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PLAYMATES INTERACTIVE ENTERTAINMENT LIMITED

彩星互動科娛有限公司*

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT

The Company has received a letter today making various allegations and threatening to take legal actions against the Company with a view to setting aside the Rights Issue. The Directors are initially of the view that such allegations are unfounded and groundless. The Rights Issue will proceed according to the timetable as set out in the Prospectus. **Shareholders are advised to exercise caution when dealing in the Shares.**

Reference is made to the prospectus (“**Prospectus**”) issued by the Company dated 26th February, 2001 in connection with the proposed rights issue of the Company. Capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

The Company has today received a letter (“**Letter**”) from a firm of solicitors representing a corporate shareholder, Waddington Limited and its controlling shareholder, Mr. Albert Chan Chun Wai, making various allegations and threatening to take legal actions against the Company with a view to setting aside the Rights Issue.

The Directors are initially of the view that the allegations made in the Letter are unfounded and groundless and the Company is in the course of seeking legal advice. Further announcement will be made to update the Shareholders as appropriate.

In the meantime, please note that the Rights Issue will proceed according to the timetable set out in the Prospectus, and the latest time for acceptance of, and payment for, Rights Shares and application for excess Rights Shares will expire at 4:00 p.m. on 13th March, 2001.

Shareholders are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 12th March, 2001

** For identification purpose only*

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