



PLAYMATES INTERACTIVE ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

MAJOR TRANSACTION

A circular relating to the Proposed Acquisition has been despatched to the Shareholders on 23 December, 2000. Additional financial information relating to Pretty Star is set out below.

The Directors refer to the announcement of the Company of 4 December, 2000 (the "Announcement") relating to the Proposed Acquisition. Terms used herein shall bear the same meanings as those defined in the Announcement.

The Company has issued a circular to its shareholders in relation to the Proposed Acquisition. The circular issued by the Company contains, inter alia, certain financial information relating to Pretty Star, including the audited net tangible assets of Pretty Star as at 30 September, 2000 and the pro forma statement of adjusted consolidated net tangible assets of the Group and Pretty Star as enlarged upon Completion (the "Enlarged Group").

The unaudited net asset value of Pretty Star as disclosed in the Announcement was HK\$285,683,782 and the audited net asset value of Pretty Star as at 30 September, 2000 as disclosed in the circular was HK\$40,229,000. The difference in the amount is largely represented by the revaluation deficit of HK\$248,097,000 between the book value of the Property as at 31 December, 1999 and the valuation of the Property of HK\$488,000,000 as at 30 September, 2000.

The following is a statement of the pro forma adjusted consolidated net tangible assets of the Enlarged Group immediately following completion of the Proposed Acquisition. It is based on the audited net tangible assets of the Group as at 31 December, 1999 adjusted to reflect the effect of the Proposed Acquisition and certain events which have taken place since 31 December, 1999.

	<i>Notes</i>	<i>HK\$'000</i>
Audited consolidated net tangible assets of the Group as at 31 December, 1999		400,723
Add: Unaudited profit attributable to shareholders of the Group for the six months ended 30 June, 2000	1	124,444
Net proceeds from shares issued on exercise of share options	2	7,860
Less: Interim dividend for the year ending 31 December, 2000	3	(13,454)
Underprovision for 1999 final dividend	4	(2,928)
Consideration for repurchase of the Company's shares	5	(1,732)
Goodwill on acquisition of an associated company	6	(12,298)
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Unaudited adjusted consolidated net tangible assets before the Proposed Acquisition		502,615
Consideration for the Proposed Acquisition	7	(254,646)
Value of the Property as at 30 September, 2000	8	488,000
All tangible assets less actual liabilities of Pretty Star (other than the Property) as at 30 September, 2000	8	(447,771)
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Audited net assets of Pretty Star as at 30 September, 2000	8	40,229
Excess of the negotiated value of the Property over the value of the Property as at 30 September, 2000	9	10,000
The Debt to be acquired from the Debt Vendor		204,417
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Pro forma unaudited adjusted consolidated net tangible assets of the Enlarged Group immediately following completion of the Proposed Acquisition		<u>502,615</u>
Pro forma unaudited adjusted consolidated net tangible asset value per share before and after the Proposed Acquisition	10	<u>HK\$0.75</u>

Notes:

- The unaudited profit attributable to shareholders of the Group for the six months ended 30 June, 2000 is extracted from the interim report of the Company dated 28 August, 2000.
- This represents net proceeds from the issue of shares of the Company on exercise of share options pursuant to the Company's share option plan during the period from 1 January, 2000 to 20 December, 2000.
- The interim dividend was declared by the Directors of the Company on 28 August, 2000.
- This represents 1999 final dividend on shares issued on exercise of share options after the approval of the Company's accounts for the year ended 31 December, 1999 and before the closure of the Company's Register of Members.
- This represents the aggregate amount of consideration paid for repurchase of the Company's shares during the period from 1 January, 2000 to 20 December, 2000.
- This represents goodwill arising from the acquisition of 50% equity interest in Nippon Toys Limited on 18 September, 2000 which is fully taken to reserves according to the Group's accounting policies.
- The consideration is calculated in accordance with the basis set out in the Sale and Purchase Agreement and based on the audited balance sheet of Pretty Star as at 30 September, 2000. The consideration is subject to adjustments based on the assets and liabilities of Pretty Star on Completion.
- These are extracted from the audited balance sheet of Pretty Star as at 30 September, 2000.
- This is to restate the Property of Pretty Star at the negotiated value of HK\$498,000,000 as stated in the Sale and Purchase Agreement.
- This is calculated on the basis of 672,703,673 shares of the Company in issue as at 20 December, 2000.

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

Please also refer to the published version of this announcement in Hong Kong iMail and Ta Kung Pao.