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PLAYMATES HOLDINGS LIMITED

彩星集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)



PLAYMATES TOYS LIMITED

彩星玩具有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 869)

JOINT ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION

The respective boards of PHL and PTL announce the following continuing connected transaction:

On 26 August 2008, Belmont, an indirect wholly-owned subsidiary of PHL, entered into the Tenancy Agreement with PTA, an indirect wholly-owned subsidiary of PTL. The Tenancy Agreement between PTA as tenant and Belmont as landlord made on normal commercial terms and in the ordinary and usual course of business of both PHL and PTL, constitutes a continuing connected transaction for both PHL and PTL under the Listing Rules.

PHL indirectly owns and controls approximately 54.8% of PTL. Consequently, PHL is a connected person of PTL under the Listing Rules. Mr. Chan, being a director and the ultimate controlling shareholder (as defined in the Listing Rules) of PHL and hence a connected person of PHL, holds directly and indirectly through AIL an aggregate of approximately 18.99% of PTL, which results in PTL being a connected person of PHL.

For each of PHL and PTL, since 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.

TENANCY AGREEMENT

- Date : 26 August 2008
- Parties : Belmont, an indirect wholly-owned subsidiary of PHL, as landlord
PTA, an indirect wholly-owned subsidiary of PTL, as tenant
- Premises : 22nd Floor, The Toy House, No.100 Canton Road, Tsimshatsui, Kowloon, with a gross floor area of approximately 3,243 square feet
- Term : 36 months from 1 September 2008 to 31 August 2011
- Charges : Rental of HK\$119,991.00 per month and management charges of HK\$19,458.00 per month (exclusive of rates, Government rent, utilities and other outgoings).

Based on the anticipated rental and management charges to be paid under the Tenancy Agreement for the period from 1 September 2008 until 31 December 2008 of HK\$557,796.00, the maximum aggregate amount of rental and management charges payable under the Tenancy Agreement for each of the two financial years ending 31 December 2009 and 31 December 2010 will not exceed HK\$1,673,388.00 and for the financial year ending 31 December 2011 will not exceed HK\$1,115,592.00.

REASONS FOR AND BENEFITS OF THE TRANSACTION

PTL Group has been leasing a different floor of The Toy House for use as its showroom since 2000 and the tenancy agreement of which was expired in December 2007. It would be beneficial for the PTL Group to enter into the Tenancy Agreement which enables it to establish a new showroom where its customers are familiar with. As PHL is principally engaged in property investments and holds the Premises as investment for rental purpose, the Tenancy Agreement would ensure a steady stream of rental income during the term of the Tenancy Agreement.

The terms of the Tenancy Agreement have been negotiated on arm's length basis between the parties with reference to the prevailing rentals of the premises in the nearby location and on normal commercial terms and are considered by the directors of both PHL and PTL to be fair and reasonable and in the interests of PHL, PTL and their respective shareholders as a whole. This continuing connected transaction is conducted in the ordinary course of business of PHL and PTL respectively in accordance with the terms of the Tenancy Agreement.

CHAPTER 14A OF THE LISTING RULES

PHL indirectly owns and controls approximately 54.8% of PTL. Consequently, PHL is a connected person of PTL under the Listing Rules.

Mr. Chan, being a director and the ultimate controlling shareholder (as defined in the Listing Rules) of PHL and hence a connected person of PHL, holds directly and indirectly through AIL an aggregate of approximately 18.99% of PTL, which results in PTL being a connected person of PHL.

Accordingly, the Tenancy Agreement is a continuing connected transaction for both PHL and PTL under the Listing Rules.

For each of PHL and PTL, since 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

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.

PTL 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.

DEFINITIONS

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

“AIL”	Angers Investments Limited, a substantial shareholder of both PHL and PTL, the entire issued share capital of which is beneficially owned by Mr. Chan;
“Belmont”	Belmont Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of PHL;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules;

“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;
“Mr. Chan”	Mr. Chan Chun Hoo, Thomas, the chairman of the respective boards of both PHL and PTL;
“PHL”	Playmates Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“PTA”	Playmates Toys Asia Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of PTL;
“PTL”	Playmates Toys Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“PTL Group”	PTL and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	the tenancy agreement dated 26 August 2008 between Belmont and PTA relating to the renting of the premises known as 22nd Floor, The Toy House, No.100 Canton Road, Tsimshatsui, Kowloon; and
“The Toy House”	the building situated at No. 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

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, 27 August 2008

As at the date of this announcement, the board of directors of PHL comprises the following directors:

Mr. Chan Chun Hoo, Thomas (*Chairman and Executive Director*); Mr. Cheng Bing Kin, Alain (*Executive Director*); Mr. Ip Shu Wing, Charles (*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 of this announcement, the board of directors of PTL comprises the following directors:

Mr. Chan Chun Hoo, Thomas (*Chairman and Executive Director*); Mr. Chow Yu Chun, Alexander (*Independent Non-executive Director*); Mr. Lee Ching Kwok, Rin (*Independent Non-executive Director*); Mr. Novak, Lou Robert (*Executive Director*); Mr. To Shu Sing, Sidney (*Executive Director*) and Mr. Yang, Victor (*Independent Non-executive Director*)

* *For identification purpose only*