bye-laws, the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate to include the number of shares in the Company which are repurchased pursuant to the Repurchase Mandate and the election of Directors. No Shareholder or its associate(s) is considered as having material interests different from other Shareholders in any of the resolutions proposed to be passed at the Annual General Meeting and therefore all Shareholders will be entitled to vote on all resolutions at the Annual General Meeting.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend this meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrars, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the Annual General Meeting if they so wish.

VOTING BY POLL AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, each of the resolutions set out in the AGM Notice will be taken by way of poll.

LETTER FROM THE BOARD

RECOMMENDATION

The Board believe that (i) the Share Subdivision, (ii) the amendment to the Bye-laws, (iii) the grant of the Repurchase Mandate, (iv) the grant of the Issue Mandate and (v) the election of Directors as set out in the AGM Notice are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions at the Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate and should be read in conjunction with the letter from the Board hereinbefore appearing.

1. SHARE CAPITAL

As at the Latest Practicable Date, the entire issued share capital of the Company comprised 214,000,000 Shares.

Subject to the passing of the ordinary resolution to approve the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 10% of entire issued share capital of HK\$21,400,000, that is to repurchase a maximum of 21,400,000 Shares or a maximum of 214,000,000 Subdivided Shares if the Share Subdivision becomes effective.

2. FUNDING OF REPURCHASES

Repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose in accordance with the Bye-laws and the laws of the jurisdiction in which the Company is incorporated.

The Companies Act 1981 of Bermuda provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares or the funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of the funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company.

3. FINANCIAL EFFECT OF REPURCHASES

In the event that the share repurchase proposed to be authorised were to be carried out in full at any time during the proposed repurchase period, there might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's audited accounts for the year ended 31 December 2016). However, the Directors have no current intention to exercise the Repurchase Mandate to an extent that might result in, having regard to the relevant circumstances, a material adverse impact on the working capital or gearing position of the Company.

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

4. SHARE PRICES

The highest and lowest prices at which Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2016	9.900	8.683 ^{Note}
May 2016	11.080	9.900
June 2016	10.820	9.810
July 2016	10.260	9.800
August 2016	9.990	8.900
September 2016	9.440	9.030
October 2016	9.500	8.980
November 2016	9.650	8.600
December 2016	10.160	9.500
January 2017	10.700	10.180
February 2017	10.700	9.600
March 2017	10.300	9.880

Note: Adjusted for the special interim dividend of HK\$0.13 with ex-date of 11 April 2016.

5. EFFECT OF TAKEOVERS CODE

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the ordinary resolution to be proposed at the Annual General Meeting in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Takeovers Code.

As a result, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

The following table sets out the interests of substantial Shareholders which fall to be disclosed to the Company under Part XV of the SFO as at the Latest Practicable Date.

Name	Total no. of Shares held	% of Shares
Chan Chun Hoo, Thomas	115,000,000 (<i>Note a</i>)	53.74%
TGC Assets Limited	92,000,000 (<i>Note b</i>)	42.99%

Note:

- (a) These interests include 92,000,000 Shares held by TGC Assets Limited and 11,000,000 Shares held by Mr. Chan's wife.
- (b) All the issued share capital of TGC Assets Limited is beneficially owned by Mr. Chan Chun Hoo, Thomas.

In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, then the aggregate shareholding of Mr. Chan Chun Hoo, Thomas and TGC Assets Limited would be increased to approximately 59.71%. In the opinion of the Directors, such increase would not give rise to a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. The Directors shall ensure that no share repurchase would result in the aggregate number of Shares held by public shareholders falling below the minimum percentage specified by the Stock Exchange in respect of the Company.

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, their close associates, has any present intention to sell any Shares to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

None of the core connected persons (as defined in the Listing Rules) of the Company has notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

6. SHARE REPURCHASES MADE BY THE COMPANY

During the previous six months prior to the Latest Practicable Date, 2,146,000 Shares were repurchased by the Company on the Stock Exchange at prices ranging from HK\$8.70 to HK\$10.50 each as follows:

Date	Number of Shares Repurchased	Price per Share	
		Highest HK\$	Lowest HK\$
14 November 2016	44,000	8.80	8.70
15 November 2016	12,000	8.80	8.80
5 December 2016	122,000	9.60	9.52
21 December 2016	60,000	9.80	9.70
22 December 2016	108,000	9.80	9.79
23 December 2016	96,000	9.80	9.79
28 December 2016	20,000	9.80	9.80
29 December 2016	20,000	10.10	10.10
30 December 2016	18,000	10.10	10.10
3 January 2017	42,000	10.20	10.18
5 January 2017	22,000	10.30	10.30
10 January 2017	6,000	10.30	10.30
12 January 2017	406,000	10.30	10.26
13 January 2017	24,000	10.50	10.50
16 January 2017	114,000	10.40	10.40
17 January 2017	202,000	10.40	10.40
18 January 2017	192,000	10.40	10.40
19 January 2017	10,000	10.40	10.40
6 February 2017	38,000	10.50	10.48
8 February 2017	8,000	10.50	10.50
9 February 2017	436,000	10.50	10.48
27 March 2017	52,000	10.00	9.90
30 March 2017	42,000	10.20	10.14
31 March 2017	<u>52,000</u>	10.20	10.18
	<u>2,146,000</u>		

Save and except the Shares repurchased in March 2017 which will be cancelled in due course, the above Shares were cancelled and redeemed upon repurchase and accordingly the issued share capital of the Company diminished by the nominal value of those shares. The premium paid on repurchase was charged against the share premium account. An amount equivalent to the nominal value of the Shares cancelled was transferred from retained profits to capital redemption reserve.

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

7. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders as a whole for the Directors to have the power to repurchase shares in the Company pursuant to the Repurchase Mandate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per share in the Company and will only be made when the Directors believe that such a share repurchase will benefit the Company and its Shareholders as a whole.

APPENDIX II DETAILS OF THE DIRECTORS TO BE ELECTED

Pursuant to the Listing Rules, the details of the Directors to be elected at the forthcoming Annual General Meeting are provided below:

LEE Peng Fei, Allen

Independent Non-Executive Director

Dr. Lee, age 76, was appointed a director of the Company in 1993. He holds an honorary doctoral degree in engineering from the Hong Kong Polytechnic University and an honorary doctoral degree in laws from the Chinese University of Hong Kong. He was formerly a member of the Hong Kong Legislative Council from 1978 to 1997 and a senior member of the Hong Kong Legislative Council from 1988 to 1991. Dr. Lee was also a member of the Hong Kong Executive Council from 1985 to 1992. He was a deputy of HKSAR, the 9th and 10th National People's Congress, PRC. He has taken on an active role in public service.

He serves as an independent non-executive director of a number of public companies including AMS Public Transport Holdings Limited, ITE (Holdings) Limited, and Wang On Group Limited, shares of which are listed on the Stock Exchange of Hong Kong.

Dr. Lee does not hold any position with the Company and other members of the Group. He does not have any personal relationship with any directors, senior management or any substantial shareholder of the Company.

Dr. Lee has entered into a service contract with the Company for a term of three years commencing from 1 July 2014, subject to his re-appointment by the Company at general meeting upon retirement by rotation pursuant to the Bye-laws. Pursuant to the terms of the service contract, he will be entitled to a fixed sum of HK\$360,000 (or such other fixed fee as the Compensation Committee may recommend from time to time) for each financial year of the Company as ordinary remuneration in respect of his capacity as a member of the board.

As at the Latest Practicable Date, Dr. Lee was deemed to be interested, within the meaning of Part XV of the SFO, in 147,000 Shares of the Company and 244,000 shares of Playmates Toys Limited.

Dr. Lee has served the Board for more than nine years. He has given an annual information of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee, therefore, is of the view that he meets the independence guidelines set out in Rule 3.13 of the Listing Rules and considers him to be independent and recommends him to be re-elected.

There is no other information relating to Dr. Lee that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there are no other matters that need to be brought to the attention of holders of securities of the Company.

TSIM Tak Lung

Deputy Chairman and Non-executive Director

Mr. Tsim, age 70, is a consultant on corporate communication and strategic planning. He was appointed as a director of the Company in 1997. He is on the boards of several public and private companies in Hong Kong including Asia Cement (China) Holdings Corporation, a company listed on the Hong Kong Stock Exchange. Mr. Tsim is a Justice of the Peace and a Senior Advisor to the Board of Trustees of Shaw College, The Chinese University of Hong Kong.

Mr. Tsim has entered into a service contract with the Company for a term of three years commencing from 1 July 2014, subject to his re-appointment by the Company at general meeting upon retirement by rotation pursuant to the Bye-laws. Pursuant to the terms of the service contract, he will be entitled to a fixed sum of HK\$300,000 (or such other fixed fee as the Compensation Committee may recommend from time to time) for each financial year as ordinary remuneration in respect of his capacity as a member of the Board.

Mr. Tsim does not hold any other position with the Company and other members of the Group. Apart from the in-law relationship with Mr. To Shu Sing, Sidney, he does not have any personal relationship with any other directors, senior management or any substantial shareholder of the Company.

As at the Latest Practicable Date, Mr. Tsim deemed to be interested, within the meaning of Part XV of the SFO, in 110,016 Shares of the Company and 587,632 shares of Playmates Toys Limited.

There are no other information relating to Mr. Tsim that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there are no other matters that need to be brought to the attention of holders of securities of the Company.

Helen Chan

Ms. Helen Chan, aged 38, is proposed by the Board to be appointed as an executive director of the Company at the Annual General Meeting. Ms. Helen Chan graduated magna cum laude from Yale University in 2001 with a bachelor's degree in Economics. She subsequently worked in New York City as a consultant with one of the leading financial consulting firms for 2 years. She then obtained her Masters of Business Administration in Marketing and Finance at the Wharton School of Business in 2005.

After graduating business school, Ms. Helen Chan pursued a career in retail with one of the largest global luxury retailers. She joined the company as a Merchandising Senior Analyst in their New York headquarters. Her responsibilities increased over time as she rotated through various teams in the organization. She was then transferred to Hong Kong in 2009 to assist with the regionalization initiative of the company. She was promoted to Director of Asia Merchandising in 2011 where she was responsible for spearheading the merchandising needs of the region.

In 2014, after 9 years in the retail industry, Ms. Helen Chan joined the Company where she is responsible for the management of the real estate portfolio and treasury investments of the Group.

Ms. Helen Chan is proposed to be appointed for a fixed term of three years commencing on the date of the Annual General Meeting subject to her re-appointment by the Company at general meeting upon retirement by rotation pursuant to the Bye-laws. Ms. Helen Chan will be entitled to a fixed sum of HK\$10,000 for each financial year of the Company as ordinary remuneration in respect of her capacity as a member of the board.

Apart from being a daughter of Mr. Chan Chun Hoo, Thomas who is the Chairman of the Board and a substantial shareholder of the Company, Ms. Helen Chan does not have any personal relationship with any directors, senior management or any other substantial shareholder of the Company.

As at the Latest Practicable Date, Ms. Helen Chan was deemed to be interested, within the meaning of Part XV of the SFO, in 900,000 Shares of the Company.

Ms. Helen Chan does not hold any directorship in any other listed companies in the last three years.

There are no other information relating to Ms. Helen Chan that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there are no other matters that need to be brought to the attention of holders of securities of the Company.

**PLAYMATES HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Playmates Holdings Limited (the “**Company**”) will be held at 11/F., The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 18 May 2017 at 11:30 a.m. for the following purposes:

1. To receive and consider the accounts and the reports of the directors and auditors of the Company for the year ended 31 December 2016;
2. (a) To re-elect the retiring directors of the Company, including:
 - (i) Mr. Lee Peng Fei, Allen;
 - (ii) Mr. Tsim Tak Lung;
- (b) To approve the appointment of Ms. Helen Chan as a director of the Company;
3. To appoint auditors of the Company; and
4. As special business to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions or Special Resolution (as the case may be):

ORDINARY RESOLUTIONS**A. “THAT:**

subject to and conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Subdivided Shares (as defined below) as a result of the Share Subdivision (as defined below), with effect from the business day (i.e. a day other than a Saturday, Sunday or public holiday on which licensed banks are generally open for business in Hong Kong throughout their normal business hours) immediately following the day on which this Resolution is passed, the subdivision of every one (1) existing issued and unissued ordinary share of par value of \$0.10 each in the share capital of the Company (the “**Existing Share**”) into ten (10) ordinary shares of par value of \$0.01 each in the share capital of the Company (the “**Subdivided Shares**”) (the “**Share Subdivision**”) be and is hereby approved; and any one director of the Company (the “**Director**”) be and is hereby authorised to execute and deliver such documents, instruments and agreements and to do all such acts

and things as he/she in his/her absolute discretion deems necessary or desirable in connection with the implementation of or giving effect to the foregoing, including but not limited to the cancellation of any existing share certificates and the issue of any new share certificates in respect of the Subdivided Shares to holders of the Existing Shares.”

B. **“THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares in the capital of the Company, subject to paragraph (b) below, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares of the Company which may be repurchased by the Company on the Stock Exchange or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10% of the entire issued share capital of the Company on the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s bye-laws to be held; or
- (iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “THAT:

the granting of an unconditional general mandate to the Directors to issue, allot and deal with unissued shares in the capital of the Company, and to make or grant offers, agreements and options or other rights, and issue warrants and other securities, which would or might require the exercise of such power, subject to the following conditions, be and is hereby generally and unconditionally approved:

- (a) such mandate shall not extend beyond the Relevant Period (as defined below) save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options or other rights, and issue warrants and other securities, which would or might require the exercise of such powers after the expiry of the Relevant Period;
- (b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted or issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the mandate granted under this Resolution otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) any share option plan or similar arrangement of the Company from time to time adopted for the grant or issue to eligible participants under such plan and arrangement of the Company and/or any of its subsidiaries of shares or rights to subscribe or otherwise acquire shares of the Company; (iii) the exercise of the subscription rights attaching to warrants; (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company; (v) any adjustment, after the date of grant or issue of any options, warrants or other securities referred to above, in the price at which shares shall be subscribed, and/or the number of shares which shall be subscribed, on exercise of relevant rights under such options, rights to subscribe, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, warrants or other securities; or (vi) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the issued share capital of the Company as at the date of passing this Resolution, and the said approval under this Resolution shall be limited accordingly;

- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company's bye-laws to be held; or
- (iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company made to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).”

- D. “**THAT**, conditional upon the passing of Resolution No. 4B set out in the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot shares pursuant to Resolution No. 4C set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate number of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate, of an aggregate number of shares of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 4B set out in the notice convening this meeting, provided that such number shall not exceed 10% of the issued share capital of the Company as at the date of passing this Resolution.”

SPECIAL RESOLUTION

5. “**THAT** subject to and conditional upon the passing of Resolution No. 4A set out in the notice convening this meeting and the Share Subdivision (as defined in Resolution No. 4A set out in the notice convening this meeting) becoming effective, the bye-laws of the Company be amended by deleting the existing bye-law 3(1) in its entirety and substituting therewith the following new bye-law 3(1) with effect from the date on which the Share Subdivision becomes effective:

“3(1) The share capital of the Company shall be divided into shares of a par value of \$0.01 each or such other par value as the Members may from time to time determine.””

By Order of the Board
Ng Ka Yan
Company Secretary

Hong Kong, 12 April 2017

Notes:

- (1) Every member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be delivered to the Company's branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
- (3) To be eligible to attend, speak and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 pm on the record date, i.e. 12 May 2017.
- (4) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect at the time of the Meeting, the Meeting will be held as scheduled unless further notice posted on the websites of the Company at <http://www.playmates.net> and the Stock Exchange at <http://www.hkexnews.hk> to notify shareholders of the date, time and place of the rescheduled meeting.

Shareholders should make their own decision as to whether they would attend the Meeting under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.