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PLAYMATES TOYS LIMITED

彩星玩具有限公司*

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

**MODIFICATIONS
TO THE TERMS OF
THE RIGHTS ISSUE
RELATING TO
THE BONUS WARRANT ISSUE**



PLAYMATES HOLDINGS LIMITED

彩星集團有限公司*

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

**PARTICIPATION IN
THE RIGHTS ISSUE OF
PLAYMATES TOYS LIMITED**

Introduction

Reference is made to the joint announcement of Playmates Toys and Playmates Holdings dated 11 June 2010 in relation to, among others, the Rights Issue and the Bonus Warrant Issue (the **“Previous Announcement”**).

Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as defined in the Previous Announcement.

Modifications to the terms of the Bonus Warrant Issue

Subsequent to the publication of the Previous Announcement, the Stock Exchange had discussed with Playmates Toys on 14 June 2010 and 15 June 2010 and conveyed its view that Rule 7.19(6) of the Listing Rules would be applicable to both the Rights Issue and the Bonus Warrant Issue as announced in the Previous Announcement, and on such basis the New Shares that may be issued pursuant to the exercise of the subscription rights attaching to the Bonus Warrants would be aggregated with the Rights Shares for the purpose of determining the 50% limit in the increase in the issued share capital or market capitalization of Playmates Toys and therefore the Rights Issue and the Bonus Warrant Issue would require the approval of the Shareholders. The Stock Exchange further confirmed that if the record date for the Bonus Warrant Issue falls on a date which is subsequent to the date of allotment of the Rights Shares and that the Bonus Warrant Issue is not conditional upon the Rights Issue, Rule 7.19(6) of the Listing Rules would then not be applicable to the Bonus Warrant Issue. As disclosed in the Previous Announcement, the Bonus Warrants are originally intended to be issued pursuant to the general mandate granted to the directors of Playmates Toys at the annual general meeting of Playmates Toys on 28 May 2010.

Under the circumstances, in order to expediently address the issue and to achieve the same purpose under the original arrangements as disclosed in the Previous Announcement with minimum changes, the directors of Playmates Toys consider it to be in the interests of Playmates Toys and the Shareholders as a whole to modify the terms of the Bonus Warrant Issue by: (i) re-setting the record date for the Bonus Warrant Issue from 6 July 2010 to 27 July 2010 as the Bonus Issue Record Date, and the register of members of Playmates Toys will be closed from 26 July 2010 to 27 July 2010 for determining the entitlements under the Bonus Warrant Issue; and (ii) amending the basis of the Bonus Warrant Issue from the original proportion of two Bonus Warrants for every five subscribed and fully-paid Rights Shares held, to the revised proportion of 130 Bonus Warrants for every 1,000 Shares held on the Bonus Issue Record Date.

As a result of these modifications, Bonus Warrants will be issued at no additional costs to the Bonus Issue Qualifying Shareholders in the proportion of 130 Bonus Warrants for every 1,000 Shares held by the Bonus Issue Qualifying Shareholders whose names appear on the register of members of Playmates Toys as at the Bonus Issue Record Date. The Exercise Price per Bonus Warrant remains to be HK\$0.45 (subject to adjustments) as disclosed in the Previous Announcement. The Bonus Warrants will remain to be issued pursuant to the general mandate granted by the Shareholders to the directors of Playmates Toys at the annual general meeting held on 28 May 2010.

The Bonus Warrant Issue is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Bonus Warrants, and the New Shares which may fall to be issued upon exercise of the subscription rights attaching to the Bonus Warrants. **In the event this condition is not fulfilled, the Bonus Warrant Issue will not proceed.** The Bonus Warrant Issue will proceed whether the Rights Issue will proceed or not. It is currently expected that trading of the Bonus Warrants on the Stock Exchange will commence on 4 August 2010.

Continuation of the Rights Issue

Unless otherwise set out in this announcement, the Rights Issue will continue to proceed on the same terms as disclosed in the Previous Announcement.

Each of PIL Toys, TGC and Mr. Chan has noted the modifications to the Rights Issue and the Bonus Warrant Issue as described in this announcement, and has entered into the Revised Irrevocable Undertakings to confirm the same undertakings that it/he has provided under the Irrevocable Undertakings as announced in the Previous Announcement.

As the Rights Issue is subject to the conditions set out in the Previous Announcement and this announcement, it may or may not proceed.

Participation of Playmates Holdings

The board of directors of Playmates Holdings has noted the modifications to the terms of the Bonus Warrant Issue as described in this announcement. As a result of such modifications, PIL Toys, the wholly-owned subsidiary of Playmates Holdings, has entered into the Supplemental Underwriting Agreement with Playmates Toys and TGC on 17 June 2010 to reflect the changes to the features of the Bonus Warrant Issue. Moreover, PIL Toys has entered into the Revised Irrevocable Undertakings to confirm the same undertakings that it

has provided under the Irrevocable Undertakings as announced in the Previous Announcement. As each of the applicable percentage ratio in respect of the Participation exceeds 5% but is less than 25%, the Participation remains a discloseable transaction for Playmates Holdings under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the joint announcement of Playmates Toys and Playmates Holdings dated 11 June 2010 in relation to, among others, the Rights Issue and the Bonus Warrant Issue (the “**Previous Announcement**”).

Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as defined in the Previous Announcement.

MODIFICATIONS TO THE TERMS OF THE BONUS WARRANT ISSUE

Subsequent to the publication of the Previous Announcement, the Stock Exchange had discussed with Playmates Toys on 14 June 2010 and 15 June 2010 and conveyed its view that Rule 7.19(6) of the Listing Rules would be applicable to both the Rights Issue and the Bonus Warrant Issue as announced in the Previous Announcement, and on such basis the New Shares that may be issued pursuant to the exercise of the subscription rights attaching to the Bonus Warrants would be aggregated with the Rights Shares for the purpose of determining the 50% limit in the increase in the issued share capital or market capitalization of Playmates Toys and therefore the Rights Issue and the Bonus Warrant Issue would require the approval of the Shareholders. The Stock Exchange further confirmed that if the record date for the Bonus Warrant Issue falls on a date which is subsequent to the date of allotment of the Rights Shares and that the Bonus Warrant Issue is not conditional upon the Rights Issue, Rule 7.19(6) of the Listing Rules would then not be applicable to the Bonus Warrant Issue. As disclosed in the Previous Announcement, the Bonus Warrants are originally intended to be issued pursuant to the general mandate granted to the directors of Playmates Toys at the annual general meeting of Playmates Toys on 28 May 2010.

Revised terms of the Bonus Warrant Issue

Under the circumstances, in order to expediently address the issue and to achieve the same purpose under the original arrangements as disclosed in the Previous Announcement with minimum changes, the directors of Playmates Toys consider it to be in the interests of Playmates Toys and the Shareholders as a whole to modify the terms of the Bonus Warrant Issue by:

- (i) re-setting the record date for the Bonus Warrant Issue from 6 July 2010 to 27 July 2010 as the Bonus Issue Record Date, and the register of members of Playmates Toys will be closed from 26 July 2010 to 27 July 2010 for determining the entitlements under the Bonus Warrant Issue; and
- (ii) amending the basis of the Bonus Warrant Issue from the original proportion of two Bonus Warrants for every five subscribed and fully-paid Rights Shares held, to the revised proportion of 130 Bonus Warrants for every 1,000 Shares held on the Bonus Issue Record Date.

As a result of these modifications, Bonus Warrants will be issued at no additional costs to the Bonus Issue Qualifying Shareholders in the proportion of 130 Bonus Warrants for every 1,000 Shares held by the Bonus Issue Qualifying Shareholders whose names appear on the register of members of Playmates Toys as at the Bonus Issue Record Date. The Bonus Warrants will remain to be issued pursuant to the general mandate granted by the Shareholders to the directors of Playmates Toys at the annual general meeting held on 28 May 2010.

Number of Bonus Warrants

Playmates Toys has 695,500,000 issued Shares as at the date of this announcement. The number of Bonus Warrants which may be issued pursuant to the Bonus Warrant Issue will be increased in proportion to any additional Shares which will be issued and allotted on or before the Bonus Issue Record Date, which include the Rights Shares and Shares that may be issued and allotted to holders of Share Options pursuant to an exercise of the subscription rights attaching to the Share Options. As at the date of this announcement, there were 34,842,000 outstanding Share Options, of which 12,681,500 Share Options are eligible for exercise on or before the Bonus Issue Record Date to subscribe for up to 12,681,500 Shares. If all of the subscription rights attaching to such Share Options are exercised and Shares are issued and allotted pursuant to such exercise on or before the Record Date for the Rights Issue, the number of issued Shares will be increased to 708,181,500 Shares, the number of Rights Shares which may be issued pursuant to the Rights Issue will be increased to 354,090,750 Rights Shares and the number of Bonus Warrants which may be issued pursuant to the Bonus Warrant Issue will be 138,095,392 Bonus Warrants. The total number of New Shares to be issued upon the full exercise of the subscription rights attaching to the Bonus Warrants at the Exercise Price (subject to adjustments) will be up to 138,095,392 New Shares, which represents approximately 13.0% of Playmates Toys' issued share capital comprising 708,181,500 Shares and the issue of 354,090,750 Rights Shares pursuant to the Rights Issue, and approximately 11.5% of Playmates Toys' issued share capital comprising 708,181,500 Shares and the issue of 354,090,750 Rights Shares pursuant to the Rights Issue and the 138,095,392 New Shares to be issued upon the full exercise of the subscription rights attaching to the Bonus Warrants at the Exercise Price (subject to adjustments).

Condition of the Bonus Warrant Issue

The Bonus Warrant Issue is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Bonus Warrants, and the New Shares which may fall to be issued upon exercise of the subscription rights attaching to the Bonus Warrants. **In the event this condition is not fulfilled, the Bonus Warrant Issue will not proceed.** The Bonus Warrant Issue will proceed whether the Rights Issue will proceed or not. It is currently expected that trading of the Bonus Warrants on the Stock Exchange will commence on 4 August 2010.

Other Information on the Bonus Warrant Issue

The Exercise Price per Bonus Warrant remains to be HK\$0.45 (subject to adjustments) as disclosed in the Previous Announcement. The Bonus Warrants will be issued in registered form in units of subscription rights entitling the holders thereof to subscribe in cash from the date on which the Bonus Warrants commence trading on the Stock Exchange, which is

currently expected to be 4 August 2010, up to the expiry of two years thereafter (both days inclusive) up to an aggregate amount of HK\$62,142,926.40. Fractional entitlement of the Bonus Warrants will not be issued but will be aggregated and sold for the benefit of Playmates Toys. Further details of the Bonus Warrants will be set out in the Prospectus.

RIGHTS ISSUE

Unless otherwise set out in this announcement, the Rights Issue will continue to proceed on the same terms as disclosed in the Previous Announcement.

Revised Conditions to the Rights Issue

All the conditions of the Rights Issue as announced in the Previous Announcement will remain the same, except condition (iv) which has been amended to remove references to or relating to the Bonus Warrants, as prescribed in the Supplemental Underwriting Agreement. The revised condition (iv) is as follows:

“(iv) the Listing Committee of the Stock Exchange having granted (subject only to provisional allotment and/or allotment of the Rights Shares, the posting of the Prospectus and despatch of certificates in respect of the Rights Shares and any other matters which are agreed between Playmates Toys and the Underwriters) the listing of and permission to deal in the Rights Shares (in both nil-paid and fully-paid forms) on the Stock Exchange, by no later than 27 July 2010 and such listing and permission to deal not being revoked prior to 4:00 p.m. on the third Business Day after the Acceptance Date; and”

As the Rights Issue is subject to the conditions set out in the Previous Announcement and this announcement, it may or may not proceed.

Revised Irrevocable Undertakings

Each of PIL Toys, TGC and Mr. Chan has noted the modifications to the Rights Issue and the Bonus Warrant Issue as described in this announcement, and has entered into the Revised Irrevocable Undertakings to confirm the same undertakings that it/he has provided under the Irrevocable Undertakings as announced in the Previous Announcement.

Revised Expected Timetable

	<i>2010</i>
Last day of dealings in existing Shares on a cum-rights basis _____	29 June
Commencement date of trading on ex-rights basis _____	30 June
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue _____	4:30 p.m. on 2 July
Bookclose for the Rights Issue _____	from 5 July to 6 July
Record Date for the Rights Issue _____	6 July

Rights Issue Documents despatched on _____	6 July
First day of dealings in nil-paid Rights Shares _____	8 July
Latest time for splitting nil-paid Rights Shares _____	12 July
Latest time of dealings in nil-paid Rights Shares _____	15 July
Latest time for acceptance of, and payment for, Rights Shares and application for excess Rights Shares _____	4:00 p.m. on 20 July
Last day of dealings in existing Shares on a cum-Bonus Warrant basis _____	21 July
Commencement date of trading on ex-Bonus Warrant basis _____	22 July
Latest time for lodging transfers of Shares in order to qualify for the Bonus Warrant Issue _____	4:30 p.m. on 23 July
Latest time for termination of the Underwriting Agreement _____	5:00 p.m. on 23 July
Rights Issue expected to become unconditional _____	5:00 p.m. on 23 July
Announcement of results of Rights Issue to be published on the websites of Stock Exchange and Playmates Toys on or before _____	23 July
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares to be despatched on or before _____	26 July
Certificates for fully-paid Rights Shares expected to be despatched on or before _____	26 July
Bookclose for the Bonus Warrant Issue _____	from 26 July to 27 July
Bonus Issue Record Date _____	27 July
Dealings in fully-paid Rights Shares on the Stock Exchange to commence on _____	28 July
Certificates for Bonus Warrants expected to be despatched on or before _____	2 August
Dealings in Bonus Warrants on the Stock Exchange to commence on _____	4 August

Shareholders and investors are advised to read this announcement in conjunction with the Previous Announcement for information and details about the Rights Issue and the Bonus Warrant Issue which have been amended as described in this announcement.

PARTICIPATION OF PLAYMATES HOLDINGS

The board of directors of Playmates Holdings has noted the modifications to the terms of the Bonus Warrant Issue as described in this announcement. As a result of such modifications, PIL Toys, the wholly-owned subsidiary of Playmates Holdings, has entered into the Supplemental Underwriting Agreement with Playmates Toys and TGC on 17 June 2010 to reflect the changes to the features of the Bonus Warrant Issue. Moreover, PIL Toys has entered into the Revised Irrevocable Undertakings to confirm the same undertakings that it has provided under the Irrevocable Undertakings as announced in the Previous Announcement. As each of the applicable percentage ratio in respect of the Participation exceeds 5% but is less than 25%, the Participation remains a discloseable transaction for Playmates Holdings under Chapter 14 of the Listing Rules.

DEFINITIONS

Set out below are the definitions of the defined terms used in this announcement, which are either new definitions or revised definitions that were previously defined in the Previous Announcement.

"Bonus Warrants"	up to 138,095,392 warrants to be issued by Playmates Toys in registered form in units of subscription rights entitling the holder(s) thereof to subscribe in cash from the date on which the Bonus Warrants commence trading on the Stock Exchange up to the expiry of two years thereafter, both days inclusive, up to an aggregate amount of HK\$62,142,926.40 for New Shares at the Exercise Price of HK\$0.45 per New Share
"Bonus Issue Qualifying Shareholder(s)"	the Shareholder(s), but excluding Overseas Shareholder(s) whose addresses on the register of members of Playmates Toys are outside Hong Kong as at the Bonus Issue Record Date and to whom the grant of the Bonus Warrants will, in the view of the directors of Playmates Toys, be unlawful or impractical in the absence of compliance with relevant registration or other special formalities in other territories.
"Bonus Issue Record Date"	27 July 2010, the record date for the determination of the entitlements of the qualifying Shareholders for the Bonus Warrant Issue
"Overseas Shareholder(s)"	the Shareholder(s) whose name(s) appear(s) on the register of members of Playmates Toys on the Record Date or the Bonus Issue Record Date, as appropriate, and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong

"Previous Announcement"	the joint announcement issued by Playmates Toys and Playmates Holdings dated 11 June 2010 in relation to, among others, the Rights Issue and the Bonus Warrant Issue
"Revised Irrevocable Undertakings"	the revised irrevocable undertaking letters dated 17 June 2010 and executed by PIL Toys, TGC and Mr. Chan respectively in favour of Playmates Toys
"Supplemental Underwriting Agreement"	the supplemental underwriting agreement dated 17 June 2010 between Playmates Toys and the Underwriters which supplements and amends the Underwriting Agreement
"Underwriting Agreement"	the agreement dated 11 June 2010 between Playmates Toys and the Underwriters relating to the underwriting and other arrangements in respect of the Rights Issue, as supplemented and amended by the Supplemental Underwriting Agreement

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

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

Hong Kong, 17 June 2010

As at the date hereof, the Board of Playmates Holdings Limited 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*)

All directors of Playmates Holdings Limited jointly and severally accept responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to Playmates Toys Limited).

As at the date hereof, the Board of Playmates Toys Limited comprises the following directors:

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

All directors of Playmates Toys Limited jointly and severally accept responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to Playmates Holdings Limited).

** for identification purpose only*