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**PLAYMATES HOLDINGS
LIMITED**

*(Incorporated in Bermuda with limited liability)
(Stock Code: 635)*



**PLAYMATES TOYS
LIMITED**

*(Incorporated in Bermuda with limited liability)
(Stock Code: 869)*

DISCLOSEABLE TRANSACTION

VOLUNTARY ANNOUNCEMENT

PLACING OF EXISTING SHARES IN PLAYMATES TOYS LIMITED

The respective boards of PHL and PTL jointly announce that on 23 January 2014 (after trading hours), PHL, the Vendor, an indirect wholly-owned subsidiary of PHL, and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor agreed to sell and the Placing Agent agreed to, on a best efforts basis, procure the Placees to purchase the Placing Shares, representing approximately 6.94% of the issued share capital of PTL, at the Placing Price.

As certain of the relevant percentage ratios (as defined in the Listing Rules) exceed 5% but are less than 25%, the Transaction constitutes a disclosable transaction of PHL and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

PTL is making this voluntary announcement for the purpose of providing information to its shareholders only.

INTRODUCTION

The respective boards of PHL and PTL jointly announce that on 23 January 2014 (after trading hours), PHL, the Vendor, an indirect wholly-owned subsidiary of PHL, and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor agreed to sell and the Placing Agent agreed to, on a best efforts basis, procure the Placees to purchase the Placing Shares, representing approximately 6.94% of the issued share capital of PTL, at the Placing Price.

THE PLACING AGREEMENT

Date 23 January 2014

Parties to the Placing Agreement

- (1) PHL;
- (2) The Vendor: PIL Toys Limited, an indirect wholly-owned subsidiary of PHL; and
- (3) The Placing Agent: CLSA Limited

To the best knowledge, information and belief of the directors of PHL having made all reasonable enquiries, the Placing Agent and the Placees and their ultimate beneficial owners are third parties independent of PHL and its connected persons (as defined under the Listing Rules).

Placing Price

The total net proceeds expected to be received by the Vendor (after deduction of placing commission and all other fees and expenses and on the basis that all the 82,000,000 Placing Shares are placed) is expected to be approximately HK\$288 million payable in cash at Completion.

The Placing Price was determined after arm's length negotiations between the Placing Agent, PHL and the Vendor, and represents (i) a discount of approximately 10% to the closing price of HK\$4.00 per Share as quoted on the Stock Exchange on 23 January 2014; and (ii) a discount of approximately 5.16% to the average closing price of HK\$3.796 per Share as quoted on the Stock Exchange for the past 5 trading days immediately preceding the date of the Placing Agreement. The directors of PHL consider that the Placing Price is fair and reasonable.

Undertaking

The Vendor and PHL jointly and severally have undertaken to the Placing Agent that (except for the sale of the Placing Shares) for the period commencing from the date of the Placing Agreement and ending upon the expiration of 90 days from the Completion, the Vendor and PHL will not, and the Vendor and PHL shall procure that none of their respective associates (as defined in the Listing Rules) shall, sell, transfer, offer for sale, contract to sell, grant options for the disposal of or otherwise dispose of (including without limitation by the creation of any option, rights, interests, warrant to purchase or otherwise transfer or dispose of, or any encumbrance over), either conditionally or unconditionally, directly or indirectly, any of its or their respective Shares or interests therein (including any interest in a company which, directly or indirectly, holds any such Shares or other securities of PTL) unless with the prior written consent of the Placing Agent.

Completion

Completion is expected to take place on 28 January 2014.

INFORMATION OF PLAYMATES TOYS LIMITED

PTL is a company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. As at the date of the Placing Agreement, PTL has an authorized share capital of HK\$30,000,000 of HK\$0.01 each, of which 1,181,411,500 Shares have been issued and are fully paid or credited.

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

FINANCIAL EFFECT OF THE TRANSACTION

Prior to the Completion, the Vendor owned 678,000,000 Shares, representing approximately 57.39% of the issued share capital of PTL as at the date of this announcement. After the Completion, the Vendor will own 596,000,000 Shares representing approximately 50.45% of the issued share capital of PTL as at the date of this announcement. PTL will remain a subsidiary of PHL after the Transaction.

The unaudited consolidated net asset value of PTL as at 30 June 2013 as disclosed in the 2013 interim report of PTL was approximately HK\$417,893,000.

Set out below are the audited consolidated results of PTL for the two years ended 31 December 2012 and 2011 respectively as extracted from the 2012 annual report of PTL:

	For the year ended 31 December	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) before income tax	43,881	(90,308)
Profit/(Loss) after income tax	43,395	(90,521)
Profit/(Loss) for the year attributable to equity holders of PTL	43,395	(90,521)

As the decrease in the interests of the Vendor in PTL caused by the Transaction will not result in PTL ceasing to be a subsidiary of PHL, the PHL Group will not record gain or loss from the Transaction under Hong Kong Financial Reporting Standards.

It is not expected that the Transaction will have any material impact on the business and operations of PTL and its subsidiaries.

REASONS FOR AND BENEFITS OF THE TRANSACTION FOR PHL

PHL is an investment holding company with its principal subsidiaries principally engaged in property investments, property management business, securities and other investments, and in the design, development, marketing and distribution of toys and family entertainment activity products.

The directors of PHL consider that the Transaction provides an opportunity to partially realize the PHL Group's investment in PTL.

It is intended that the net proceeds from the Transaction will be used as general working capital of the PHL Group.

In light of the foregoing, the directors of PHL are of the view that the Transaction and the terms and conditions of the Placing Agreement are on normal commercial terms, which are fair and reasonable and are in the interests of PHL and its shareholders as a whole.

LISTING RULES IMPLICATION

As certain of the relevant percentage ratios (as defined in the Listing Rules) exceed 5% but are less than 25%, the Transaction constitutes a disclosable transaction of PHL and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

PTL is making this voluntary announcement for the purpose of providing information to its shareholders only.

DEFINITIONS

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

“board”	the board of directors;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Completion”	completion of the Transaction pursuant to the Placing Agreement;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PHL”	Playmates Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“PHL Group”	PHL and its subsidiaries (other than PTL and its subsidiaries);
“Placees ”	investors procured by the Placing Agent to purchase the Placing Shares;

“Placing Agent”	CLSA Limited, licensed to conduct Type 1 (dealing in securities), Type 4 (advising in securities) and Type 7 (providing automated trading services) regulated activities under the Securities and Futures Ordinance;
“Placing Agreement”	the agreement entered into on 23 January 2014 between PHL, the Vendor and the Placing Agent in relation to the Transaction;
“Placing Price”	HK\$3.6 per Placing Share;
“Placing Shares”	up to 82,000,000 ordinary Shares, representing approximately 6.94% of the entire issued share capital of PTL as at the date of this announcement;
“PTL”	Playmates Toys Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“Share(s)”	shares of HK\$0.01 each in the share capital of PTL;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the placing of the Placing Shares by the Vendor to the Places pursuant to the Placing Agreement;
“Vendor”	PIL Toys Limited, a company incorporated in British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of PHL, and
“%”	per cent.

By Order of the Board
Playmates Holdings Limited
Ng Ka Yan
Company Secretary

By Order of the Board
Playmates Toys Limited
Ng Ka Yan
Company Secretary

Hong Kong, 23 January 2014

As at the date hereof, the board of PHL 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*) and Mr. Yu Hon To, David (*Independent Non-executive Director*).

As at the date hereof, the board of PTL comprises the following directors:

Mr. Chan Chun Hoo, Thomas (*Chairman*), 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. To Shu Sing, Sidney (*Executive Director*) and Mr. Yang, Victor (*Independent Non-executive Director*).