PLAYMATES INTERACTIVE ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

MAJOR TRANSACTION

Autoestate Properties Limited, a wholly-owned subsidiary of the Company, has entered into a conditional sale and purchase agreement on 1 December, 2000 with, inter alia, Prestige Properties International Limited and Prestige Finance Limited, both of which are wholly-owned subsidiaries of Prestige Properties Holdings Limited, whereby the Purchaser has agreed to acquire from the Share Vendor the entire issued share capital in, and from the Debt Vendor the benefits of and interests in the Debt to, Pretty Star Limited.

The principal asset of Pretty Star is the whole of a commercial building situate at No. 100 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The aggregate consideration of the Proposed Acquisition is HK$252,065,866, subject to adjustment as provided in the Sale and Purchase Agreement. A cash deposit of HK$25,300,000 has been paid by the Purchaser on signing of the Sale and Purchase Agreement, and the balance of the consideration shall be payable in cash on Completion.

The Proposed Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Acquisition is conditional upon, inter alia, the approval of the shareholders of the Company. Chansam Investments Limited, a shareholder holding approximately 44.76% of the issued share capital of the Company, has indicated that it will vote in favour of the Proposed Acquisition. A circular containing details of the Proposed Acquisition, together with a notice convening a special general meeting, will be despatched by the Company to the shareholders as soon as possible and in accordance with the provisions of the Listing Rules.

At the request of the Company, trading of the shares of the Company on the Stock Exchange was suspended with effect from 10:00 a.m. on 4 December, 2000 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading of the shares of the Company with effect from 10:00 a.m. on 5 December, 2000.

SALE AND PURCHASE AGREEMENT DATED 1 DECEMBER, 2000

Parties

Share Vendor:	Prestige Properties International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Prestige Properties Holdings Limited, a company the shares of which are listed on the Stock Exchange
Debt Vendor:	Prestige Finance Limited, a wholly-owned subsidiary of Prestige Properties Holdings Limited
Vendor's Guarantor:	Prestige Properties Holdings Limited
Purchaser:	Autoestate Properties Limited, a wholly-owned subsidiary of the Company
Purchaser's Guarantor:	the Company

Prestige Properties Holdings Limited and the Company have agreed to guarantee the performance of the obligations of the Vendors and the Purchaser respectively under the terms and conditions of the Sale and Purchase Agreement.

ASSETS ACQUIRED

The Purchaser has agreed to acquire 100 Shares, representing the entire issued share capital of Pretty Star, and the benefits of and interests in the Debt to the Debt Vendor as at Completion. The principal asset of Pretty Star is the Property.

The Property is a 25-storey commercial building situate at No.100 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, with a total gross floor area of approximately 107,360 sq. ft. of which approximately 85% is leased at present. The remaining space is vacant and is available for lease. The Group currently occupies six floors of the Property on lease terms, representing approximately 20% of the total gross floor area. The aggregate rental of the Group's occupation is currently HK$362,490 per month and such lease terms expire on 31 December, 2002. The remaining leased area has been leased to various independent third parties.

CONSIDERATION

The total consideration is HK$252,065,866 (subject to adjustment). The consideration for the Sale Shares is HK$47,648,483 and the consideration for the Debt is HK$204,417,383. The actual consideration payable at Completion will be calculated as follows:

Actual consideration = HK$498,000,000 + all tangible assets (other than the Property) less the actual liabilities of Pretty Star (other than the Debt) as at Completion.

A cash deposit of HK$25,300,000, has been paid by the Purchaser on signing of the Sale and Purchase Agreement to the Purchaser's solicitors and the Vendors' solicitors and jointly held in escrow, and the balance of the consideration shall be payable in cash on Completion.

The consideration shall be funded from internal resources of the Group on Completion.

The consideration is arrived at after arm's length negotiations between the parties by reference to the negotiated value of HK$498,000,000 of the Property having regard to the valuation of the Property. According to the valuation report prepared by B.I. Appraisals Limited, an independent valuer appointed by the Company, the value of the Property was HK$505,000,000 as at 1 December 2000. Upon completion of the Loan Restructuring and the Completion, Pretty Star will have a bank mortgage loan of HK$238,000,000.

CONDITIONS

Completion of the Sale and Purchase Agreement is conditional upon the following conditions being satisfied or (in respect of (a), (d), (e) and (f) below) waived in writing by the Purchaser on or before 28 February, 2001:

(a) completion to the satisfaction of the Purchaser of the Loan Restructuring as described in the Sale and Purchase Agreement;

(b) the approval of the independent shareholders of Prestige Properties Holdings Limited of the transactions contemplated under the Sale and Purchase Agreement, the Property Management Agreement and all transactions contemplated thereunder;

(c) the approval of the shareholders of the Company of the transactions contemplated under the Sale and Purchase Agreement;

(d) the warranties given by the Vendors under the Sale and Purchase Agreement remaining true and accurate in all material respects;

(e) the Purchaser undertaking and completing a due diligence investigation in respect of Pretty Star as regards certain assets, liabilities, financial position, accounts and financing structure of Pretty Star and being reasonably satisfied with the results of such due diligence investigation in all material respects; and

(f) all necessary approvals or waivers having been obtained from the relevant bank under the relevant loan and security documents in relation to certain banking facilities granted to the Debt Vendor.

If the conditions are not fulfilled or (in respect of (a), (d), (e) and (f) above) waived in writing by the Purchaser on or before 28 February, 2001, the Sale and Purchase Agreement shall have no effect and no party will have any liability under it.

COMPLETION

Completion shall take place on the third business day after the above conditions are fulfilled. It is expected that Completion will take place on or before 3 business days after 28 February, 2001.

PROPERTY MANAGEMENT AGREEMENT

Upon Completion, the Property Management Agreement will be entered into on normal commercial terms between Pretty Star and Prestige Property Services Limited , a wholly owned subsidiary of Prestige Properties Holdings Limited relating to the provision of property management services for the Property. Under the Property Management Agreement, Prestige Property Services Limited will receive a management fee equals to 12.5 % of the total management fee of the Property. The Property Management Agreement will continue unless terminated by either party giving to the other not less than three months prior notice in writing.

INFORMATION OF PRETTY STAR

Pretty Star is a private limited company incorporated in Hong Kong on 8 August 1991 with limited liability, which is currently wholly-owned beneficially by the Share Vendor. The principal asset of Pretty Star is the Property.

For the year ended 31 December 1999, Pretty Star reported a net profit before and after taxation of HK$8,442,813 and HK$7,902,813 respectively. For the year ended 31 December 1998, Pretty Star reported a net profit before and after taxation of HK$11,050,925 and HK$10,140,925 respectively. The turnover of Pretty Star for each of the two financial years ended 31 December 1999 and 31 December 1998 was HK$49,999,449 and HK$56,748,702 respectively.

For the nine month period ended 30 September, 2000, Pretty Star incurred a loss of HK$1,042,109. As at 30 September, 2000, the net asset value of Pretty Star was HK$285,683,782 and the amount of the loan due and owing to the Debt Vendor was HK$442,417,383. At Completion, upon the Loan Restructuring, Pretty Star will have a bank mortgage loan of HK$238,000,000 the proceeds from which will be used to partially repay the above-mentioned debt of HK$442,417,383, leaving a balance of HK$204,417,383 due and owing to the Debt Vendor, which is to be sold to the Purchaser.

REASONS FOR THE PROPOSED ACQUISITION

The principal business of the Group is design, development, marketing and distribution of toys.

During the first half year of 2000, as reported in the Company's interim report, the Group had realised a portion of its long term investments of listed securities resulting in a gain of HK$179,827,000 which further enhanced its net cash position. In view of its favourable net cash position, the Group has been actively pursuing good investment opportunities. The Property, which is a substantial, high quality commercial property situated in a prime location, has been identified by the directors of the Company as a good investment for the Group. The directors of the Company believe that the Proposed Acquisition will provide the Group with a solid asset base which shall further strengthen the Group's operation by its ability to generate a steady stream of recurring rental income in the future, although such rental income will not be significantly contributing to the turnover of the Group.

In addition, as the Group has already occupied six floors of the Property on lease terms, the directors of the Company believe that it is in the interest of the Group to acquire the Property for use as its headquarters, with the remaining portion held for rental income and capital appreciation. The acquisition of the Property would enable the Group to accommodate demand for extra office space at its own headquarters when such space is available without having to lease space at other locations from third parties for future expansion.

The directors of the Company (including all independent non-executive directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and it is in the interests of the Company to enter into the Sale and Purchase Agreement and to complete the Proposed Acquisition.

GENERAL

The Sale and Purchase Agreement was negotiated and concluded after arm's length negotiations between the Purchaser, the Share Vendor and the Debt Vendor.

The Proposed Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Acquisition is conditional upon, inter alia, the approval of the shareholders of the Company. A circular to the shareholders providing details of the Proposed Acquisition, together with a notice convening a special general meeting, will be despatched to the shareholders as soon as possible and in accordance with the provisions of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING OF SHARES OF THE COMPANY

At the request of the Company, trading of the shares of the Company on the Stock Exchange was suspended with effect from 10:00 a.m. on 4 December, 2000 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading of the shares of the Company with effect from 10:00 a.m. on 5 December, 2000.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Company"	Playmates Interactive Entertainment Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement
"Debt"	a loan in the sum of HK$204,417,383 plus accrued interest owing by Pretty Star to the Debt Vendor as at Completion
"Debt Vendor"	Prestige Finance Limited, a wholly owned subsidiary of Prestige Properties Holdings Limited
"Group"	the Company and its subsidiaries

"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Loan Restructuring"	the restructuring of certain loans and banking facilities of Pretty Star to be taken place on or before Completion such that Pretty Star will have a bank mortgage loan of HK$238,000,000, the proceeds of which will be used to partially repay the debt due by Pretty Star to the Debt Vendor
"Pretty Star"	Pretty Star Limited
"Property"	the whole of a commercial building situate at No. 100 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
"Property Management Agreement"	the property management agreement to be entered into between Pretty Star and Prestige Property Services Limited on Completion
"Proposed Acquisition"	the proposed acquisition of the Sale Shares and the Debt by the Purchaser subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement
"Purchaser"	Autoestate Properties Limited, a wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 1 December, 2000 between the Share Vendor, the Debt Vendor and the Purchaser in relation to the sale and purchase of the entire issued share capital of Pretty Star and the Debt
"Sale Shares"	100 Shares representing the entire issued share capital of Pretty Star as at the date hereof
"Share Vendor"	Prestige Properties International Limited, a wholly owned subsidiary of Prestige Properties Holdings Limited
"Shares"	shares of HK$1.00 each in the capital of Pretty Star
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	the Share Vendor and the Debt Vendor

By Order of the Board
Playmates Interactive Entertainment Limited
Tracy Fong
Company Secretary

4 December, 2000, Hong Kong

Please also refer to the published version of this announcement in Hong Kong iMail and Hong Kong Economic Journal.