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PLAYMATES HOLDINGS LIMITED

彩星集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)

DESPATCH OF CIRCULAR IN RELATION TO THE PROPOSED ISSUE OF BONUS WARRANTS

Reference is made to the announcement of the annual results of the Company dated 2 March 2006, in which the Directors announced that they had resolved, inter alia, to recommend the issue of the Bonus Warrants, which will be put forward to the Shareholders for their approval at the forthcoming Annual General Meeting.

The Circular incorporating details relating to, inter alia, the issue of the Bonus Warrants are despatched today to, inter alia, the Shareholders and holders of Warrants 2006.

Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as defined in the announcement of the annual results of the Company dated 2 March 2006 (“**Results Announcement**”).

Bonus Warrants

In the Results Announcement, the Directors announced that they had resolved, inter alia, to recommend the issue of the Bonus Warrants on the basis of one Bonus Warrant for every 5 Shares held by the Shareholders (except for the Overseas Shareholders) on the Record Date, and also that the holders of Warrants 2006 will be entitled to the Bonus Warrants if they exercise the subscription rights attaching to their Warrants 2006 in accordance with the terms of the Warrant Instrument 2006 on or before 4:00 p.m. on the Record Date.

The Bonus Warrants will be issued on the basis of one Bonus Warrant for every 5 Shares held by the Shareholders (except for the Overseas Shareholders whose addresses are in places other than the United Kingdom, Malaysia or Macau) on the Record Date and one Bonus Warrant for every 5 Shares to be issued and allotted to those holders of Warrants 2006 who lodge completed subscription forms, together with the relevant certificates, with the office of Abacus Share Registrars Limited, the branch share registrars of the Company at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong (“**Registrars**”) not later than 4:00 p.m. on the Record Date and will be issued and allotted with Shares in accordance with the terms of the Warrant Instrument 2006, and the basis of issue of Bonus Warrants as stated in the Results Announcement is modified to include Shareholders whose addresses are in the United Kingdom, Malaysia or Macau on the Record Date.

The Record Date for the issue of Bonus Warrants will be Thursday, 4 May 2006.

The issue of the Bonus Warrants will be put forward to the Shareholders for their approval at the forthcoming Annual General Meeting to be held at Centenary Room III, Ground Floor, The Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on 4 May 2006 at 9:00 a.m.

Despatch of the Circular

The Circular incorporating details relating to, inter alia, the issue of the Bonus Warrants are despatched today to, inter alia, the Shareholders and holders of Warrants 2006.

Timetable for the proposed issue of Bonus Warrants

Shareholders and investors are referred to the timetables for the proposed issue of the Bonus Warrants set out in the Results Announcement and the Circular respectively.

Latest time for dealings in Shares

The last day for dealings in Shares cum entitlements to the issue of Bonus Warrants will be Tuesday, 25 April 2006. In order to qualify for the issue of Bonus Warrants, transferees of Shares are reminded that they must lodge completed transfer forms, together with the relevant share certificates, with the office of the Registrars not later than 4:00 p.m. on Thursday, 27 April 2006.

Exercise of Warrants 2006 (Stock Code: 407) to qualify for the Bonus Warrants

Holders of Warrants 2006 are reminded that if they wish to be entitled to the Bonus Warrants, they should exercise the subscription rights attaching to their Warrants 2006 by lodging the completed subscription forms, together with the relevant certificates with the office of the Registrars on or before 4:00 p.m. on the Record Date.

Transferees of Warrants 2006 are also reminded that, in order to qualify for the entitlement of the Bonus Warrants, they should lodge completed subscription forms, together with the relevant certificates and transfer forms, with the Registrars, not later than 4:00 p.m. on the Record Date.

Pursuant to the terms of the Warrant Instrument 2006, holders of Warrants 2006 are entitled to participate in all dividends or other distributions declared, paid or made on or after the date of lodging completed subscription forms for the Warrants 2006 together with the relevant certificates.

By order of the board
Playmates Holdings Limited
Tracy Fong Yuk Yu
Company Secretary

Hong Kong, 24 March 2006

As at the date hereof, the board of Directors of the Company consists of 3 executive Directors, namely Mr. Thomas Chan Chun Hoo, Mr. Sidney To Shu Sing and Mr. Alain Cheng Bing Kin, 2 non-executive Directors, namely Mr. Tsim Tak Lung and Mr. Charles Ip Shu Wing, and 4 independent non-executive Directors, namely Mr. Allen Lee Peng Fei, Mr. Anthony Lo Kai Yiu, Mr. David Yu Hon To and Mr. Alexander Chow Yu Chun.

* For identification purpose only

Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Journal.