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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 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)**

**GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
PROPOSED SHARE PREMIUM REDUCTION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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Resolutions will be proposed at the Annual General Meeting to be held at Fandango Spanish Restaurant, 9th Floor, The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong, on Monday, 19 May 2014 at 11:30 a.m. to approve the matters referred to in this Circular. The notice convening the Annual General Meeting is set out in Appendix III 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.

10 April 2014

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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:*

“Annual General Meeting”	the annual general meeting of the Company to be held at Fandango Spanish Restaurant, 9th Floor, The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong, on Monday, 19 May 2014 at 11:30 a.m.
“AGM Notice”	the notice dated 10 April 2014 convening the Annual General Meeting as set out in Appendix III 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 Toys Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“Contributed Surplus Account”	the contributed surplus account of the Company
“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 aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution approving the grant of such mandate
“Latest Practicable Date”	4 April 2014, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information for inclusion in this Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“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 nominal amount of the issued share capital 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
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the Share Premium Account as at the date of the Annual General Meeting
“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

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## LETTER FROM THE BOARD

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### **PLAYMATES TOYS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 869)**

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*)  
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

10 April 2014

*To Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
PROPOSED SHARE PREMIUM REDUCTION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

#### **INTRODUCTION**

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

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## **LETTER FROM THE BOARD**

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At the annual general meeting of the Company held on 16 May 2013 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 19 May 2014 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.

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

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 entire issued share capital of the Company at the date of the passing of the resolution approving the Repurchase Mandate.

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

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

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 entire issued share capital 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 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 1,185,881,000 Shares.

Subject to the passing of the ordinary resolution to approve the Issue Mandate and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed under the Issue Mandate to issue a maximum of 237,176,200 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 16 May 2013.

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## LETTER FROM THE BOARD

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### 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. Chan Chun Hoo, Thomas and Mr. Chow Yu Chun, Alexander, who are subject to retirement by rotation under Bye-law 87(1), will retire at the Annual General Meeting and both of them will offer themselves for re-election at the same meeting. The biographical details of Mr. Chan Chun Hoo, Thomas and Mr. Chow Yu Chun, Alexander are set out in Appendix II to this Circular.

### SHARE PREMIUM REDUCTION AND SPECIAL DIVIDEND

The Board announced on 26 March 2014 that it intends to make a proposal to the Shareholders at the Annual General Meeting for a reduction of the Share Premium Account. The audited amount standing to the credit of the Share Premium Account as at 31 December 2013 was approximately HK\$328.5 million. Subject to the conditions set out in the sub-section headed "Conditions" below, it is proposed that:

- (a) the entire amount standing to the credit of the Share Premium Account as at the date of the Annual General Meeting be reduced to nil pursuant to Section 46 of the Companies Act and Bye-law 6 of the Bye-laws; and
- (b) the credit arising from the Share Premium Reduction be transferred to the Contributed Surplus Account.

### Reasons for the Share Premium Reduction

The Board considers that the Share Premium Reduction will give the Company greater flexibility in relation to its dividend distributions in the future if and when the Board considers appropriate. The Board considers that it is in the best interest of the Company and its Shareholders as a whole to implement the Share Premium Reduction.

### Effects of the Share Premium Reduction

The Share Premium Reduction does not involve any reduction in the authorized or issued share capital of the Company, nor does it involve any reduction in the nominal value of the Shares or trading arrangements concerning the Shares. Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, have any material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company and its subsidiaries or the proportionate interests of the Shareholders in the underlying assets of the Company. There are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due.

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## LETTER FROM THE BOARD

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### Conditions

The Share Premium Reduction is conditional upon:

- (a) the passing of the necessary special resolution by the Shareholders at the Annual General Meeting to approve the Share Premium Reduction; and
- (b) the due compliance with the relevant procedures and requirement under Bermuda law to effect the Share Premium Reduction, including but not limited to the publication of a notice in an appointed newspaper in Bermuda in respect of the Share Premium Reduction.

In the event that the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective on the date of the Annual General Meeting.

### Special Dividend

- (a) The Board announced on 26 March 2014 that it proposed to declare and distribute a special dividend for the year ended 31 December 2013 of HK\$0.10 per Share.
- (b) The declaration of the said special dividend is
  - (i) subject to the approval of Shareholders at the Annual General Meeting; and
  - (ii) conditional upon the approval of the Share Premium Reduction at the Annual General Meeting as mentioned in the above sub-section headed “Conditions”.

### ANNUAL GENERAL MEETING

The AGM Notice is set out in Appendix III to this Circular. At the Annual General Meeting, a special resolution will be proposed to approve the Share Premium Reduction and ordinary resolutions will be proposed to approve 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, the re-election of Directors and the declaration of special dividend. 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, 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.



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## LETTER FROM THE BOARD

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### 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 grant of the Repurchase Mandate; (ii) the grant of Issue Mandate; (iii) the re-election of Directors; (iv) the Share Premium Reduction; and (v) the declaration of special dividend 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.

Yours faithfully,  
For and on behalf of the Board  
**CHAN Chun Hoo, Thomas**  
*Chairman*

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 1,185,881,000 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 118,588,100 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 2013). 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.

#### 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>
April 2013	0.780	0.630
May 2013	1.320	0.650
June 2013	1.470	1.160
July 2013	2.070	1.350
August 2013	2.360	1.810
September 2013	2.520	2.000
October 2013	2.850	2.340
November 2013	3.990	2.980
December 2013	3.650	3.090
January 2014	4.500	3.200
February 2014	4.070	3.550
March 2014	4.100	3.450

#### 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.

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.

Name	Total no. of Shares held	% of Shares
Chan Chun Hoo, Thomas	596,000,000 ( <i>Note 1</i> )	50.26%
TGC Assets Limited	596,000,000 ( <i>Note 1</i> )	50.26%
Playmates Holdings Limited	596,000,000 ( <i>Note 2</i> )	50.26%
PIL Management Limited (formerly known as Playmates International Limited)	596,000,000 ( <i>Note 2</i> )	50.26%
PIL Investments Limited	596,000,000 ( <i>Note 2</i> )	50.26%
PIL Toys Limited	596,000,000	50.26%

*Notes:*

- (1) TGC Assets Limited directly owns approximately 39.83% of the shareholding of Playmates Holdings Limited and is therefore deemed to be interested in the 596,000,000 Shares in aggregate which Playmates Holdings Limited is interested in. Mr. Chan Chun Hoo, Thomas is the beneficial owner of all of the issued share capital of TGC Assets Limited and is also deemed to be interested in those 596,000,000 Shares.
- (2) PIL Management Limited is a wholly-owned subsidiary of Playmates Holdings Limited; 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. Playmates Holdings Limited, PIL Management Limited and PIL Investments Limited are therefore deemed to be interested in the 596,000,000 Shares in which PIL Toys Limited is beneficially interested in.

In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, then the respective shareholding of Mr. Chan Chun Hoo, Thomas, TGC Assets Limited, Playmates Holdings Limited, PIL Management Limited, PIL Investments Limited and PIL Toys Limited would be increased to approximately 55.84%. In the opinion of the Directors, such increase would not give rise to an obligation to make a mandatory offer in accordance with Rule 26 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 associates has any present intention to sell any Shares to the Company under the Repurchase Mandate if such Repurchase Mandate is approved by the shareholders.

No connected persons (as defined in the Listing Rules) have 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.

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

No Share repurchases have been made by the Company on the Stock Exchange in the previous six months.

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

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:

**CHAN Chun Hoo, Thomas**

*Chairman and Executive Director*

Mr. Chan, age 63, joined the Group in 1967. He has been the principal driving force behind the growth, global expansion and diversification of the Group's business activities into multiple segments and markets. His decision to take on the promotional toy business in 1985 led to the evolution of the Group from a manufacturing entity into a pure toy development and marketing group. The Group's high level of productivity is attributable to his guiding management principles of creativity, flexibility and simplicity.

Mr. Chan is also an executive director and the Chairman of the board of Playmates Holdings Limited ("PHL"). Apart from the Company and PHL, he does not hold any directorship in any other listed companies in the last three years.

Mr. Chan has entered into a service contract with the Company for a term of three years commencing from 1 January 2014, 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 as ordinary remuneration in respect of his capacity as a member of the board. Apart from the directorship and/or beneficial interest in PHL and TGC Assets Limited ("TGC"), substantial shareholders of the Company, he does not have any personal relationship with any directors and senior management (as disclosed in the section headed "Directors and Senior Management" in the 2013 Annual Report of the Company) or any substantial or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Chan was deemed to be interested, within the meaning of Part XV of the SFO, in 596,000,000 Shares held by PHL which representing approximately 50.26% of the total issued share capital of the Company.

In addition, he was also deemed to be interested in 114,550,000 shares of PHL representing approximately 49.59% of the total issued share capital of PHL. These interests include 12,000,000 shares of PHL representing approximately 5.19% of the total issued share capital of PHL held by Mr. Chan; 10,550,000 shares of PHL representing approximately 4.57% of the total issued share capital of PHL held by an associate; and 92,000,000 shares representing approximately 39.83% of the total issued share capital of PHL held by TGC.

As announced by the Company on 24 December 2013, the High Court in Hong Kong handed down a judgment requiring Mr. Chan to pay the sum of HK\$33,511,220.32, together with interest, to Profit Point Limited ("PPL"), an indirect wholly-owned subsidiary of PHL, on account of a finding that Mr. Chan failed to discharge certain fiduciary duties owed to PHL and PPL in the year 2000 in respect of the disposal of certain securities investment owned by PPL. Mr. Chan has appealed against the judgment.

There are no other information relating to Mr. Chan 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.

**CHOW Yu Chun, Alexander***Independent Non-executive Director*

Mr. Chow, age 66, joined the Group in 2007. He is a CPA of the Hong Kong Institute of Certified Public Accountants. He has over 36 years of experience in commercial, financial and investment management in Hong Kong and China.

Mr. Chow does not hold any position with the Company and other members of the Group. Mr. Chow is currently an independent non-executive director of Top Form International Limited and China Strategic Holdings Limited. He was a non-executive director of New World China Land Limited and resigned on 28 December 2012, shares of which are listed on the Stock Exchange. He does not have any personal relationship with any directors and senior management (as disclosed in the section headed “Directors and Senior Management” in the 2013 Annual Report of the Company) or any substantial or controlling shareholder of the Company.

Mr. Chow has entered into a service contract with the Company for a term of three years commencing from 1 January 2014, 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\$120,000 for each financial year of the Company as ordinary remuneration in respect of his capacity as a member of the board. He will be entitled to a fixed fee of HK\$105,000, HK\$50,000 and HK\$40,000 respectively for each financial year (or such other fixed fee as the Compensation Committee may recommend from time to time) as remuneration of being a chairman of the Audit Committee and a member of the Compensation Committee and Nomination Committee. In addition, the Company shall reimburse him an attendance expense of HK\$5,000 per meeting (or such other fixed fee as the Compensation Committee may recommend from time to time) for attending meetings of the Company.

As at the Latest Practicable Date, Mr. Chow was deemed to be interested, within the meaning of Part XV of the SFO, in 2,038,000 Shares and 775,000 share options of the Company.

Mr. Chow has confirmed in writing to the Company of his independence with reference to various matters set out in Rule 3.13 of the Listing Rules.

There is no other information relating to Mr. Chow 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 TOYS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 869)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Fandango Spanish Restaurant, 9/F., The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 19 May 2014 at 11:30 a.m. for the following purposes:

1. As a special business to consider and, if thought fit, pass the following resolution as a Special Resolution:

### **SPECIAL RESOLUTION**

**“THAT:**

- (i) subject to compliance with section 46(2) of the Companies Act 1981 of Bermuda (as amended from time to time) and with effect immediately upon the passing of this resolution, the entire amount standing to the credit of the share premium account of the Company as at the date of this meeting be reduced to nil (“Share Premium Reduction”) and the credit arising from the Share Premium Reduction be transferred to the contributed surplus account of the Company to be utilised by the directors of the Company (the “Directors”) in accordance with the bye-laws of the Company and all applicable laws; and
  - (ii) the Directors be and are hereby authorised to do all such acts and things (including, without limitation to the generality of the foregoing, the execution of any document, instrument or agreement) as they may, in their absolute discretion, consider necessary, desirable or expedient to implement and/or to give effect to the Share Premium Reduction and the application of the credit which will be arising therefrom.”
2. To receive and consider the accounts and the reports of the directors and auditors for the year ended 31 December 2013;
3. To declare a special dividend;
4. To re-elect the retiring directors, including:
  - (i) Mr. Chan Chun Hoo, Thomas;
  - (ii) Mr. Chow Yu Chun, Alexander;



5. To appoint auditors; and
6. 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 entire issued share capital 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 issued share capital 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. 6A 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. 6B 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. 6A set out in the notice convening this meeting, provided that such number shall not exceed 10% of the issued share capital of the Company as at the date of passing this Resolution.”

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

Hong Kong, 10 April 2014

*Notes:*

- (1) Every member of the Company entitled to attend and vote at the meeting 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 meeting.