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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 ADOPTION OF THE NEW SHARE OPTION  
SCHEME OF PLAYMATES TOYS LIMITED  
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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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 Monday, 21 May 2018 at 11:45 a.m. to approve the matters referred to in this Circular. The notice convening the Annual General Meeting is set out in Appendix IV 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.

21 March 2018

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## DEFINITIONS

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

“2008 PTL Option Scheme”	the share option scheme of PTL adopted on 25 January 2008
“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 Monday, 21 May 2018 at 11:45 a.m.
“AGM Notice”	the notice dated 21 March 2018 convening the Annual General Meeting as set out in Appendix IV to this Circular
“Board”	the board of directors of the Company
“Bye-laws”	bye-laws of the Company
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 total number of issued shares of the Company as at the date of passing of the relevant resolution approving the grant of such mandate
“Latest Practicable Date”	14 March 2018, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information for inclusion in this Circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New PTL Option Scheme”	the new share option scheme of PTL proposed to be adopted by PTL, a summary of its principal terms is set out in the Appendix I to this Circular
“PTL”	Playmates Toys Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“PTL Group”	PTL and its subsidiaries
“PTL Options”	options to subscribe for PTL Shares granted by PTL pursuant to the PTL Option Scheme
“PTL Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of PTL
“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 number of issued shares 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
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“%”	per cent

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LETTER FROM THE BOARD

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**PLAYMATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 635)**

Mr. TO Shu Sing, Sidney (*Chairman*)  
Ms. CHAN, Helen (*Executive Director*)  
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. 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

21 March 2018

*To Shareholders*

Dear Sir or Madam,

**PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME OF  
PLAYMATES TOYS LIMITED  
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

At the annual general meeting of the Company held on 18 May 2017 resolutions were passed giving general mandates to the Directors 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 which is to be held on 21 May 2018 unless renewed at that meeting. It is therefore proposed that the general mandates to issue and allot Shares and to repurchase Shares will be renewed at the Annual General Meeting.

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## LETTER FROM THE BOARD

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The purpose of this Circular is to provide you with the relevant information regarding the adoption of New PTL Option Scheme, the Issue Mandate, the Repurchase Mandate and the re-election of Directors; and to seek your approval of the resolutions to be proposed at the Annual General Meeting.

### **PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME OF PLAYMATES TOYS LIMITED**

PTL, an indirect non wholly-owned subsidiary of the Company, proposes to adopt the New PTL Option Scheme.

The 2008 PTL Option Scheme expired on 31 January 2018. In view of the expiry of the 2008 PTL Option Scheme, PTL proposes to the Company to adopt the New PTL Option Scheme. The New PTL Option Scheme will become effective after all the conditions precedent as referred to under the paragraph headed “Conditions precedent of the New PTL Option Scheme” below have been fulfilled.

As at the Latest Practicable Date, PTL had granted 79,994,000 options to subscribe for the PTL Shares under the 2008 PTL Option Scheme and there were 12,681,500 outstanding PTL Options thereunder. No further options were granted under the 2008 PTL Option Scheme after its expiry on 31 January 2018. There was no other share option scheme put in place by PTL or the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, there were a total of 1,195,450,000 PTL Shares in issue. It is proposed that the maximum number of PTL Shares which may be issued pursuant to the New PTL Option Scheme will be 100,000,000 PTL Shares, which is not more than 10% of the total number of PTL Shares in issue as at the Annual General Meeting, assuming that there is no change in the total number of PTL Shares in issue prior to the Annual General Meeting. PTL may seek approval by its shareholders to renew the said limit on the basis that the maximum number of PTL Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New PTL Option Scheme and any other share option schemes of PTL shall not exceed 30% of the total number of PTL Shares in issue from time to time.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the New PTL Option Scheme as if they had been granted on the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables.

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## LETTER FROM THE BOARD

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### **Reasons for the adoption of New PTL Option Scheme**

The purpose of the proposed adoption of the New PTL Option Scheme is to reward selected eligible participants (as defined in Appendix I) for their contribution to the PTL Group and to encourage eligible participants to work towards enhancing the value of PTL and the PTL Shares for the benefit of PTL and its shareholders as a whole, and to attract and retain eligible participants whose contributions are or may be beneficial to the growth and development of the PTL Group.

### **Conditions Precedent of the New PTL Option Scheme**

The New PTL Option Scheme shall take effect subject to the following conditions:

- (1) the passing of the resolution by the Shareholders in a general meeting to approve and adopt the New PTL Option Scheme;
- (2) the passing of the resolution by the shareholders of PTL in a general meeting to approve and adopt the New PTL Option Scheme; and
- (3) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the PTL Shares which fall to be issued pursuant to the exercise of the options under the New PTL Option Scheme.

If any of the above conditions are not satisfied on or before 31 December 2018, the New PTL Option Scheme shall terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the proposed New PTL Option Scheme.

### **Principal Terms of the New PTL Option Scheme**

A summary of the principal terms of the New PTL Option Scheme is set out in the Appendix I to this Circular. The terms of the New PTL Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

A copy of the rules of the New PTL Option Scheme is available for inspection at PTL's office at 23/F., The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong during normal business hours from the date hereof up to the date of the Annual General Meeting.

None of the Directors is a trustee of the New PTL Option Scheme or has a direct or indirect interest in the trustee of the New PTL Option Scheme, if any. As far as the Directors are aware, no Shareholder is required to abstain from voting on the resolution in respect of the adoption of the New PTL Option Scheme under the Listing Rules.

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## LETTER FROM THE BOARD

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### **Present status of the new PTL option scheme**

As at the date of this document, no PTL Option has been granted or agreed to be granted pursuant to the New PTL Option Scheme.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the last annual general meeting of the Company held on 18 May 2017, 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 the Shares 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 which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10% of the total number of issued shares 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 2,008,876,000 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 200,887,600 Shares.

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

### **GENERAL MANDATE TO ISSUE SHARES**

At the last annual general meeting of the Company held on 18 May 2017, resolutions were passed giving general mandate to the Directors to issue and allot Shares up to 20% of the total issued share 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 representing up to 20% of the total number of issued shares 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



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## LETTER FROM THE BOARD

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extension of such general mandate to the Directors to issue new Shares 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 which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate such number of Shares 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 2,008,876,000 Shares.

Subject to the passing of the ordinary resolution to approve the Issue 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 Issue Mandate to issue a maximum of 401,775,200 Shares.

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 18 May 2017.

### **RE-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. Cheng Bing Kin, Alain, Mr. Lo Kai Yiu, Anthony and Mr. Yu Hon To, David, who are subject to retirement by rotation under Bye-law 87(1), will retire at the Annual General Meeting and all of them will offer themselves for re-election at the same meeting. The biographical details of Mr. Cheng Bing Kin, Alain, Mr. Lo Kai Yiu, Anthony and Mr. Yu Hon To, David are set out in Appendix III to this Circular.

### **ANNUAL GENERAL MEETING**

The AGM Notice is set out in Appendix IV to this Circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve the adoption of the New PTL Option Scheme, the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate to include the number of Shares which are repurchased pursuant to the Repurchase Mandate and the re-election of Director. As far as the Directors are aware, 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,

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## LETTER FROM THE BOARD

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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.

### **RECOMMENDATION**

The Board believe that (i) the adoption of the New PTL Option Scheme; (ii) the grant of the Repurchase Mandate, (iii) the grant of the Issue Mandate, and (iv) the re-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  
**TO Shu Sing, Sidney**  
*Chairman*

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**APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL OPTION SCHEME**

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The following is a summary of the principal terms of the New PTL Options Scheme of PTL proposed to be approved and adopted by ordinary resolution of the Shareholders at the AGM.

For the purpose of this Appendix only, unless the context otherwise requires the following words shall have the following meanings:

“Affiliate”	a company in which the PTL Group holds an interest or a subsidiary of such company;
“Auditors”	the auditors for the time being of PTL;
“Board”	the board of directors of PTL for the time being or a duly authorized committee thereof;
“Business Day”	shall have the meaning ascribed to it under the Listing Rules;
“Commencement Date”	in respect of any particular PTL Option, the Business Day on which that PTL Option is deemed to be granted in accordance with the terms of the New PTL Option Scheme;
“Disability”	shall have the meaning as defined under the long-term disability policy, if any, of PTL or the relevant Subsidiary to which the Grantee provides services regardless of whether the Grantee is covered by such policy. In the event PTL or the relevant Subsidiary to which the Grantee provides service does not have a long-term disability plan in place, “Disability” shall mean that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Board in its discretion;
“Effective Date”	the day on which all the conditions as set in “CONDITIONS OF THE NEW PTL OPTION SCHEME” are satisfied;

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**APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL OPTION SCHEME**

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“Eligible Participants”	(i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the PTL Group or any Affiliate; or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the PTL Group or any Affiliate; and/or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the PTL Group or any Affiliate;
“Exercise Period”	in respect of any particular PTL Option, the period to be notified by the Board to each Grantee, which the Board may in its absolute discretion determine, save that such period shall not be more than 10 years from the Commencement Date;
“Exercise Price”	the price per PTL Share at which a Grantee may subscribe for PTL Shares upon the exercise of a PTL Option pursuant to the terms and conditions of the New PTL Option Scheme;
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the New PTL Option Scheme, or (where the context so permits) a person entitled to any such PTL Option in consequence of the death of the original Grantee;
“Offer”	an offer by the Company to an Eligible Participant to accept an Option in accordance with this Scheme;
“PTL”	Playmates Toys Limited, a company incorporated in Bermuda with limited liability;
“PTL Group”	PTL and its Subsidiaries;
“PTL Option”	right(s) to subscribe for PTL Shares pursuant to the New PTL Option Scheme;
“PTL Shares”	ordinary shares of HK\$0.01 each in the share capital of PTL, or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of PTL, the shares forming part of the ordinary equity share capital of PTL or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;

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**APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL OPTION SCHEME**

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“PTL Shareholder(s)”	holder(s) of PTL Share(s); and
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Hong Kong Companies Ordinance or Bermuda Companies Act), of PTL.

**1. PURPOSE**

The purpose of the proposed adoption of the New PTL Option Scheme is to reward selected Eligible Participants for their contribution to the PTL Group and to encourage Eligible Participants to work towards enhancing the value of PTL and the PTL Shares for the benefit of PTL and its shareholders as a whole, and to attract and retain Eligible Participants whose contributions are or may be beneficial to the growth and development of the PTL Group.

**2. WHO MAY JOIN**

On and subject to the terms of the New PTL Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Effective Date to make an Offer to any Eligible Participants as the Board may in its absolute discretion select to take up a PTL Option pursuant to which such Eligible Participant may, during the Exercise Period, subscribe for such number of PTL Shares as the Board may determine at a price calculated in accordance with paragraph 4 below. An Offer shall remain open for acceptance by the Eligible Participant concerned for a period of 21 business days from the date of Offer. An Offer cannot be accepted by an Eligible Participant who ceases to be qualified as an Eligible Participant after the Offer has been made. Notwithstanding any provisions in the New PTL Option Scheme, no Offer shall be open for acceptance after the tenth anniversary of the Effective Date or after the New PTL Option Scheme has been terminated. An Offer shall be accepted when PTL receives from the Grantee the offer letter signed by the Grantee specifying the number of PTL Shares in respect of which the Offer is accepted (this can be less than the number of PTL Shares in respect of which it is offered provided that it is accepted in respect of a board lot for dealings in PTL Shares on the Stock Exchange or an integral multiple thereof), and a remittance to PTL of HK\$10.00 (or such other nominal sum in any currency as the Board may determine) as consideration for the grant of the PTL Option. Such remittance is not refundable in any circumstances.

The Offer shall specify the terms on which the PTL Option is to be granted. Such terms shall, include, among other things, (i) the last date by which the Offer must be accepted (ii) the manner of payment for the PTL Shares and procedure for acceptance and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. There is no pre-determined minimum period for which the PTL Option must be held before it can be exercised nor is there any pre-determined performance target which must be achieved before the PTL Options can be exercised in the New PTL Option Scheme.

**3. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES**

Any grant of PTL Options to any director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) of PTL, or any of their respective associates under the New PTL Option Scheme shall be subject to the prior approval of the independent non-executive directors of PTL (excluding independent non-executive directors who are the proposed Grantees of the PTL Options in question). Where any grant of PTL Options to a substantial shareholder or an independent non-executive director of PTL, or any of their respective associates, would result in the PTL Shares issued and to be issued upon exercise of all PTL Options already granted and to be granted (including PTL Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

- (1) representing in aggregate over 0.1% of the PTL Shares in issue; and
- (2) having an aggregate value, based on the closing price of the PTL Shares as stated on the date of each grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the PTL Shareholders (voting by way of poll). PTL shall send a circular to the PTL Shareholders in accordance with the Listing Rules and the relevant Grantees, his associates and all connected persons of the Company shall abstain from voting in such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. The circular must contain (i) details of the number and terms (including the Exercise Price) of the PTL Options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price under paragraph 4; (ii) a recommendation from the independent non-executive directors of PTL on whether or not to vote in favour of the proposed grant; and (iii) all the information as required under the Listing Rules from time to time.

**4. EXERCISE PRICE**

The exercise price for the PTL Options shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

- (i) the closing price of the PTL Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant which must be a Business Day;
- (ii) the average closing price of the PTL Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant; and
- (iii) the nominal value of the PTL Shares on the date of grant.

**5.    MAXIMUM NUMBER OF PTL SHARES**

- (1) The maximum number of PTL Shares which may be issued upon exercise of all PTL Options to be granted under the New PTL Option Scheme and any other share option schemes of PTL shall not, in the absence of PTL Shareholders' approval, in aggregate exceed 100,000,000 PTL Shares which is not more than 10% of the nominal amount of the aggregate of PTL Shares in issue as at the date of approval of the New PTL Option Scheme (the "Scheme Mandate Limit"). The PTL Options lapsed in accordance with the terms of the New PTL Option Scheme and (as the case may be) such other share option schemes of PTL will not be counted for the purpose of calculating the Scheme Mandate Limit. If PTL conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in a general meeting of PTL, the maximum number of PTL Shares that may be issued upon exercise of all options to be granted under all the scheme of PTL under the Scheme Mandate Limit as a percentage of the total number of issued PTL Shares at the date immediately before and after such consolidation or subdivision shall be the same.

PTL may refresh the Scheme Mandate Limit at any time subject to PTL Shareholders' approval but in any event, the total number of PTL Shares which may be issued upon exercise of all PTL Options to be granted under the New PTL Option Scheme and any other share option schemes of PTL under the limit as refreshed must not exceed 10% of the PTL Shares in issue as at the date of approval of such refreshment by PTL Shareholders in general meeting. Options previously granted under the New PTL Option Scheme or any other share option schemes of PTL (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

- (2) Notwithstanding the foregoing, PTL may grant PTL Options beyond the Scheme Mandate Limit to Eligible Participants if:
  - (i) separate PTL Shareholders' approval has been obtained for granting PTL Options beyond the Scheme Mandate Limit to Eligible Participants specifically identified by PTL before such PTL Shareholders' approval is sought; and
  - (ii) PTL, in connection with the seeking of such separate PTL Shareholders' approval, has first sent a circular to PTL Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.
- (3) Subject to paragraph (4) below, the maximum number of PTL Shares issued and to be issued upon exercise of the PTL Options granted to each Grantee under the New PTL Option Scheme (including both exercised and outstanding PTL Options) in any 12-month period shall not exceed 1% of the PTL Shares in issue for the time being (the "Individual Limit").

- (4) Where any further grant of PTL Options to an Eligible Participant would result in the PTL Shares issued and to be issued upon exercise of all PTL Options granted and to be granted to such person (including exercised, cancelled and outstanding PTL Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the PTL Shares in issue, such further grant must be separately approved by PTL Shareholders in general meeting with such Eligible Participant and his close associates abstaining from voting. PTL must send a circular to the PTL Shareholders disclosing the identity of such Eligible Participant, number and terms of the PTL Options to be granted (and PTL Options previously granted to such Eligible Participant) and such other information required under the Listing Rules from time to time.

## **6. MAXIMUM NUMBER OF PTL OPTIONS**

At any time, the maximum number of PTL Shares which may be issued upon exercise of all outstanding PTL Options which then have been granted and have yet to be exercised under the New PTL Option Scheme and any other share option schemes of PTL shall not exceed 30% of the relevant class of securities of PTL (or the subsidiary) in issue from time to time. No options may be granted under any schemes of PTL (or the subsidiary) if this will result in the limit being exceeded.

## **7. TIME OF EXERCISE OF OPTION**

Subject to any restrictions applicable under the Listing Rules and notwithstanding the terms of grant thereof, a PTL Option may be exercised by the Grantee in accordance with the terms of the New PTL Option Scheme at any time during the period to be determined and notified by the Board to each Grantee, at the time of making an offer of the grant of an Option which shall not expire later than ten years from the Commencement Date.

## **8. RIGHTS ARE PERSONAL TO GRANTEES**

A PTL Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any PTL Option.

## **9. (a) RIGHTS ON TERMINATION OF EMPLOYMENT**

- (i) If the Grantee who is an employee ceases to be an Eligible Participant by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty, his PTL Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment.
- (ii) If the Grantee who is an employee ceases to be an employee for any reason other than his death or Disability or the termination of his employment or directorship on one or more of the grounds specified above, the PTL Option



shall lapse (to the extent exercisable as at the date of the relevant event and not exercised) within 30 days following such cessation or such longer period as the Board may determine.

**(b) RIGHTS ON DEATH**

In the event of death of the Grantee before exercising his PTL Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (a)(i) above has arisen, his legal personal representative(s) may exercise the PTL Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his death or such longer period as the Board may determine.

**(c) RIGHTS ON DISABILITY**

If the Grantee who is an employee, director, consultant, professional, agent, partner, advisor of or contractor to the PTL Group or its Affiliate at the time of the grant of the relevant PTL Option and his employment or service to the PTL Group or its Affiliate is terminated on the ground of Disability, the Grantee may exercise the Option (to the extent exercisable as at the date on which such Grantee ceases to be an employee, director, consultant, professional, agent, partner, advisor of or contractor to the PTL Group or its Affiliate and not exercised) within 6 months following such cessation or such longer period as the Board may determine.

**(d) RIGHTS ON CESSATION**

- (i) If the Grantee is an employee, director, consultant, professional, agent, partner, advisor of or contractor to the PTL Group or its Affiliate at the time of the grant of the relevant PTL Option, in the event that such Grantee shall cease to be an employee, director, consultant, professional, agent, partner, advisor of or contractor to the PTL Group or its Affiliate (as the case may be) but otherwise still remains an Eligible Participant, then the PTL Option granted prior to the date of such cessation shall remain exercisable until its expiry in accordance with the provisions of this New PTL Option Scheme and the terms and conditions upon which such PTL Option is granted unless the Board shall determine to the contrary.
- (ii) If the Grantee, who is a director, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the PTL Group or an Affiliate but not an employee, ceasing to be a director, consultant, customer, supplier, agent, partner or adviser of or contractor to the PTL Group or an Affiliate (as the case may be) for any reason other than his death (in the case of a Grantee being an individual) or Disability (in the case of a Grantee being a director or consultant of the PTL Group or its Affiliate), the PTL Option (to the extent exercisable as at the date of such cessation and not exercised) shall be exercised within 30 days following the date of such cessation or such longer period as the Board may determine.

**10. EFFECT OF ALTERATIONS TO SHARE CAPITAL**

In the event of any alteration to the capital structure of PTL whilst any PTL Option remains exercisable, arising from capitalisation issue, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of PTL in accordance with legal requirements and requirements of the Stock Exchange, adjustment (if any) shall be made to (a) the number of PTL Shares or (b) the Exercise Price for the PTL Shares in accordance with Rule 17.03(13) of the Listing Rules as the Auditors or the independent financial adviser to PTL shall at the request of PTL certify in writing to the Board either generally or as regards any particular Grantee that the adjustments are in compliance with Rule 17.03(13) of the Listing Rules and the notes thereto.

Any adjustment to be made to the exercise price of, and/or the number of PTL Shares subject to, any options to be granted under the New PTL Option Scheme will comply with Chapter 17 of the Listing Rules and any applicable future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time.

The costs of the Auditors or the independent financial adviser of PTL relating to the New PTL Option Scheme shall be borne by PTL.

The capacity of the Auditors or the independent financial adviser to PTL in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on PTL and the Grantees.

**11. RIGHTS ON A GENERAL OFFER BY WAY OF TAKEOVER**

In the event of a general offer by way of takeover or scheme of arrangement or otherwise being made to all the PTL Shareholders (or all such PTL Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Code), or it has been approved by the necessary number of holders of PTL Shares at the requisite meetings, PTL shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the PTL Option in full (to the extent not already exercised) or to the extent as notified by the Board at any time within such period as shall be notified by the Board.

**12. RIGHTS ON WINDING UP**

In the event a notice is given by PTL to the PTL Shareholders to convene a PTL Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up PTL, PTL shall forthwith give notice thereof to all the Grantees and any Grantee may, by notice in writing to PTL accompanied by the remittance for the total Exercise Price payable in respect of the exercise of the relevant PTL Option (such notice to be received by PTL not later than two Business Days (excluding any period(s) of closure of PTL's share registers) prior to the proposed meeting), exercise the PTL Option either in full or in part, and PTL shall as soon as possible and in any event no

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**APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL OPTION SCHEME**

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later than the Business Day (excluding any periods of closure of the PTL's share registers) prior to the date of the proposed PTL Shareholders' meeting, allot and issue such number of fully paid PTL Shares to the Grantee which fall to be issued on such exercise.

**13. RIGHTS ON A COMPROMISE OR ARRANGEMENT**

In the event a compromise or arrangement (other than a scheme of arrangement) between PTL and its members or creditors is proposed in connection with a scheme for the reconstruction of PTL or its amalgamation with any other company or companies, PTL shall give notice thereof to all the Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement, and any Grantee (or his legal personal representative) may, by notice in writing to PTL accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant PTL Option exercise the PTL Option either to its full extent or in part and PTL shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid PTL Shares which fall to be issued on exercise of such PTL Option.

**14. RANKING OF PTL SHARES**

The PTL Shares to be allotted upon the exercise of a PTL Option shall be subject to all the provisions of the Bye-Laws of PTL for the time being in force and shall rank *pari passu* in all respects with the existing fully paid PTL Shares in issue on the date on which those PTL Shares are allotted on exercise of the PTL Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which the PTL Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the PTL Shares are allotted. Any PTL Shares allotted upon the exercise of a PTL Option shall not carry voting rights until the name of the Grantee has been duly entered into the register of members of PTL as the holder thereof.

**15. PERIOD OF THE NEW PTL OPTION SCHEME**

The New PTL Option Scheme shall take effect for a period of ten years from the Effective Date.

**16. ALTERATIONS TO THE NEW PTL OPTION SCHEME**

Those specific provisions of the New PTL Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Eligible Participants, and changes to the authority of the Board in relation to any alteration of the terms of the New PTL Option Scheme shall not be made, in either case, without the prior approval of the PTL Shareholders in general meeting. Any alterations to the terms and conditions of the New PTL Option Scheme which are of a material nature, or any change to the terms of PTL Options granted, must also, to be effective, be approved by the PTL Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New PTL Option Scheme.

**17. CONDITIONS OF THE NEW PTL OPTION SCHEME**

The New PTL Option Scheme shall take effect subject to the following conditions:

- (1) the passing of the resolution by the shareholders of Playmates Holdings Limited in a general meeting to approve and adopt the New PTL Option Scheme; and
- (2) the passing of the resolution by the shareholders of PTL in a general meeting to approve and adopt the New PTL Option Scheme; and
- (3) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the PTL Shares which fall to be issued pursuant to the exercise of the PTL Options under the New PTL Option Scheme.

If any of the above conditions are not satisfied on or before 31 December 2018, the New PTL Option Scheme shall terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the proposed New PTL Option Scheme.

**18. LAPSE OF PTL OPTION**

A PTL Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (1) the expiry of the any of Exercise Period;
- (2) the expiry of the periods referred to in paragraphs 9, 11, 12 or 13 above respectively;
- (3) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph 13;
- (4) the date of the commencement of the winding-up of PTL;
- (5) the date on which the Grantee who is an employee ceases to be an employee by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty;
- (6) the happening of any of the following events, unless otherwise waived by the Board:
  - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee (being a corporation);

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**APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL OPTION SCHEME**

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- (ii) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) or any similar provisions under the Companies Act) or otherwise become insolvent;
  - (iii) there is unsatisfied judgment, order or award outstanding against the Grantee or the Company has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;
  - (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-clauses (i), (ii) and (iii) above;
  - (v) a bankruptcy order has been made against the Grantee or any Director of the Grantee (being a corporation) in any jurisdiction; or
  - (vi) a petition for bankruptcy has been presented against the Grantee or any Director of the Grantee (being a corporation) in any jurisdiction;
- (7) the date on which a restriction as contemplated under paragraph 8 is breached;
- (8) the date on which the Grantee commits a breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by the Board; or
- (9) the date on which the Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to the New PTL Option Scheme.

**19. TERMINATION OF THE NEW PTL OPTION SCHEME**

PTL by resolution in general meeting or the Board may at any time terminate the New PTL Option Scheme and in such event no further PTL Options may be granted but in all other respects the New PTL Option Scheme shall remain in full force and effect in respect of PTL Options which are granted during the life of the New PTL Option Scheme and remain unexpired immediately prior to termination of the operation of the New PTL Option Scheme.

**20. RESTRICTION ON GRANT OF PTL OPTION**

In addition, the Board shall not offer the grant of the PTL Option after insider information has come to its knowledge, until such information has been announced by PTL pursuant to the relevant requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of PTL's results for any year, half-year, quarterly or, any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for PTL to publish an announcement of its results for any year or half-year under the Listing Rules, and ending on the date that such information has been announced pursuant to the relevant requirements of the Listing Rules, no PTL Option may be granted.

**21. CANCELLATION**

The Board shall have the absolute discretion to cancel any PTL Options granted but not exercised if the Eligible Participant so agrees, provided that where an option is cancelled and a new option is proposed to be granted to the same option holder, the grant of such new option may only be made with available but unissued shares in the authorised share capital of PTL, and available ungranted options (excluding for this purpose all cancelled options) within the limits referred to in paragraphs 5 and 6 above.

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## **APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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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 2,008,876,000 Shares.

Subject to the passing of the ordinary resolution to approve the Repurchase Mandate and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 200,887,600 Shares.

### **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 2017). 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.

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**APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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**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:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
March 2017	0.997 <i>Note</i>	0.955 <i>Note</i>
April 2017	1.237 <i>Note</i>	0.963 <i>Note</i>
May 2017	1.259 <i>Note</i>	1.119 <i>Note</i>
June 2017	1.198 <i>Note</i>	1.060 <i>Note</i>
July 2017	1.227 <i>Note</i>	1.070 <i>Note</i>
August 2017	1.100 <i>Note</i>	1.001 <i>Note</i>
September 2017	1.160	0.972 <i>Note</i>
October 2017	1.180	1.010
November 2017	1.090	1.000
December 2017	1.070	1.000
January 2018	1.120	1.000
February 2018	1.150	0.990

*Note:*

*Adjusted for:*

- (1) the special interim dividend for HK\$0.15 with ex-date of 10 April 2017
- (2) split one into ten with effect from 19 May 2017
- (3) the special interim dividend of HK\$0.02 with ex-date of 8 September 2017

**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.



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**APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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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.

<b>Name</b>	<b>Total no. of Shares held</b>	<b>% of Shares</b>
Chan Chun Hoo, Thomas	1,150,000,000 ( <i>Note a</i> )	57.25%
TGC Assets Limited	920,000,000 ( <i>Note b</i> )	45.80%

*Notes:*

- (a) These interests include 920,000,000 Shares held by TGC Assets Limited and 110,000,000 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 63.61%. 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.

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**APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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**6.    SHARE REPURCHASES MADE BY THE COMPANY**

During the previous six months prior to the Latest Practicable Date, 51,396,000 Shares were repurchased by the Company on the Stock Exchange at prices ranging from HK\$1.03 to HK\$1.10 each as follows:

<b>Date</b>	<b>Number of Shares Repurchased</b>	<b>Price per Share</b>	
		<b>Highest HK\$</b>	<b>Lowest HK\$</b>
13 September 2017	100,000	1.10	1.10
14 September 2017	82,000	1.10	1.10
18 September 2017	100,000	1.10	1.10
19 September 2017	10,000	1.10	1.10
21 September 2017	1,148,000	1.10	1.10
22 September 2017	3,656,000	1.10	1.10
25 September 2017	422,000	1.10	1.10
26 September 2017	158,000	1.10	1.10
27 September 2017	200,000	1.10	1.10
28 September 2017	14,000	1.10	1.10
11 October 2017	200,000	1.10	1.10
12 October 2017	176,000	1.10	1.10
16 October 2017	404,000	1.10	1.09
19 October 2017	1,094,000	1.10	1.09
20 October 2017	632,000	1.10	1.10
3 November 2017	3,510,000	1.03	1.03
7 November 2017	124,000	1.04	1.04
9 November 2017	372,000	1.05	1.05
10 November 2017	1,782,000	1.04	1.03
13 November 2017	1,942,000	1.04	1.03
14 November 2017	1,038,000	1.06	1.05
16 November 2017	200,000	1.04	1.04
17 November 2017	368,000	1.04	1.04
20 November 2017	1,344,000	1.04	1.04
23 November 2017	1,192,000	1.04	1.04
24 November 2017	3,870,000	1.05	1.04
4 December 2017	976,000	1.03	1.03
5 December 2017	456,000	1.03	1.03
6 December 2017	3,066,000	1.03	1.03
7 December 2017	416,000	1.03	1.03
8 December 2017	1,562,000	1.03	1.02
11 December 2017	108,000	1.03	1.03
12 December 2017	268,000	1.03	1.03
14 December 2017	1,248,000	1.03	1.03
15 December 2017	280,000	1.03	1.03
18 December 2017	532,000	1.03	1.03

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**APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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Date	Number of Shares Repurchased	Price per Share	
		Highest HK\$	Lowest HK\$
21 December 2017	346,000	1.07	1.04
3 January 2018	200,000	1.03	1.03
4 January 2018	598,000	1.03	1.03
5 January 2018	1,400,000	1.03	1.03
8 January 2018	946,000	1.03	1.03
9 January 2018	174,000	1.03	1.03
10 January 2018	38,000	1.03	1.03
16 January 2018	224,000	1.05	1.05
18 January 2018	842,000	1.05	1.05
19 January 2018	574,000	1.05	1.05
23 January 2018	4,000	1.05	1.05
25 January 2018	506,000	1.05	1.05
26 January 2018	1,058,000	1.05	1.05
29 January 2018	436,000	1.06	1.05
30 January 2018	4,518,000	1.06	1.05
31 January 2018	4,606,000	1.07	1.05
6 March 2018	1,604,000	1.08	1.06
7 March 2018	44,000	1.07	1.06
8 March 2018	228,000	1.09	1.09
	<u>51,396,000</u>		

Save and except the Shares repurchase in March 2018 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.

## **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 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 and will only be made when the Directors believe that such a share repurchase will benefit the Company and its Shareholders as a whole.

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## APPENDIX III DETAILS OF THE DIRECTORS TO BE RE-ELECTED

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Pursuant to the Listing Rules, the details of the Directors who will retire at the forthcoming Annual General Meeting and offer themselves for re-election are provided below:

### **CHENG Bing Kin, Alain**

*Executive Director*

Mr. Cheng, age 55, was appointed a director of the Company in 2006. He is the Group Legal Counsel and also an executive director of Playmates Toys Limited. Mr. Cheng was admitted to practise as solicitor in Hong Kong in 1996 and qualified in England and Wales in 1997. Mr. Cheng is also a Chartered Accountant and a CPA of the Hong Kong Institute of Certified Public Accountants.

Mr. Cheng is also a director of a number of subsidiaries of the Company. Apart from the Company and Playmates Toys Limited, he has not held any directorship in any other listed companies in the last three years.

Mr. Cheng has entered into a service contract with the Company for a term of three years commencing from 1 July 2017, 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\$10,000 for each financial year of the Company as ordinary remuneration in respect of his capacity as a member of the board.

He does not have any personal relationship with any directors, senior management or any substantial shareholder of the Company.

As at the Latest Practicable Date, Mr. Cheng was deemed to be interested, within the meaning of Part XV of the SFO, in 2,300,000 Shares and 1,800,000 shares of Playmates Toys Limited.

There is no other information relating to Mr. Cheng 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.

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## APPENDIX III DETAILS OF THE DIRECTORS TO BE RE-ELECTED

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### **LO Kai Yiu, Anthony**

*Independent Non-executive Director*

Mr. Lo, age 69, was appointed a director of the Company in 1993. He is qualified as a chartered accountant by the Canadian Institute of Chartered Accountants and is a member of the Hong Kong Institute of Certified Public Accountants. In addition to over 12 years of professional accounting experience, he has over 33 years of experience in investment banking and other financial services.

Mr. Lo does not hold any position with the Company and other members of the Group. He is currently as an independent non-executive director of a number of public companies including Convenience Retail Asia Ltd., Tristate Holdings Limited, Lam Soon (Hong Kong) Limited and The Taiwan Fund Inc. He resigned as an independent non-executive director of IDT International Limited on 26 August 2015. Apart from the above disclosed, Mr. Lo has not held any directorship in any other listed companies in the last three years.

Mr. Lo has entered into a service contract with the Company for a term of three years commencing from 1 July 2017, 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.

He does not have any personal relationship with any directors, senior management or any substantial shareholder of the Company.

As at the Latest Practicable Date, Mr. Lo was deemed to be interested, within the meaning of Part XV of the SFO, in 250,000 Shares and 376,000 shares of Playmates Toys Limited.

Mr. Lo 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 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 Mr. Lo 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.

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## APPENDIX III DETAILS OF THE DIRECTORS TO BE RE-ELECTED

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### **YU Hon To, David**

*Independent Non-executive Director*

Mr. Yu, age 70, was appointed a director of the Company in 1995. He is a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He was a partner of an international accounting firm with extensive experience in corporate finance.

Mr. Yu does not hold any position with the Company and other members of the Group. He is an independent non-executive director of listed companies in Hong Kong including China Renewable Energy Investment Limited, China Resources Gas Group Limited, Haier Electronics Group Co., Limited, Keck Seng Investments (Hong Kong) Limited, Media Chinese International Limited, New Century Asset Management Limited (as manager of New Century Real Estate Investment Trust) and One Media Group Limited. He resigned as an independent non-executive director of Synergis Holdings Limited, Bracell Limited (formerly known as “Sateri Holdings Limited”) and Great China Holdings Limited on 1 January 2018, 1 November 2016 and 13 July 2016 respectively. Apart from the above disclosed, Mr. Yu has not held any directorship in any other listed companies in the last three years.

Mr. Yu has entered into a service contract with the Company for a term of three years commencing from 1 July 2017, 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\$260,000 (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.

He does not have any personal relationship with any directors, senior management or any substantial shareholder of the Company.

As at the Latest Practicable Date, Mr. Yu was deemed to be interested, within the meaning of Part XV of the SFO, in 6,792,000 Shares and 1,241,600 shares of Playmates Toys Limited.

Mr. Yu 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 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 Mr. Yu 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 Monday, 21 May 2018 at 11:45 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 2017;
2. To re-elect the following retiring directors of the Company:
  - (i) Mr. Cheng Bing Kin, Alain;
  - (ii) Mr. Lo Kai Yiu, Anthony;
  - (iii) Mr. Yu Hon To, David;
3. To appoint Grant Thornton Hong Kong Limited as the auditors of the Company; and
4. As special business to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

**ORDINARY RESOLUTIONS****A. “THAT:**

- (a) the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK\$0.01 each 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 of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not

exceed 10% of the total number of issued shares 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.”

B. **“THAT:**

the granting of an unconditional general mandate to the directors of the Company 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 of the Company 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 total number of issued shares 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).”

C. **“THAT**, conditional upon the passing of Resolution No. 4A 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. 4B 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. 4A set

out in the notice convening this meeting, provided that such number shall not exceed 10% of the total number of issued shares of the Company as at the date of passing this Resolution.”

- D. “**THAT** conditional on the fulfilling of all conditions as set out in the Circular in respect of the adoption of the New PTL Option Scheme (hereafter defined), the rules of the share option scheme of Playmates Toys Limited (“**PTL**”)(the “**New PTL Option Scheme**”, a copy of which has been tabled at the meeting marked “A” and signed by the Chairman for purpose of identification) be and are hereby approved;

**AND** the directors of PTL and the Company be and are hereby authorized to do all such acts and things as they consider necessary or expedient at their absolute discretion to give effect to the transactions contemplated by and implement the New PTL Option Scheme.”

By Order of the Board  
**Ng Ka Yan**  
*Company Secretary*

Hong Kong, 21 March 2018

*Notes:*

- (1) Every member of the Company entitled to attend and vote at the AGM 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 registrars, 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 AGM.
- (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 p.m. on the record date, i.e. 15 May 2018.
- (4) If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect at the time of the Meeting, the AGM 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 AGM 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.