



# PLAYMATES INTERACTIVE ENTERTAINMENT LIMITED

(incorporated in Bermuda with limited liability)

## Announcement of Annual Results For the year ended 31 December 2000

### Results

The Directors of Playmates Interactive Entertainment Limited (formerly known as Playmates Toys Holdings Limited) ("the Company") announce the audited consolidated results of the Company and its subsidiaries (together "the Group") for the year ended 31 December 2000 as follows:

		2000	2000	1999
	Note	US\$'000	HK\$'000	HK\$'000
		(Note 5)		
Turnover	1	124,811	971,030	1,081,836
Cost of sales		(65,405)	(508,849)	(553,448)
Gross profit		59,406	462,181	528,388
Operating expenses				
Marketing		(25,790)	(200,647)	(213,783)
Selling, distribution and administration		(38,345)	(298,325)	(290,811)
Operating (loss)/profit		(4,729)	(36,791)	23,794
Non-operating income/(expenses)				
Interest expense and bank charges		(1,824)	(14,191)	(14,552)
Other revenues	1	3,429	26,674	15,890
Net gain/(loss) on investment in securities		15,616	121,497	(6,664)
		12,492	97,189	18,468
Share of profit of associated companies		2,737	21,293	21,134
Profit before taxation	2	15,229	118,482	39,602
Taxation	3	(570)	(4,436)	(33,610)
Profit after taxation		14,659	114,046	5,992
Minority interests		—	—	2
Profit attributable to shareholders		14,659	114,046	5,994
		US cents	HK cents	HK cents
Earnings per share	4			
Basic		2.19	17.02	0.91
Diluted		2.18	16.97	N/A

### Notes:

#### 1 Turnover and revenues

The Group is principally engaged in the creation, design, development, marketing and distribution of toys and family entertainment activity products. Revenues recognised during the year were as follows:

		2000	1999
		HK\$'000	HK\$'000
Turnover		971,030	1,081,836
Sales of goods			
Other revenues			
Interest income from:			
North America		855,654	(49,792)
Bank deposits		25,401	8,908
Debt securities		—	2,841
Dividend income from:			
Listed investments		1,060	4,137
Unlisted investments		—	4
Gross rental income from investment property		213	—
		26,674	15,890
Total revenues		997,704	1,097,726

A geographical analysis of the Group's turnover and contribution to operating loss/profit for the year is as follows:

	Turnover		Contribution to operating (loss)/profit	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Principal markets:				
North America	866,079	855,654	(49,792)	12,943
Europe	88,407	216,736	12,669	8,331
Asia Pacific	12,654	8,640	728	2,311
Others	3,890	806	(396)	209
	971,030	1,081,836	(36,791)	23,794

#### 2 Profit before taxation

The profit before taxation is stated after charging and crediting the following:-

		2000	1999
		HK\$'000	HK\$'000
Cost of inventory sold		443,958	477,664
Net realised gain/(loss) on disposal of investment securities		186,269	(3,200)
Net realised gain/(loss) on disposal of other investments		937	—
Net unrealised loss on other investments		(65,709)	—
Depreciation of fixed assets		12,872	28,814

#### 3 Taxation

The taxation charge in the consolidated profit and loss account comprises:

		2000	1999
		HK\$'000	HK\$'000
Hong Kong profits tax			
Current year		1,589	1,636
Prior years		135	22,692
Transferred to deferred taxation account		100	890
		1,824	25,218

	2000	1999
	HK\$'000	HK\$'000
Overseas taxation		
Current year	—	375
Prior years	—	5,629
	—	6,004

	2000	1999
	HK\$'000	HK\$'000
Share of taxation attributable to associated companies	2,612	2,388
	4,436	33,610

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year. Overseas taxation is provided on the profits/losses of the overseas subsidiaries and branch in accordance with the tax laws of the countries in which these entities operate.

Hong Kong profits tax charged for the year ended 31 December 1999 includes assessment for additional tax and interest by the Hong Kong Inland Revenue Department upon the finalisation of their review of the Group's offshore income claims for the seven years ended 31 December 1998.

#### 4 Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2000	1999
	HK\$'000	HK\$'000
Profit attributable to shareholders for the purpose of calculating basic and diluted earnings per share	114,046	5,994

	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	670,094,815	661,065,673
Number of potential ordinary shares issuable under share options	2,057,637	N/A
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	672,152,452	N/A

No diluted earnings per share has been presented for 1999 as the exercise of share options would be anti-dilutive.

#### 5 US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.78 to US\$1.00 ruling at 31 December 2000.

#### 6 Comparative amounts

Certain comparative amounts have been reclassified to conform with current year's presentation.

### Dividends

	2000	1999
	HK\$'000	HK\$'000
Interim dividend of HK\$0.02 (1999:HK\$ nil) per share	13,454	—
Proposed final dividend of HK\$0.01 (1999:HK\$0.06) per share	10,091	39,912
	23,545	39,912
Proposed special dividend of HK\$ nil (1999:HK\$0.25) per share	—	166,302
Underprovision for prior year's final and special dividends	2,928	—
	26,473	206,214

The Board recommends that a final dividend of 1 cent per share be paid on 29 May 2001 in respect of the year ended 31 December 2000 to members whose names appear on the Company's Register of Members on 22 May 2001.

The underprovision for prior year's final and special dividends represent dividends payable on shares issued on exercise of share options after the approval of the Company's accounts and before the closure of the Company's Register of Members.

#### Closure of Register of Members

The Register of Members of the Company will be closed from 17 May 2001 to 22 May 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the declared dividend, all completed transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars, Abacus Share Registrars Limited at 2401 Prince's Building, Central, Hong Kong no later than 4:00 p.m. on 16 May 2001.

#### Business review and prospects

For the year ended 31 December 2000, the Group achieved a turnover of HK\$971,030,000, 10.2% decrease compared to HK\$1,081,836,000 for the year ended 31 December 1999. Profit attributable to the shareholders was HK\$114,046,000, compared to a profit of HK\$5,994,000 in 1999.

Although launched later than planned, substantial quantities of *Amazing Babies*™ were delivered to retail shelves in time for the 2000 holiday season. Together with her big sister, *Amazing Ally*™, back for a successful second year, *Playmates*™ *Amazing* interactive dolls were undoubtedly the best selling family of large dolls in the US for the season. The *Amazing* family will be back in year 2001, with new members and more accessories for yet more interactive adventures. *Waterbabies*® had another year of good performance in 2000 through the introduction of new dolls with a variety of new features, looks and sizes. The successes of these established lines will be leveraged and further enhanced by a major license in 2001.

The three new entertainment character based product lines launched in 2000: *The Simpsons*™, *How The Grinch Stole Christmas*® and *Chicken Run*™, all performed to expected levels. *The Simpsons*™ figures and playsets had attracted a strong following of collectors and fans of the long-running TV show. More of *The Simpsons*™ merchandise will be developed to satisfy market demands in 2001.

Following are highlights of the 2001 new product lineups of *Playmates* and *Re:PLAY!*:

- *Playmates* proudly introduces *My Interactive Princesses*™, the first interactive line that captures the personalities and stories of the timeless *Disney Princesses*. *My Interactive Princess Cinderella* is the first *Disney Princess* to debut this fall. *Playmates* also presents the *Disney Waterbabies*®, the first licensed segment of the *Waterbabies*® brand that combines the unique, warm and wiggly feel of *Waterbabies*® with the magic of the classic *Disney* characters *Winnie the Pooh*, *Tigger*, *Dumbo* and *Eeyore*.
- Premiered last fall on the US *Kid's WB* network from *Sony Pictures Family Entertainment*™ was the brand new animated TV series *Jackie Chan Adventures*™ inspired by the international superstar. *Playmates* has launched a line of life-like figures and accessories capturing the essence of Jackie's action adventures.
- The popular interactive video game character, *Lara Croft*, comes to life on the big screen in *Paramount Picture's Tomb Raider*™ movie starring *Angelina Jolie*. *Playmates* has introduced a collection of action figures based on the live-action feature film.
- *Playmates* introduced a complete line of interactive electronic building blocks, figures and environments with its new *Intelli-Blox*™ construction toys based on the forthcoming motion picture adventure trilogy *The Lord of the Rings*®, *New Line Cinema* will bring the first episode of the trilogy, *The Fellowship of the Ring*, based on the classic *J.R.R. Tolkien* series to movie screens in December 2001.
- A line of innovative activity toys introduced by *Re:PLAY!* will translate and capture the fun and appeal of the "hottest new dinos to hit the big screen" in *Jurassic Park III*™ in summer 2001.
- New from *Playmates*, *Big Sarge in Charge*™ is the ultimate 17-inch electronic action figure. *Big Sarge* interacts with boys through *Intelli-tronics*™. *Playmates* trademark interactive technology. He recognises dozens of his electronics-enabled accessories and calls for them on guided interactive missions.
- *Re:PLAY!* introduced *Armor-Bots*™, a line of remote-control motorized toys with innovative parts allowing players to configure unique robots for each exciting battle. The *Armor-Bots*™ are well positioned to exploit the resurgence of robots in pop culture.
- *Real Heroes*® from *Re:PLAY!* is a fully interchangeable electronic action figure system. The 10-inch tall action figures are designed to celebrate the efforts of everyday heroes in categories including police, fire, rescue, space and military. Each figure features an electronic *Tech-Talk* pack, which contains multiple sayings and sound effects that truly give the character a life of its own.
- The outrageous *S.U.M.O.*™ fighters are new bilingual action figures from *Re:PLAY!* that utter funny phrases in English or Japanese when slammed against any surface or each other or when the tattoo on their upper shoulder is pressed.
- *Playmates* reintroduced the classic and phenomenally popular troll collectible figures with an updated look and new brand name: *Totally Troll*™. According to Danish fairy tales, trolls have magical powers and a reputation for bringing happiness and good luck to everyone around them.
- *Lullabear*™, the new remote operated plush bear plays unlimited music via a separate transmitter that plugs into any audio equipment with a headphone jack. This unique toy, the result of a partnership between the *Grammy Award* winning producers of *A Child's Gift of Lullabies* collection and *Re:PLAY!*, gives mom the freedom to choose the music played by the bear to the baby.

The above product lines and other new and continuing lines had been introduced to the retail trade during various international toy fairs in January and February.

#### Purchase, sale or redemption of shares

During the year, 2,350,000 shares of HK\$0.10 each were repurchased by the Company at prices ranging from HK\$0.64 to HK\$0.80 per share through The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

#### Publication of detailed results announcement

All the information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules will be submitted to the Stock Exchange before 30 April 2001 for publication on the website of the Stock Exchange.

On behalf of the Board  
Chan Chun Hoo, Thomas  
Chairman

Hong Kong, 17 April 2001

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Ballroom A, 2nd Floor, Great Eagle Hotel, 8 Peking Road, Tsimshatsui, Kowloon on Tuesday, 22 May 2001 at 9:00 a.m. for the following purposes:-

1. To receive and consider the accounts and the reports of the directors and auditors for the year ended 31 December 2000;
2. To declare a final dividend;
3. To re-elect directors;
4. To fix the ordinary remuneration of the directors;
5. To appoint auditors and to authorise the board of directors to fix their remuneration; and
6. As special business to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:-

### ORDINARY RESOLUTIONS

- A. "THAT the maximum number of directors of the Company for the time being be fixed at twenty and that the directors of the Company be authorised to fill any vacancies on the board and to appoint additional directors up to such maximum number in addition to those in office at the close of this meeting."
- B. "THAT:-
  - (a) the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company, subject to paragraph (b) below, be and is hereby generally and unconditionally approved;
  - (b) the aggregate number of the shares of the Company which may be repurchased by the Company on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the issued share capital of the Company on the date of passing this Resolution and the said approval shall be limited accordingly; and
  - (c) for the purposes of this Resolution:-
 

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:-

    - (i) the conclusion of the next annual general meeting of the Company; or

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company's bye-laws to be held; or
- (iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting."

#### C. "THAT:-

- the granting of an unconditional general mandate to the directors of the Company to issue, allot and deal with unissued shares in the capital of the Company, and to make or grant offers, agreements and options or other rights, and issue warrants and other securities, which would or might require the exercise of such power, subject to the following conditions, be and is hereby generally and unconditionally approved:
- (a) such mandate shall not extend beyond the Relevant Period (as defined below) save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options or other rights, and issue warrants and other securities, which would or might require the exercise of such powers after the expiry of the Relevant Period;
  - (b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted or issued or dealt with (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the mandate granted under this Resolution otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) any share option plan or similar arrangement of the Company for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; and (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20 per cent. of the issued share capital of the Company as at the date of passing this Resolution, and the said approval under this Resolution shall be limited accordingly; and
  - (c) for the purposes of this Resolution:
 

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

    - (i) the conclusion of the next annual general meeting of the Company; or
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or the Companies Act 1981 of Bermuda to be held; or
    - (iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company made to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong)."

- D. "THAT, conditional upon the passing of Resolution No. 6B set out in the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot shares pursuant to Resolution No. 6C set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate number of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate, of an aggregate number of shares of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 6B set out in the notice convening this meeting, provided that such number shall not exceed 10 per cent. of the issued share capital of the Company as at the date of passing this Resolution."
- E. "THAT, the authorised share capital of the Company be and is hereby increased from HK\$150,000,000 to HK\$300,000,000 by the creation of an additional 1,500,000,000 new shares of HK\$0.10 in the capital of the Company."

By order of the Board  
Tracy Fong  
Secretary

Hong Kong, 17 April 2001

### Notes:

- (1) Every member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be delivered to the Company's principal office in Hong Kong at 21/F., 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.
- (3) The register of members of the Company will be closed from 17 May 2001 to 22 May 2001, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars, Abacus Share Registrars Limited at 2401 Prince's Building, Central, Hong Kong not later than 4:00 p.m. on Wednesday, 16 May 2001.