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## **PLAYMATES TOYS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 869)

### **GRANT OF OPTION UNDER GENERAL MANDATE**

#### **LICENSE AGREEMENT**

The board of directors of Playmates Toys Limited (“**Company**”) (“**Board**”) announces that on 13 March 2019, Playmates International Company Limited (“**PICL**”) being an indirect wholly-owned subsidiary of the Company as the licensee had entered into the License Agreement with Guru Animation Studio Ltd. (“**Grantee**”) as the licensor in respect of a pre-school toy intellectual property of “Pikwik” (“**License Agreement**”).

The License Agreement is of a revenue nature in the usual and ordinary course of business of the Company and therefore does not constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

#### **GRANT OF OPTION**

Pursuant to the License Agreement, PICL agreed to procure the Company to grant the Grantee an option (“**Option**”) to subscribe for 20,000,000 shares (“**Option Shares**”) of HK\$0.01 each of the Company (“**Shares**”).

Pursuant to the License Agreement, the Company conditionally granted to the Grantee the Option to subscribe for the Option Shares in accordance with the following principal terms:

Date of Grant:	13 March 2019
Number of Shares:	20,000,000 Shares representing approximately 1.69% of the issued shares of the Company as at the date of this announcement.
Exercise Price :	HK\$0.792 per Share representing the average closing price in the five trading days immediately prior to the date of grant of Option.

Exercise Period and Vesting Period:	The exercise period shall be from the date of the grant to 31 December 2023 (“ <b>Exercise Period</b> ”). The Option Shares shall be vested and become exercisable pursuant to the following schedule until the expiration of the Exercise Period:  (i) 10,000,000 Option Shares shall be vested and become exercisable beginning from the date of the grant; and (ii) 10,000,000 Option Shares shall be vested and become exercisable beginning from 31 December 2020.
Adjustment:	In the event there is consolidation or subdivision of the Shares, appropriate adjustments will be made by the Company to the Exercise Price and the number of Shares subject to the Option.
Conditions Precedent:	The grant of the Option is conditional upon the following conditions:  (a) the Listing Committee of The Stock Exchange of Hong Kong Limited (“ <b>Stock Exchange</b> ”) having granted the approval for the listing of, and permission to deal in, the Option Shares; and (b) compliance of all other relevant regulatory and legal requirements.

Assuming that the Option is fully exercised, the net proceeds from the allotment and issue of all the Option Shares will be approximately HK\$15.8 million which is intended to be used by the Company as general working capital of the Group.

The Option Shares, when issued, 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 the Option Shares.

## **GENERAL MANDATE TO ISSUE THE OPTION SHARES**

The Option Shares will be issued pursuant to the general mandate granted to the Directors of the Company pursuant to an ordinary resolution passed by the shareholders of the Company (“**Shareholders**”) at the annual general meeting of the Company held on 21 May 2018 (“**AGM**”), to allot and issue Shares not exceeding 20% of the issued share capital of the Company at the date of the AGM (“**General Mandate**”). The grant of the Option and the issue of Option Shares upon the exercise of the Option are not subject to the further approval of the Shareholders or any conditions other than approval of the listing of, and permission to deal in, the new Option Shares to be issued upon exercise of the Option from the Stock Exchange. Pursuant to the General Mandate, the Directors were authorised to allot and issue a maximum number of 236,000,000 Shares. As at the date of this announcement, no Shares have been allotted or issued under the General Mandate.

## **APPLICATION FOR LISTING**

The Company will apply to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Option Shares.

## **INFORMATION ON GRANTEE**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Grantee is primarily engaged in the business of creating, developing and producing shows and animations, and the Grantee and its ultimate beneficial owner are independent third parties and not connected persons of the Company within the meaning of the Listing Rules.

As at the date of this announcement, the Grantee does not hold any Shares. The Grantee will become interested in approximately 1.67% of the issued Share of the Company upon full exercise of the Option Shares.

## **REASONS FOR AND BENEFITS OF THE LICENSE AGREEMENT AND THE GRANT OF OPTION**

The Board believes that 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 grant of the Option is expected to strengthen the business relationship between PICL and the Grantee and facilitate their cooperation under the License Agreement. The Directors believe that the terms of the grant of the Option are fair and reasonable and in the interests of the Company and the Shareholders.

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

Hong Kong, 13 March 2019

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

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*) and Mr. Yang, Victor (*Independent Non-executive Director*)