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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 Toys 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 TOYS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 869)

**PROPOSED GRANT OF SHARE OPTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the Special General Meeting of the Company to be held at 11/F., The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 24 May 2019 immediately after the conclusion of the Annual General Meeting of the Company (which is scheduled to be held at the same place on the same date at 11:30 a.m.) is set out on pages 8 to 9 of this Circular. A form of proxy for use at the Special General Meeting is also enclosed with this Circular. If you are unable to attend the Special 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.

30 April 2019

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	3
Notice of Special General Meeting	8

DEFINITIONS

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

“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 Friday, 24 May 2019 at 11:30 a.m.
“Board”	the board of directors of the Company
“Company”	Playmates Toys Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“Date of Grant”	12 April 2019
“Director(s)”	director(s) of the Company
“Grantee”	Guru Animation Studio Ltd.
“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
“Latest Practicable Date”	26 April 2019, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information for inclusion in this Circular
“License Agreement”	the license agreement entered into between PICL and the Grantee in respect of a pre-school toy intellectual property of “Pikwik”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Options”	the share options conditionally granted to the Grantee by the Company under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 21 May 2018
“PICL”	Playmates International Company Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company

DEFINITIONS

“Proposed Grant”	the proposed grant of the Share Options to the Grantee on the Date of Grant
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Special General Meeting” or “SGM”	the special general meeting of the Company to be convened and held for approving the Proposed Grant
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



PLAYMATES TOYS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 869)

Mr. TO Shu Sing, Sidney (*Chairman*)
Mr. CHAN Kong Keung, Stephen (*Executive Director*)
Mr. CHENG Bing Kin, Alain (*Executive Director*)
Mr. CHOW Yu Chun, Alexander
(Independent Non-executive Director)
Mr. LEE Ching Kwok, Rin
(Independent Non-executive Director)
Mr. YANG, Victor
(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

30 April 2019

To Shareholders

Dear Sir or Madam,

**PROPOSED GRANT OF SHARE OPTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this Circular is to (1) provide you with information regarding the Proposed Grant; (2) set out the recommendation of the Board in relation to the Proposed Grant; and (3) give you notice of the SGM.

2. THE PROPOSED GRANT

Reference is made to the announcement of the Company dated 12 April 2019 relating to the Proposed Grant of the Share Options to the Grantee.

LETTER FROM THE BOARD

On 12 April 2019, the Company has conditionally granted Share Options to subscribe for an aggregate of 20,000,000 Shares to the Grantee under the Share Option Scheme, subject to the acceptance of the Grantee and approval by the Shareholders in the SGM. Details of Share Options granted are as follows:

Date of Grant	:	12 April 2019
Number of Share Options granted	:	20,000,000 Share Options, each Share Option shall entitle the Grantee to subscribe for one Share upon exercise of such Share Option
Exercise price of Share Options granted	:	HK\$0.792 per Share
Closing price of the Shares on the Date of Grant	:	HK\$0.700 per Share
The average closing price of the Shares for the five business days immediately preceding the Date of Grant	:	HK\$0.706 per Share
Validity period of Share Options	:	From the Date of Grant to 31 December 2023
Vesting schedule of Share Options	:	The Share Options shall be vested and become exercisable pursuant to the following schedule: (i) 10,000,000 Share Options shall be vested and become exercisable beginning from the Date of Grant to 31 December 2023; and (ii) 10,000,000 Share Options shall be vested and become exercisable beginning from 31 December 2020 to 31 December 2023.

The Shares to be allotted upon exercise of the Share Options will rank *pari passu* in all respects among themselves and with the then issued Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the respective dates of allotment and issue of such Shares.

The total of 20,000,000 Shares to be subscribed under the Share Options granted represent approximately 1.69% of the existing issued share capital of the Company as at the Date of Grant and approximately 1.67% of the enlarged issued share capital of the Company, assuming the Share Options are fully exercised.

The Grantee is not a director, chief executive or substantial shareholder of the Company, nor an associate (as defined under the Listing Rules) of any of them.

LETTER FROM THE BOARD

None of the Directors is a trustee of the Share Option Scheme nor a direct or indirect interest in the trustee(s) of the Share Option Scheme.

As at the Date of Grant, the Company has 1,180,000,000 Shares in issue. As at the Latest Practicable Date, the Grantee is not interested in any Shares of the Company. No share options have been granted to the Grantee within 12 months prior to the Date of Grant. The grant of the Share Options was made pursuant to the limit of the Share Option Scheme as adopted by the Company on 21 May 2018 and shall be subject to the approval by the Shareholders at the SGM.

3. CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the changes in the shareholding structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company assuming the Share Options granted to the Grantee are exercised in full:

Shareholders	As at the Latest Practicable Date		Immediately upon full exercise of the Option Shares	
	No. of Shares	%	No. of Shares	%
Directors of the Company:				
<i>To Shu Sing, Sidney</i>	10,000,000	0.85%	10,000,000	0.83%
<i>Cheng Bing Kin, Alain</i>	1,800,000	0.15%	1,800,000	0.15%
<i>Chow Yu Chun, Alexander</i>	2,038,000	0.17%	2,038,000	0.17%
<i>Lee Ching Kwok, Rin</i>	1,865,000	0.16%	1,865,000	0.16%
<i>Yang, Victor</i>	1,215,000	0.10%	1,215,000	0.10%
Chan Chun Hoo, Thomas (<i>Note (i)</i>)	600,000,000	50.85%	600,000,000	50%
TGC Assets Limited (<i>Note (i)</i>)	600,000,000	50.85%	600,000,000	50%
Playmates Holdings Limited (<i>Note (ii)</i>)	600,000,000	50.85%	600,000,000	50%
PIL Management Limited (<i>Note (ii)</i>)	600,000,000	50.85%	600,000,000	50%
PIL Investments Limited (<i>Note (ii)</i>)	600,000,000	50.85%	600,000,000	50%
PIL Toys Limited (<i>Note (ii)</i>)	600,000,000	50.85%	600,000,000	50%
Pandanus Associates Inc (<i>Note (iii)</i>)	82,156,000	6.96%	82,156,000	6.85%
Pandanus Partners L.P. (<i>Note (iii)</i>)	82,156,000	6.96%	82,156,000	6.85%
FIL Limited (<i>Note (iii)</i>)	82,156,000	6.96%	82,156,000	6.85%
The Grantee	NIL	NIL	20,000,000	1.67%
Other public Shareholders	480,926,000	40.76%	480,926,000	40.08%
Total Shares in issue	1,180,000,000	100%	1,200,000,000	100%

Notes:

- (i) Mr. Chan Chun Hoo, Thomas (“Mr. Chan”) is the beneficial owner of all of the issued share capital of TGC Assets Limited (“TGC”), since TGC directly owns approximately 49.63% of the shareholding of Playmates Holdings Limited (“PHL”) and is deemed to be interested in the 600,000,000 shares of the Company in aggregate which PHL is interested in, Mr. Chan is also deemed to be interested in the 600,000,000 shares of the Company in aggregate which PHL is interested in.

LETTER FROM THE BOARD

- (ii) PIL Management Limited is a wholly-owned subsidiary of PHL; PIL Investments Limited is a wholly-owned subsidiary of PIL Management Limited; and PIL Toys Limited is a wholly-owned subsidiary of PIL Investments Limited. PHL, PIL Management Limited and PIL Investments Limited are therefore deemed to be interested in the 600,000,000 shares of the Company in aggregate which PIL Toys Limited is beneficial interested in.
- (iii) Pandanus Partners L.P. is a wholly-owned subsidiary of Pandanus Associates Inc.; Pandanus Partners L.P. holds 38.10% shareholding of FIL Limited; Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited are therefore deemed to be interested in the 82,156,000 shares of the Company.

4. LISTING RULES IMPLICATIONS

Pursuant to Rule 17.03(4) of the Listing Rules and the Share Option Scheme, where any further grant of the options to any participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including options exercised, cancelled and outstanding) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of shares of the Company in issue, such further grant must be separately approved by the Shareholders in general meeting with such participant and his close associates abstaining from voting at the general meeting.

As the total number of Shares issued and to be issued upon exercise of the Share Options granted to the Grantee would in a 12-month period exceed 1% of the Shares in issue, the grant of Share Options to the Grantee shall be subject to the approval by Shareholders at the SGM.

5. REASONS AND BENEFITS FOR THE PROPOSED GRANT

The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants to acquire proprietary interests in the Company with the view to attract, retain or otherwise maintain ongoing business relationship with eligible participants whose contributions are or will be beneficial to the Group.

The Company intends to diversify into the pre-school toys business to broaden its product range. The Grantee is an established producer of multiple successful pre-school intellectual properties such as Paw Patrol and Abby Hatcher. As such, establishing a long term and mutually beneficial relationship with the Grantee is in our strategic interest. The Grantee is a licensor of PICL in respect of a pre-school toy intellectual property of "Pikwik" pursuant to the License Agreement. The Company will benefit from the License Agreement in a way that it will enable the Company to develop and market the pre-school toys products based on the relevant animation and merchandising programs of the licensed property created by the Grantee.

The Board believes that, the Grantee, being an option holder of the Company, would be motivated to work towards enhancing the growth of the Company and will serve to strengthen and maintain the ongoing business relationship between PICL and the Grantee. The Directors believe that the terms of the grant of the Share Options are fair and reasonable and in the interests of the Company and the Shareholders.

LETTER FROM THE BOARD

6. SPECIAL GENERAL MEETING

The SGM will be convened for the purpose of allowing the Shareholders to consider and, if thought fit, approve the grant of the Share Options.

A notice convening the SGM is set out on pages 8 to 9 of this Circular. At the SGM, an ordinary resolution will be proposed to approve the grant of the Share Options to the Grantee. As far as the Directors are aware, no Shareholder or its associate(s) is considered as having material interests different from other Shareholders in the resolution proposed to be passed at the SGM and therefore all Shareholders will be entitled to vote on the resolution at the SGM.

A form of proxy for use at the SGM 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 SGM. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM if they so wish.

7. VOTING BY POLL AT THE SGM

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

8. RECOMMENDATION

The Board believes that Proposed Grant is 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 resolution at the SGM.

9. 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

NOTICE OF SPECIAL GENERAL MEETING



PLAYMATES TOYS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 869)

NOTICE IS HEREBY GIVEN that the Special General Meeting of Playmates Toys Limited (the “**Company**”) will be held at 11/F., The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 24 May 2019 immediately after the conclusion of Annual General Meeting of the Company (which is scheduled to be held at the same place on the same date at 11:30 a.m.) for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the grant of share options (“**Share Options**”) by the Company to Guru Animation Studio Ltd. under the Share Option Scheme adopted by the Company on 21 May 2018 to subscribe for 20,000,000 ordinary shares of HK\$0.01 each of the Company (“**Share**”) at the exercise price of HK\$0.792 per Share, details of which are set out in the circular of the Company dated 30 April 2019 (“**Circular**”), be and is hereby approved, confirmed and ratified; **AND THAT** the Directors be and are hereby authorised to exercise all rights and powers available to them and do all such acts and things as they may in their sole discretion consider necessary or expedient to give effect to such grant and exercise of the Share Options.”

Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

By Order of the Board
Ng Ka Yan
Company Secretary

Hong Kong, 30 April 2019

Notes:

- (1) Every member of the Company entitled to attend and vote at the SGM 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 SGM.
- (3) To be eligible to attend, speak and vote at the SGM, 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. 17 May 2019.

NOTICE OF SPECIAL GENERAL MEETING

- (4) If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect at the time of the Meeting, the SGM will be held as scheduled unless further notice posted on the websites of the Company at <http://www.playmatestoy.com> 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 SGM 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.