

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PLAYMATES HOLDINGS LIMITED

彩星集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)

CONTINUING CONNECTED TRANSACTION

The Board announces the following continuing connected transaction:

On 16 August 2007, Belmont entered into the Tenancy Agreement with EN Dining, an associate of EN (which is a substantial shareholder of Toya), and a connected person of the Company.

The Tenancy Agreement between EN Dining as tenant and Belmont as landlord made on a continuing basis on normal commercial terms and in the ordinary and usual course of business of the Group, is a continuing connected transaction for the Company under the Listing Rules.

As each of the relevant percentage ratios in respect of the maximum aggregate amount of rental and management charges payable under the Tenancy Agreement is, on an annual basis, less than 2.5%, the continuing connected transaction under the Tenancy Agreement is only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules and is exempt from independent shareholders' approval requirements under the Listing Rules.

CONTINUING CONNECTED TRANSACTION

On 16 August 2007, Belmont as landlord and EN Dining (an associate of EN and a connected person of the Company under the Listing Rules) as tenant entered into the Tenancy Agreement relating to the leasing of the premises known as Unit A, Basement Floor, The Toy House, No.100 Canton Road, Tsimshatsui, Kowloon for a term of 36 months from 16 August 2007 to 15 August 2010 at the rental of HK\$190,445.00 per month and management charges of HK\$49,772.50 per month (exclusive of rates, Government rent, utilities and other outgoings). EN Dining shall have an option to renew the term under tenancy relating to the Tenancy Agreement for a further term of 3 years upon the expiry of the initial term at the then prevailing market rent to be agreed by the parties. If the parties cannot agree on the then prevailing market rent, the same shall be determined by an independent professional valuer. This tenancy is unrelated to a joint venture between the Group and EN Group in respect of the operations of Toya and its subsidiaries.

Based on the anticipated rental and management charges to be paid under the Tenancy Agreement for the period from 16 August 2007 until 31 December 2007 of HK\$1,084,853.23, the Directors anticipate that the maximum aggregate amount of rental and management charges payable under the Tenancy Agreement for each of the two financial years ending 31 December 2008 and 31 December 2009 will not exceed HK\$3,133,440.00 and for the financial year ending 31 December 2010 will not exceed HK\$1,948,743.00.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The terms of the Tenancy Agreement have been negotiated on arm's length basis between the parties and on normal commercial terms and are considered by the Directors to be fair and reasonable so far as the Shareholders and the Company are concerned. This continuing connected transaction will be conducted in the ordinary course of business of the Group in accordance with the terms of the Tenancy Agreement. Accordingly, the Directors are of the view that it is in the interests of the Group to enter into the Tenancy Agreement.

CHAPTER 14A OF THE LISTING RULES

In 2005, an indirect wholly owned subsidiary of the Company, Playmates Investments Limited ("PIL"), entered into a joint venture with EN by way of a shareholders agreement in Toya relating to the ownership, management and activities of Toya which in turn is a holding company of two wholly owned subsidiaries operating two restaurants at The Toy House. Under such agreement, EN shall be (and still is) a 30% shareholder of Toya and the Company indirectly holds the remaining 70% of the shareholding in Toya through its indirect wholly owned subsidiary PIL. Consequently, EN is a connected person of the Company under the Listing Rules. Both EN and EN Dining are wholly owned by Mr. Ng Hung Yan and his wife Ms. Matayoshi Mayumi. By virtue of the relationship between EN Dining and Mr. Ng Hung Yan and Ms. Matayoshi Mayumi, EN Dining is an associate of EN and also a connected person of the Company under the Listing Rules.

Accordingly, the Tenancy Agreement entered into between Belmont and EN Dining is a continuing connected transaction for the Company under the Listing Rules.

As each of the relevant percentage ratios in respect of the maximum aggregate amount of rental and management charges payable under the Tenancy Agreement is, on an annual basis, less than 2.5%, this continuing connected transaction is only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules and is exempt from independent shareholders' approval requirements under the Listing Rules.

GENERAL

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

The EN Group is principally engaged in the operation and management of specialty restaurants.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules;
“Belmont”	Belmont Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company;
“Board”	the board of Directors of the Company;
“Company”	Playmates Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“EN”	EN Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Ng Hung Yan and his wife Ms. Matayoshi Mayumi;
“EN Dining”	EN Dining Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Ng Hung Yan and his wife Ms. Matayoshi Mayumi;
“EN Group”	the group of companies comprising EN, its holding companies and subsidiaries;
“Group”	the Company and its subsidiaries;
“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;
“Shareholders”	holders of shares of HK\$0.10 each in the share capital of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	the tenancy agreement dated 16 August 2007 entered into between Belmont and EN Dining relating to the leasing of the premises known as Unit A, Basement Floor, The Toy House, No.100 Canton Road, Tsimshatsui, Kowloon, Hong Kong;
“The Toy House”	the building situated at No. 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong;
“Toya”	Toya Holdings (FNB) Limited (formerly known as Oriental Noble Investment Limited), a company incorporated in Hong Kong with limited liability and is an indirect non wholly-owned subsidiary of the Company.

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors: Mr. Chan Chun Hoo, Thomas (Chairman); Mr. Cheng Bing Kin, Alain; Mr. To Shu Sing, Sidney

Non-executive Director: Mr. Tsim Tak Lung (*Deputy Chairman*); Mr. Chow Yu Chun, Alexander (*Independent*); Mr. Ip Shu Wing, Charles; Mr. Lee Peng Fei, Allen (*Independent*); Mr. Lo Kai Yiu, Anthony (*Independent*); Mr. Yu Hon To, David (*Independent*)

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

Hong Kong, 17 August 2007

* *for identification purpose only*