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PLAYMATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)

PROPOSED SHARE SUBDIVISION

AND

PROPOSED AMENDMENT TO BYE-LAWS

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. The Share Subdivision will become effective upon fulfillment of the conditions set out under the section headed "Conditions of the Share Subdivision" below. All Subdivided Shares will rank *pari passu* with each other 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.

Upon the Share Subdivision becoming effective, the board lot size for trading will remain unchanged and in board lots of 2,000 Subdivided Shares.

PROPOSED AMENDMENT TO BYE-LAWS

Subject to and conditional upon the passing of the ordinary resolution to approve the Share Subdivision at the AGM and the Share Subdivision becoming effective, the Board proposes to amend the Bye-laws to reflect the new par value of the Subdivided Shares.

An ordinary resolution to approve the Share Subdivision and a special resolution to approve the amendment to the Bye-laws will be proposed at the AGM. A circular containing, among other things, further details of the Share Subdivision and the amendment to the Bye-laws together with the notice convening the AGM will be dispatched to the Shareholders on or before 12 April 2017.

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 AGM; and
- (ii) the Stock Exchange granting the approval to the listing of, and permission to deal in, the Subdivided Shares.

An application will be made by the Company to the Stock Exchange for the listing of, and the 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 AGM, which is expected to be held on 18 May 2017.

Effect of the Share Subdivision

As at the date of this announcement, the authorised share capital of the Company is 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 date of this announcement 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.

	As at the date of this announcement 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 have been repurchased by the Company on-market on 27 March 2017 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\$10.10 per Share as at the date of this announcement, the current board lot value amounts to HK\$20,200.00 and the theoretic board lot value would be approximately HK\$2,020.00 assuming that the Share Subdivision has already become effective.

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 date of this announcement, the Company does 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 of 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.

EXPECTED TIMETABLE

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

Events	Time and date
Expected dispatch date of the circular with notice of the AGM	12 April 2017
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” above

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

Notes:

1. All dates and times set out in this announcement refer to Hong Kong local dates and times.
2. Dates or deadlines specified in this announcement 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.

PROPOSED AMENDMENT TO BYE-LAWS

Subject to and conditional upon the passing of the ordinary resolution to approve the Share Subdivision at the AGM 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

An ordinary resolution to approve the Share Subdivision and a special resolution to approve the amendment to the Bye-laws will be proposed at the AGM. A circular containing, among other things, further details of the Share Subdivision and the amendment to the Bye-laws together with the notice convening the AGM will be dispatched to the Shareholders on or before 12 April 2017.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the same meanings set out below:

“Board”	the board of the Directors
“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”	the bye-laws of the Company, 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)”	the directors of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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
“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)”	the 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
“%”	per cent.

By order of the Board
Ng Ka Yan
Company Secretary

Hong Kong, 29 March 2017

As at the date hereof, the Board comprises the following Directors:

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*)