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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this Circular or as to the action to be taken, you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Playmates Holdings Limited, you should at once hand this Circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**PLAYMATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 635)**

**PROPOSED ADOPTION OF THE NEW SHARE AWARD PLAN OF  
PLAYMATES TOYS LIMITED  
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A letter from the Board is set out in this circular. A notice convening the Annual General Meeting (“AGM”) to be held at 11th Floor, The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 19 May 2023 at 11:30 a.m. to approve the matters referred to in this Circular.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete the form of proxy and return it to the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the AGM or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the AGM.

26 April 2023

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## DEFINITIONS

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*In this Circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:*

“2018 PTL Share Option Scheme”	the share option scheme of PTL adopted on 21 May 2018;
“Adoption Date”	the date the New PTL Share Award Plan is approved by the PTL Shareholders at the PTL AGM;
“Agent”	Tricor Trust (Hong Kong) Limited, a professional trustee appointed by PTL to act as the trustee for the trust under the New PTL Share Award Plan;
“AGM Notice”	the notice dated 26 April 2023 convening the Annual General Meeting as set out in Appendix IV to this Circular;
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held on Friday, 19 May 2023 at 11:30 a.m.;
“associate(s)”	has the meaning as ascribed to it under the Listing Rules;
“Award(s)”	a provisional award of the Awarded Shares made in accordance with the New PTL Share Award Plan;
“Award Notice”	the notice to be sent to the Agent upon the making of an Award;
“Awarded Shares”	the number of PTL Share(s) that a Selected Participant is entitled to receive pursuant to an Award (and where Related Scrip Dividend has accrued on such PTL Shares, shall include such number of additional PTL Shares), subject to the terms and conditions of the Award and the New PTL Share Award Plan;
“Board”	the board of directors of the Company;
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities;
“Bye-laws”	bye-laws of the Company;
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time);

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## DEFINITIONS

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“Company”	Playmates Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“core connected persons”	has the meaning ascribed to it under the Listing Rules;
“Deed of Escrow Agreement”	the deed of escrow agreement constituting the trust under the New PTL Share Award Plan executed by PTL as settlor and the Agent as the trustee in respect of the New PTL Share Award Plan, the Awarded Shares, and other trust fund (if any) held or to be held by the Agent subject to the terms thereof, as amended, supplemented and restated from time to time;
“Director(s)”	director(s) of the Company;
“Earliest Vesting Date”	the earliest date on which the Agent may vest the legal and beneficial ownership of the Awarded Shares in the relevant Selected Participant, which shall be a date not less than twelve (12) months from Grant Date unless otherwise permitted under the Listing Rules;
“Eligible Participant(s)”	any person belonging to the following classes of participants:  (a) any PTL Employee Participant;  (b) any PTL Related Entity Participant; and  (c) any PTL Service Provider Participant.;
“Excluded Participant(s)”	any person who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of PTL Shares pursuant to the terms of the New PTL Share Award Plan is not permitted under the laws and regulations of such place or where in the view of the PTL Board or the Agent (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person;
“Grant Date”	the date on which an Award is made to a Selected Participant under the New PTL Share Award Plan, being the date of the Grant Notice in respect of such Award;

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## DEFINITIONS

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“Grant Notice”	the notice to be sent to the Selected Participants upon the making of an Award containing the particulars as required under the New PTL Share Award Plan;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“inside information”	has the meaning ascribed thereto it under the SFO;
“Issue Mandate”	the general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total number of issued shares of the Company as at the date of passing of the relevant resolution approving the grant of such mandate;
“Latest Practicable Date”	24 April 2023, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information for inclusion in this Circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New PTL Share Award Plan”	the new share award plan proposed to be adopted by the PTL Shareholders at the PTL AGM;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable to a deceased Selected Participant, is or are entitled to collect and receive the Awarded Shares which have been vested in such Selected Participant and formed part of his estate;
“Plan Mandate Limit”	has the meaning ascribed to it in paragraph 5(a) of Appendix I hereto;
“PTL”	Playmates Toys Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock Code: 869), and also a principal subsidiary of the Company;
“PTL AGM”	the annual general meeting of PTL to be held on Friday, 19 May, 2023 at 10:30 a.m.;

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## DEFINITIONS

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“PTL Board”	the board of directors of PTL (and when such defined term is used in the context of Appendix I to this Circular, shall also include any duly authorised committee of the board of PTL Directors from time to time delegated with the power and authority to administer the New PTL Share Award Plan);
“PTL Bye-laws”	Bye-laws of PTL;
“PTL Compensation Committee”	the compensation committee of PTL;
“PTL Directors”	director(s) of PTL;
“PTL Employee Participant(s)”	means any person who is a director, chief executive and employee of PTL or any of the PTL Subsidiaries (including persons who are granted Awards under the New PTL Share Award Plan as an inducement to enter into employment contracts with PTL or any of the PTL Subsidiaries), provided that the PTL Board shall have absolute discretion to determine whether or not one falls within such category;
“PTL Group”	PTL and PTL Subsidiaries;
“PTL Related Entities”	the holding companies (including the Company), fellow subsidiaries or associated companies of PTL;
“PTL Related Entity Participant(s)”	means any director or employee of a PTL Related Entity, provided that the PTL Board shall have absolute discretion to determine whether or not one falls within such category;

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## DEFINITIONS

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“PTL Service Provider Participant(s)”	any persons (natural person or corporate entity) that falls under one of the below sub-categories and that provides services to any member of the PTL Group on a continuing and recurring basis in its ordinary course of business which are in the interests of the long term growth of the Group, as determined by the PTL Board pursuant to the criteria set out in paragraph 3. Eligibility of Appendix I hereto:  (i) suppliers of services to any member of the PTL Group;  (ii) advisors (professional or otherwise) or consultants; and  (iii) independent contractors,  excluding (A) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, (B) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;
“PTL Shares”	ordinary share(s) of a nominal or par value of HK\$0.01 each (or of such other nominal or par value as shall result from any such sub-division, consolidation, re-classification, reduction, or re-organisation of such shares of PTL from time to time) in the share capital of PTL;
“PTL Shareholder(s)”	holder(s) of the PTL Shares;
“PTL Subsidiary”	a Subsidiary of PTL;
“principal subsidiary”	has the meaning as ascribed to it under Chapter 17 of the Listing Rules;
“Pure Cash Dividend”	any dividends and other distributions declared (other than dividends in connection with which PTL allows its Shareholders to elect to receive PTL Shares in lieu of cash or distributions of PTL’s equity securities without receipt of consideration) and made in respect of any Awarded Shares;

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## DEFINITIONS

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“Relevant Event”	any variation in the share capital of PTL arising from any capitalization issue, sub-division, consolidation or reduction of share capital of PTL; or any rights issue or open offer of any share capital of PTL involving an offer of right to the existing PTL Shareholders; or where any other distribution of PTL’s equity securities without receipt of consideration (except where PTL Shares are issued as consideration or part consideration in a transaction);
“Related Scrip Dividend”	such number of additional PTL Shares in the form of scrip dividend set aside for the relevant Selected Participant accrued on the respective batch of Awarded Shares subject to each outstanding Award, where the Agent has, in respect of the Awarded Shares which have not vested, elected to receive PTL Shares in lieu of cash in respect of dividends declared by PTL and in connection with which PTL allows PTL Shareholders to elect to receive PTL Shares in lieu of cash;
“Repurchase Mandate”	the general and unconditional mandate to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate number of issued shares of the Company as at the date of passing of the relevant resolution approving the grant of such mandate;
“Residual Cash”	being cash remaining in the trust fund in respect of an Awarded Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, and sale proceeds which have not been applied in the acquisition of PTL Shares);
“Returned Shares”	such Awarded Shares which are not vested in the Selected Participant and/or are forfeited in accordance with the terms of the New PTL Share Award Plan, or such PTL Shares being deemed to be Returned Shares;
“Shares Pool”	the pool of PTL Shares from which an Award shall be made;
“Selected Participant”	any Eligible Participant that has an outstanding Award or (where the context so permits under the New PTL Share Award Plan) his Personal Representative(s);
“Service Provider Sublimit”	has the meaning ascribed to it in paragraph 5(a) of Appendix I hereto;



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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“share schemes”	has the meaning ascribed thereto under the Listing Rules;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiaries”	a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or the Companies Act 1981 of Bermuda) of another company, whether incorporated in Hong Kong or elsewhere, and “Subsidiaries” shall be construed accordingly;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases;
“Vesting Date”	the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award;
“Vesting Period”	the period commencing on the date on which an Award is made to a Selected Participant pursuant to an Award Notice and ending on the Vesting Date (both dates inclusive);
“%”	per cent.

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## LETTER FROM THE BOARD

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### **PLAYMATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 635)**

Mr. CHAN Kwong Fai, Michael (*Chairman*)  
Ms. CHAN, Helen (*Executive Director*)  
Mr. CHAN Kong Keung, Stephen (*Executive Director*)  
Mr. LEE Ka Sze, Carmelo (*Non-executive Director*)  
Mr. LO Kai Yiu, Anthony (*Independent Non-executive Director*)  
Dr. OR Ching Fai, Raymond (*Independent Non-executive Director*)  
Mr. TANG Wing Yung, Thomas (*Independent Non-executive Director*)

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal office:*  
23rd Floor,  
The Toy House,  
100 Canton Road,  
Tsimshatsui,  
Hong Kong

26 April 2023

*To Shareholders*

Dear Sir or Madam,

**PROPOSED ADOPTION OF THE NEW SHARE AWARD PLAN OF  
PLAYMATES TOYS LIMITED  
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS AND  
NOTICE OF ANNUAL GENERAL MEETING**

#### **INTRODUCTION**

At the annual general meeting of the Company held on 27 April 2022 resolutions were passed giving general mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the rules regulating the repurchase by companies having a primary listing on Stock Exchange of their own shares as contained in the Listing Rules. These mandates will lapse at the conclusion of the forthcoming Annual General Meeting which is to be held on 19 May 2023 unless renewed at that meeting. It is therefore proposed that the general mandates to issue and allot Shares and to repurchase Shares will be renewed at the Annual General Meeting.

The purpose of this Circular is to provide you with the relevant information regarding the proposed adoption of the New PTL Share Award Plan, the Issue Mandate, the Repurchase Mandate and re-election of Directors and to seek your approval of the resolutions to be proposed at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### PROPOSED ADOPTION OF THE NEW PTL SHARE AWARD PLAN

In light of the recent amendments to the requirements of Chapter 17 of the Listing Rules published by the Stock Exchange, it is proposed that the 2018 PTL Share Option Scheme be terminated and that the New PTL Share Award Plan be adopted to comply with the requirements under the newly amended Chapter 17 of the Listing Rules.

Since PTL is a principal subsidiary of the Company, the Company is required to comply with the relevant requirements of the Listing Rules with respect to the New PTL Share Award Plan.

### Termination of the 2018 PTL Share Option Scheme

The 2018 PTL Share Option Scheme was adopted on 21 May 2018 and is valid for a period of 10 years from the date of its adoption.

Upon termination of the 2018 PTL Share Option Scheme, no further options will be granted thereunder. In other respects, the provisions of the 2018 PTL Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the rules of the 2018 PTL Share Option Scheme. Therefore, the below outstanding options already granted under the 2018 PTL Share Option Scheme shall continue to be valid and exercisable in accordance with the provisions of the 2018 PTL Share Option Scheme and their terms of issue.

As at the Latest Practicable Date, there were 42,216,000 options granted but not yet exercised under the 2018 PTL Share Option Scheme, representing approximately 3.58% of the total number of issued PTL Shares. The PTL Board confirms that it will not grant any further options under the 2018 PTL Share Option Scheme prior to the AGM. The table below shows the breakdown of the outstanding options granted by PTL but not yet exercised or lapsed under the 2018 PTL Share Option Scheme:

Name of grantee	Date of grant	Exercise Price HK\$	Balance as at the Latest Practicable Date	Vesting/ Exercise Period (Note)
<i>Directors of PTL</i>				
CHAN Kwong Fai, Michael (Note 3)	29 June 2018	0.826	2,000,000	(1)
CHAN Kong Keung, Stephen (Note 3)	29 June 2018	0.826	1,000,000	(1)
CHOW Yu Chun, Alexander	29 June 2018	0.826	500,000	(1)
TRAN Vi-Hang William	29 June 2018	0.826	1,000,000	(1)
<i>Continuous Contract Employees of PTL, excluding PTL Directors (Note 4)</i>	29 June 2018	0.826	12,936,000	(1)
<i>Other participants (Note 5)</i>	29 June 2018 12 April 2019	0.826 0.792	4,780,000 20,000,000	(1) (2)

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## LETTER FROM THE BOARD

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*Notes:*

- (1) Divided into 4 tranches (with each tranche covering one-fourth of the relevant share options) exercisable from 29 June 2018, 29 June 2019, 29 June 2020 and 29 June 2021 respectively to 28 June 2028.
- (2) Divided into 2 tranches: (i) 10,000,000 share options are exercisable from 12 April 2019 to 31 December 2023; and (ii) 10,000,000 share options are exercisable from 31 December 2020 to 31 December 2023.
- (3) Mr. Chan Kong Fai, Michael and Mr. Chan Kong, Keung, Stephen are also directors of the Company.
- (4) One of the continuous contract employees of PTL, Ms. Chan, Helen, is also an executive Director of the Company and serves as a director of a number of subsidiaries of the PTL Group.
- (5) “Other participants” include (i) several consultants of PTL; and (ii) a licensor of PTL. The said consultants have extensive experience and expertise in the toy business and have been providing PTL with a wide range of advisory services including licensing and brand management, product design and development, sourcing and manufacturing, sales and marketing. PTL recognized their valuable contributions to PTL and their continued long-term service would be beneficial to the PTL’s business. PTL believed that granting share options to the said consultants would be conducive to retaining and maintaining ongoing business relationship with them. Such consultants fall under the category of “service providers”, but not Related Entity Participants, under the current Chapter 17 of the Listing Rules and they have no relationship with the Company. The said licensor does not fall under the category of “service provider” or “Related Entity Participants” under the current Chapter 17 of the Listing Rules, and it has no relationship with the Company (details of the grant to the licensor are disclosed in the announcement of PTL dated 13 March 2019).

Pursuant to the 2018 PTL Share Option Scheme, PTL may at any time by ordinary resolution in general meeting terminate the operation of the 2018 PTL Share Option Scheme. It is proposed that, subject to the approvals of the Shareholders and PTL Shareholders for the adoption of the New PTL Share Award Plan having been obtained respectively, the 2018 PTL Share Option Scheme will be terminated immediately upon the adoption of the New PTL Share Award Plan.

PIL Management Limited is a wholly-owned subsidiary of the Company; PIL Investments Limited is a wholly-owned subsidiary of PIL Management Limited; and PIL Toys Limited is a wholly-owned subsidiary of PIL Investments Limited. The Company, PIL Management Limited and PIL Investments Limited are therefore deemed to be interested in the 600,000,000 PTL Shares in aggregate which PIL Toys Limited is beneficially interested in. To the understanding of the Company, PIL Toys Limited proposes to exercise its voting rights in respect of such 600,000,000 PTL Shares beneficially owned by it in favour of the relevant resolution to be proposed at the PTL AGM for the termination of the 2018 PTL Share Option Scheme considering that PTL Board has taken the view that it is appropriate to adopt the New PTL Share Award Plan (together with its Plan Mandate Limit) in replacement of existing share schemes of PTL.

Other than the 2018 PTL Share Option Scheme, PTL currently does not maintain any other share scheme which remains in force.

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## LETTER FROM THE BOARD

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### **Adoption of the New PTL Share Award Plan**

The purpose of the proposed adoption of the New PTL Share Award Plan is to, through an Award, (a) recognise and reward the contribution of certain Eligible Participants (as defined below) to the growth and development of the PTL Group and to give incentives thereto in order to retain them for the continual operation and development of the PTL Group, and (b) to attract suitable personnel for further development of the PTL Group. The New PTL Share Award Plan will involve the grant of new PTL Shares and/or existing PTL Shares to be purchased from the Stock Exchange or off-market.

### **Conditions Precedent of the New PTL Share Award Plan**

The New PTL Share Award Plan shall take effect subject to the following conditions:

- (1) the passing of the resolution by the PTL Shareholders in the PTL AGM to approve and adopt the New PTL Share Award Plan and to authorise the PTL Board to grant Awards (as defined in Appendix I) under the New PTL Share Award Plan and to allot and issue, procure the transfer of and otherwise deal with the Awarded Shares in connection with the New PTL Share Award Plan;
- (2) the passing of the resolution by the Shareholders in the AGM to approve and adopt the New PTL Share Award Plan; and
- (3) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of PTL Shares representing the Plan Mandate Limit to be allotted and issued by PTL pursuant to the Awards which may be granted in accordance with the terms and conditions of the New PTL Share Award Plan.

Application will be made by PTL to the Stock Exchange for the approval of the listing of, and permission to deal in, the PTL Shares to be allotted and issued by PTL pursuant to the grant of Awards in accordance with the terms and conditions of the New PTL Share Award Plan.

Subject to the satisfaction of the conditions above, the New PTL Share Award Plan shall be valid and effective for a term of 10 years commencing on the Adoption Date.

### **Explanation of the terms of the New PTL Share Award Plan**

#### ***(a) Eligible Participants***

Eligible Participants of the New PTL Share Award Plan include:

- (1) any PTL Employee Participant;
- (2) any PTL Related Entity Participant; and
- (3) any PTL Service Provider Participant.

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## LETTER FROM THE BOARD

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It is the understanding of the Board that in assessing the eligibility of a PTL Employee Participant, the PTL Board will mainly take into account the experience of the PTL Employee Participant on the PTL Group's business, the length of service of the PTL Employee Participant with the PTL Group, the amount of contribution the PTL Employee Participant has made or is likely to make towards the success of the PTL Group and such other factors as the PTL Board may at its discretion consider appropriate.

It is the understanding of the Board that in assessing the eligibility of a PTL Related Entity Participant, the PTL Board will mainly take into account the experience of the PTL Related Entity Participant on the PTL Related Entity's business, the length of service of the PTL Related Entity Participant with the PTL Related Entity, the amount of contribution the PTL Related Entity Participant has made or is likely to make towards the success of the PTL Group through his/her involvement and participation at the PTL Related Entity, the shareholding relationship between the PTL Group and the PTL Related Entity, the benefits and synergies provided by the PTL Related Entity to the PTL Group and such other factors as the PTL Board may at its discretion consider appropriate. For the avoidance of doubt, the PTL Related Entity Participants will include the directors or employees of the Company and its Subsidiaries, but not that of the associated companies of the Company.

It is the understanding of the Board that the eligibility criteria for each category of the PTL Service Provider Participant prescribed by the PTL Board are as follows:

	<b>Category</b>	<b>Eligibility criteria for PTL Service Provider Participant</b>
(i)	suppliers of services to any member of the PTL Group	Those that (a) operate in the industries in which the PTL Group operates from time to time; (b) engage with the PTL Group on a regular or recurring basis; (c) provide significant contribution to the PTL Group and its business.
(ii)	advisors (professional or otherwise) or consultants to any area of business of any member of the PTL Group	Those with specialties or expertise in areas that supplement the PTL Group or with which the PTL Group would consider important to maintain a close business relationship on an ongoing basis; and bring benefits and strategic value to the PTL Group's development and future prospects.
(iii)	independent contractors	Those that provides advisory services, consultancy services, licensing services, product development services, sales and marketing services and/or other professional services.

For the avoidance of doubt, the PTL Service Provider Participant(s) does not include the service provider of the Group (other than the PTL Group).

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## LETTER FROM THE BOARD

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It is the understanding of the Board that the PTL Board (including the independent non-executive PTL Directors) is of the view that, apart from the contributions from directors and employees of the PTL Group, the success of the PTL Group might also come from efforts and contributions from non-employees (including PTL Related Entity Participants and PTL Service Provider Participants). The grant of Awards to Eligible Participants who is a PTL Related Entity Participant or a PTL Service Provider Participant would not only align the interest of the PTL Group with these Participants but also provide incentive and reward for (i) their participation and involvement in promoting the business of the PTL Group, (ii) their joint and collaborative efforts in co-creating value for the PTL Group's customers, and (iii) maintaining a good and long-term relationship with the PTL Group. In view of the above, the Board agrees with PTL Board's (including the PTL independent non-executive directors) views that the adoption of New PTL Share Award Plan with such scope of Eligible Participants will enable the PTL Group to preserve its cash resources and use equity incentives to encourage persons within and outside the PTL Group to continue to contribute to the growth and development of the PTL Group's business, and therefore aligns with the purpose of the New PTL Share Award Plan.

More specifically, it is the understanding of the Board (including the independent non-executive Directors) that the PTL Board takes the following views, to which the Board agrees:

- (i) PTL Related Entity Participants will have a sufficiently close working relationship with the PTL Group and would likely be in a position to influence the PTL Group's business, reputation, operations and performance given their close corporate and collaborative relationships, for example having joint involvement in work projects from time to time.
- (ii) The collaboration and long-term working relationship with the PTL Service Provider Participants, and the contribution of their specialized skills and connections in the industry such as market research and product development, sales and marketing, IT and systems, and other areas in relation to the PTL Group's business operation, is considered to be particularly important to the success of the PTL Group's future business and developments.

For example, the entertainment industry and toy invention and design community are the major sources of concepts and ideas for the creation and development of new products. It is of utmost importance for the PTL Group to maintain close working relationships or contacts with major entertainment licensors and the toy invention and design community worldwide who usually work for the PTL Group as independent contractors, advisors and/or consultants on a continuing and recurring basis. These relationships or contacts help the PTL Group gain access to licensed rights in entertainment properties, technologies and toy inventions.

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## LETTER FROM THE BOARD

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As disclosed in the PTL's annual results recently published on 10 March 2023, the PTL Group is optimistic about the year ahead, in particular (i) the relaunch of its *Teenage Mutant Ninja Turtles* toy line to coincide with the global release of the *Teenage Mutant Ninja Turtles: Mutant Mayhem* animated film in the summer of 2023; and (ii) the expansion and continued strong demand of its *Miraculous: Tales of Ladybug & Cat Noir* toy line with the upcoming animated musical feature, *Miraculous Ladybug & Cat Noir: The Movie*, being scheduled for global release in 2023. Such upcoming innovative product launches will no doubt require the support from the PTL Group's service providers.

The adoption of the New PTL Share Award Plan which provides flexibility to the PTL Board to grant Awards to PTL Service Provider Participants will enable PTL to attract persons of talent outside of the PTL Group, whilst aligning their interests with and increasing their loyalty to the PTL Group.

For the reasons above, it is the understanding of the Board (including the independent non-executive Directors) that the PTL Board considers that the proposed categories of PTL Related Entity Participants and PTL Service Provider Participants to be in line with the PTL Group's business needs and industry norm and that the criteria for the selection of Eligible Participants align with the purpose of the New Share Award Plan. The Board (including the independent non-executive Directors) agrees with the PTL Board's views that by giving the Eligible Participants incentive through their participation in the New PTL Share Award Plan, such Eligible Participants and the PTL Group will have a common goal in the growth and development of the PTL Group's business, and they could participate in the future prospect of the PTL Group and share the additional reward through their sustainable contribution, which cannot be achieved through pure monetary compensation.

**(b) Plan Mandate Limit and Service Provider Sublimit**

As at the Latest Practicable Date, there were 1,180,000,000 PTL Shares in issue. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of adoption of the New PTL Share Award Plan, (i) the maximum number of PTL Shares which may be issued in respect of all awards and options to be granted under the New PTL Share Award Plan and other share schemes of PTL will be 118,000,000 Shares, representing 10% of the total number of PTL Shares in issue as at the Adoption Date (i.e. the Plan Mandate Limit); and (ii) the maximum number of PTL Shares that may be issued in respect of all awards granted under the New PTL Share Award Plan to the PTL Service Provider Participants will be 59,000,000 Shares, representing 5% of the total number of PTL Shares in issue as at the Adoption Date (i.e. the Service Provider Sublimit).

The Service Provider Sublimit is determined based on the estimated number of Awarded Shares in the form of newly issued PTL Shares that PTL intends to grant to the PTL Service Provider Participants and PTL's future business and development plans (in particular the *Teenage Mutant Ninja Turtles* toy line and *Miraculous: Tales of Ladybug & Cat Noir* toy line as mentioned in the sub-section headed "(a) Eligible Participants" above). The Board agrees with the PTL Board's views that the Service Provider Sublimit is appropriate and reasonable given the nature of the industries in which the PTL Group



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## LETTER FROM THE BOARD

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operates and the PTL Group's current and future business needs, and taking into account: (i) the rationale behind the scope and eligibility criteria of PTL Service Provider Participants, as detailed above, (ii) this sublimit provides the PTL Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or directors of the PTL Group, but who may have exceptional expertise in their fields or who may be able to provide valuable services to the PTL Group, which is in line with the purpose of the New PTL Share Award Plan, and (iii) the fact that the sublimit represents a maximum limit and that PTL retains the flexibility to allocate Awarded Shares from this sublimit to satisfy Awards to other Eligible Participants depending on business growth and needs in the future as and when appropriate.

The dilution of PTL Shareholders' interest resulting from the adoption of the New PTL Share Award Plan will not be significant each year given that (i) the grants of Awards to be made pursuant to the Plan Mandate Limit (and the Service Provider Sublimit) are expected to be spread out over the 10-year term of the New PTL Share Award Plan (unless the Plan Mandate Limit or the Service Provider Sublimit is sought to be refreshed, in which case further approval of the PTL Shareholders will be required), and (ii) the Listing Rules prescribe annual limits on grants to individual Selected Participants and connected persons of PTL.

Considering that there are no other share schemes involving grant of new PTL Shares or existing PTL Shares other than the New PTL Share Award Plan after the termination of the 2018 PTL Share Option Scheme, and that the administration costs and expenses from arranging the New PTL Share Award Plan and granting Awards are minimal for a share scheme that lasts for ten years, and added thereto the fact that the PTL Board may impose appropriate performance targets in the Grant Notice catered specifically for the Selected Participant (be they related to financial / business / sales results, individual performance appraisal, transaction milestones or results of strategic plans involving collaborations with the Selected Participant etc.), the Board agrees with the PTL Board's views that the arrangement of the New PTL Share Award Plan (including the Service Provider Sublimit) is fair and reasonable.

**(c) Vesting**

The vesting period of the Awarded Shares shall not be less than 12 months from the Grant Date saved for certain circumstances permitted under the rules of the New PTL Share Award Plan as disclosed in the paragraph headed "9. Vesting of Awarded Shares" in Appendix I to this circular. The PTL Board and the PTL Compensation Committee believes that its ability to provide for flexible accelerated exercisability or vesting of an Award in certain cases allows it to provide a competitive remuneration package to attract and retain individuals to provide services to the PTL Group, therefore, such arrangements are appropriate and align with the purpose of the New PTL Share Award Plan as disclosed above.

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## LETTER FROM THE BOARD

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*(d) Basis of determining the purchase price of the Awarded Shares*

The Selected Participant is not required to pay any purchase price to receive the Awarded Shares comprising an Award which will offer a favourable and accepted means of providing incentive to Selected Participants (as compared to the grant of share options which require option holders to have immediately available funds for payment of subscription prices), and hence, aligns with the purpose of the New PTL Share Award Plan.

*(e) Performance target and clawback mechanism*

Unless otherwise determined by the PTL Board and specified in the Grant Notice, vesting of Awards is not subject to any performance target that needs to be achieved by the Selected Participant.

In addition, all Awarded Shares awarded to them which are unvested shall automatically lapse under certain circumstances specified in the New PTL Share Award Plan, such as the Eligible Participants having committed any breach of any contract, any act of bankruptcy or having become insolvent, becoming convicted of any criminal offence involving his/her integrity or honesty, or being no longer able to make any contribution to the growth and development of any member of the PTL Group or PTL Related Entity.

PTL considers that it is not practicable to expressly set out a generic set of performance targets in the rules of the New PTL Share Award Plan since each Selected Participant has a different position/role with respect to the PTL Group or the PTL Related Entity and will contribute differently to the PTL Group in nature, duration and significance. While there is no performance target prescribed under the New PTL Share Award Plan at the outset, the PTL Board may, in respect of each grant of Award and subject to all applicable laws, rules and regulations, determine and specify in the Grant Notice such performance target(s) for vesting of the Awards in its sole and absolute discretion considers appropriate in light of the particular circumstances of the Award. Such performance targets may be based on, among others, business or financial performance results, transaction milestones, individual performance appraisal, results of strategic plans formulated by the Selected Participant, developments or breakthroughs in certain markets of the PTL Group and/or the Selected Participant's contribution to the PTL Group (via his/her/its position at the PTL Group or at the PTL Related Entity, or as a PTL Service Provider Participant) and as evaluated by the PTL Group over a specified evaluation period. By giving maximum flexibility for the PTL Board to impose conditions in the Grant Notice as and when required, the PTL Board will be able to ensure that all Awards granted will align with the purpose of the New PTL Share Award Plan as far as possible.

The PTL Board believes it is in the best interests of PTL to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant of an Award, to align with the Eligible Participants' contribution or potential contribution. Further, by allowing PTL to grant Awards under the New PTL Share Award Plan and to impose such clawback mechanism along the scope as described above and/or require the Eligible Participants to achieve such performance targets as may be stipulated in the Grant Notice on

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## LETTER FROM THE BOARD

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a case-by-case basis, PTL may be in a better position to retain such Eligible Participants to continue serving and achieving the goals of the PTL Group, and therefore aligns with the purpose of the New PTL Share Award Plan.

*(f) General*

A summary of the principal terms of the rules of the New PTL Share Award Plan is set out in Appendix I to this Circular.

A copy of the rules of the New PTL Share Award Plan will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the AGM and the New PTL Share Award Plan will be made available for inspection at the AGM.

The Agent is independent of the Company and PTL and their respective connected persons (as defined under the Listing Rules). None of the Directors and the PTL Directors is a trustee/agent of the New PTL Share Award Plan or has a direct or indirect interest in the Agent.

As far as the Directors are aware, as at the Latest Practicable Date, none of the Shareholders is required to abstain from voting for the said resolution.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the last annual general meeting of the Company held on 27 April 2022, resolutions were passed giving general mandate to the Directors to repurchase its own Shares in accordance with the rules regulating the repurchase by companies having a primary listing on Stock Exchange of their own shares as contained in the Listing Rules. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting unless renewed at that meeting.

An ordinary resolution will be put forward at the Annual General Meeting to give a Repurchase Mandate to the Directors to repurchase the Shares at any time until either the conclusion of the next annual general meeting of the Company following the passing of the resolution (unless the mandate is renewed at such meeting) or the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Bye-laws to be held or until the mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest. The Shares which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10% of the total number of issued shares of the Company at the date of the passing of the resolution approving the Repurchase Mandate.

As at the Latest Practicable Date, the entire issued share capital of the Company comprised 2,073,054,000 Shares.

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## LETTER FROM THE BOARD

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Subject to the passing of the ordinary resolution to approve the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 207,305,400 Shares.

An explanatory statement as required under the Listing Rules to provide the requisite information is set out in Appendix II hereto.

### **GENERAL MANDATE TO ISSUE SHARES**

At the last annual general meeting of the Company held on 27 April 2022, resolutions were passed giving general mandate to the Directors to issue and allot Shares up to 20% of the total issued share of the Company as at the date of passing of the relevant resolution. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting unless renewed at that meeting.

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given an Issue Mandate to issue new Shares representing up to 20% of the total number of issued shares of the Company as at the date the resolution is passed. In addition, an ordinary resolution will also be proposed at the Annual General Meeting to authorise an extension of such general mandate to the Directors to issue new Shares during the period up to the next annual general meeting of the Company or such earlier period as stated in the relevant resolution by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate such number of Shares that will be repurchased under the Repurchase Mandate, if granted.

As at the Latest Practicable Date, the entire issued share capital of the Company comprised 2,073,054,000 Shares.

Subject to the passing of the ordinary resolution to approve the Issue Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Issue Mandate to issue a maximum of 414,610,800 Shares.

The Directors consider that the Issue Mandate will enhance the flexibility for the Company to raise equity financing in future to the extent permitted under the Listing Rules and the Issue Mandate. The Directors confirm that no Share has been issued by the Company under the Issue Mandate granted at the last annual general meeting on 27 April 2022.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 87(1), at each annual general meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement according to the rules of the Stock Exchange. At the forthcoming Annual General Meeting, Ms. Chan, Helen, Mr. Chan Kong Keung, Stephen and Mr. Lo Kai Yiu, Anthony, who are subject to retirement by rotation under Bye-law 87(1), will retire at the Annual General Meeting. Ms. Chan, Helen, Mr. Chan Kong Keung, Stephen and Mr. Lo Kai Yiu, Anthony will offer themselves for re-election at the same meeting. The biographical details of Mr. Chan Kong Keung, Stephen, Ms. Chan, Helen and Mr. Lo Kai Yiu, Anthony are set out in Appendix III to this Circular.

### ANNUAL GENERAL MEETING

The AGM Notice is set out in Appendix IV to this Circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve the proposed adoption of the New PTL Share Award Plan, the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate to include the number of Shares which are repurchased pursuant to the Repurchase Mandate and the re-election of Directors. As far as the Directors are aware, no Shareholder or its associate(s) is considered as having material interests different from other Shareholders in any of the resolutions proposed to be passed at the Annual General Meeting and therefore all Shareholders will be entitled to vote on all resolutions at the Annual General Meeting.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the Annual General Meeting or any adjournment thereof, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrars, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the Annual General Meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

### VOTING BY POLL AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, each of the resolutions set out in the AGM Notice will be taken by way of poll.

### RECOMMENDATION

The Board believes that (i) the adoption of the New PTL Share Award Plan; (ii) the grant of the Repurchase Mandate; (iii) the grant of the Issue Mandate; and (iv) the re-election of Directors as set out in the AGM Notice are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

Yours faithfully,  
For and on behalf of the Board  
**CHAN Kwong Fai, Michael**  
*Chairman*

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## **APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN**

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*The following is a summary of the principal terms of the New PTL Share Award Plan of the Company proposed to be approved and adopted by ordinary resolution of the PTL Shareholders at the PTL AGM. It does not form part of, nor is it intended to be, part of the New PTL Share Award Plan nor should it be taken as effecting the interpretation of the New PTL Share Award Plan. It is understood that the PTL Directors have reserved the right at any time prior to the PTL AGM to make amendments to the New PTL Share Award Plan as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspect with the summary set out in this Appendix I.*

### **1.    PURPOSE AND OBJECTIVES OF THE NEW PTL SHARE AWARD PLAN**

The purpose of the proposed adoption of the New PTL Share Award Plan is, through an award of PTL Shares, to (i) recognise and reward the contribution of certain Eligible Participants to the growth and development of the PTL Group and to give incentives thereto in order to retain them for the continual operation and development of the PTL Group; and (ii) attract suitable personnel for further development of the PTL Group.

### **2.    ADMINISTRATION**

The New PTL Share Award Plan shall be subject to the administration of the PTL Board whose decisions on all matters arising in relation to the New PTL Share Award Plan or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice the powers of the Agent as provided under the Deed of Escrow Agreement.

The PTL Board will also have final discretion on how the rules set forth in this New PTL Share Award Plan are applied and administered for Selected Participants who reside outside of Hong Kong for the purpose of complying with overseas securities laws and restrictions provided that such application and administration shall in all respects be subject to PTL's compliance of the Listing Rules at all times.

### **3.    ELIGIBILITY**

The following classes of participants are eligible for participation in the New PTL Share Award Plan:

- (a) any PTL Employee Participant;
- (b) any PTL Related Entity Participant; and
- (c) any PTL Service Provider Participant.

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**APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN**

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The PTL Service Provider Participants include any person (natural person or corporate entity) that falls under one of the below sub-categories and that provides services to any member of the PTL Group on a continuing and recurring basis in its ordinary course of business which are in the interests of the long-term growth of the Group, as determined by the PTL Board pursuant to the criteria set out below:

- (a) suppliers of services to any member of the PTL Group;
- (b) advisors (professional or otherwise) or consultants; and
- (c) independent contractors,

excluding (A) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and (B) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

The eligibility criteria for each category of the PTL Service Provider Participants shall be as follows:

	<b>Category</b>	<b>Eligibility criteria for PTL Service Provider Participants</b>
(i)	suppliers of services to any member of the PTL Group	Those that (a) operate in the industries in which the PTL Group operates from time to time; (b) engage with the PTL Group on a regular or recurring basis; (c) provide significant contribution to the PTL Group and its business.
(ii)	advisors (professional or otherwise) or consultants to any area of business of any member of the PTL Group	Those with specialties or expertise in areas that supplement the PTL Group or with which the PTL Group would consider important to maintain a close business relationship on an ongoing basis; and bring benefits and strategic value to the PTL Group's development and future prospects.
(iii)	Independent contractors	Those that provides advisory services, consultancy services, licensing services, product development services, sales and marketing services and/or other professional services.

The eligibility of any of the Eligible Participants to an Award shall be determined by the PTL Board from time to time on the basis of the PTL Board's opinion as to their contribution and/or future contribution to the development and growth of the PTL Group.



**4.    SHARES POOL**

The Agent may, only for the benefit of specified Selected Participants with outstanding Awards granted to them, by utilising the trust fund of the trust constituted by the Deed of Escrow Agreement to (i) subscribe for new Shares, and/or (ii) purchase the PTL Shares on the Stock Exchange at the prevailing market price (subject to the maximum price as may be from time to time prescribed by the PTL Board), or off-market.

In the event that the Agent effects any purchases by off-market transactions:

- (i) the purchase price for such purchases shall not be higher than the lower of (a) the closing market price on the date of such purchase, and (b) the average closing market price for the five preceding trading days on which the PTL Shares were traded on the Stock Exchange; and
- (ii) the purchase shall not be completed unless and until the vendor confirms in writing to the Agent that it is not a connected person of the Company and/or PTL and written consent from the PTL Board for such purchase has been obtained.

The Agent shall set aside from the Shares Pool the number of Awarded Shares that are subject to Awards which have been granted to the Selected Participants pending the transfer and vesting of the Awarded Shares under the Award. The Agent shall hold the Awarded Shares so set aside during the Vesting Period on the terms of the Deed of Escrow Agreement. At any time during any particular financial year, the PTL Board after having regard to all relevant circumstances and affairs of the PTL Group (including without limitation the PTL Group's business and operational conditions, its business plans and cashflow requirements currently and in the near future), may from time to time cause to be paid to the Agent from PTL's resources such amount of moneys which may be utilised by the Agent to subscribe for and/or purchase PTL Shares which will constitute the Shares Pool. The Agent may also utilise Pure Cash Dividends to subscribe for and/or purchase PTL Shares which will constitute the Shares Pool.

**5.    MAXIMUM NUMBER OF PTL SHARES**

**(a)    Plan Mandate Limit and Service Provider Sublimit**

The maximum number of PTL Shares which may be issued in respect of all options and awards to be granted under the New PTL Share Award Plan and other share schemes of PTL will be 118,000,000 PTL Shares, representing 10% of the total number of PTL Shares in issue as at the date of approval of the New PTL Share Award Plan ("**Plan Mandate Limit**"), unless PTL obtains an approval from the PTL Shareholders for refreshment of this Plan Mandate Limit in accordance with paragraph 5(b) below.

The maximum number of PTL Shares which may be newly issued in respect of all Awards granted to PTL Service Provider Participants under the New PTL Share Award Plan will be 59,000,000 PTL Shares, representing not be more than 5% of the total

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## **APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN**

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number of issued PTL Shares as at the Adoption Date (“**Service Provider Sublimit**”), unless PTL obtains an approval from the PTL Shareholders for a refreshment of this Service Provider Sublimit pursuant to paragraph 5(b) below.

Awards lapsed in accordance with the terms of the New PTL Share Award Plan will not be regarded as utilised for the purpose of calculating the Plan Mandate Limit or the Service Provider Sublimit.

The PTL Board shall not instruct the Agent to subscribe for and/or purchase any PTL Shares for the purpose of the New PTL Share Award Plan when such subscription and/or purchase will result in the Plan Mandate Limit or the Service Provider Sublimit being exceeded.

### **(b) Refreshment of the Plan Mandate Limit and Service Provider Sublimit**

PTL may seek approval by the PTL Shareholders in general meeting for refreshing the Plan Mandate Limit and/or the Service Provider Sublimit after three (3) years from the date of the PTL Shareholders’ approval for the last refreshment or the adoption of the New PTL Share Award Plan and in accordance with the applicable Listing Rules.

## **6. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT OTHER THAN ANY DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF PTL**

The maximum number of PTL Shares, in a 12-month period up to and including the date of Award, which may be subject to an Award or Awards to a Selected Participant together with any PTL Shares issued and to be issued under any options and awards granted to such Selected Participant under any other share schemes of PTL shall not (i) in aggregate exceed 1% of the issued share capital of PTL in issue; and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules.

## **7. AWARD OF AWARDED SHARES**

The PTL Board shall, subject to and in accordance with the rules of the New PTL Share Award Plan, be entitled (but shall not be bound) to, at any time during the continuation of the New PTL Share Award Plan, make an Award to any of the Eligible Participants (as it shall in its absolute discretion select but excluding any Excluded Participant) such number of issued PTL Shares, fully paid or credited as fully paid.

Any grant of Awards to any director, chief executive or substantial shareholder of PTL, or any of their respective associates, shall be subject to the prior approval of the independent non-executive PTL Directors (excluding any independent non-executive PTL Director who is a proposed recipient of the grant of Awards). In addition:

- (a) where any grant of Awards (excluding grant of share options) to any director (other than an independent non-executive PTL Director) or chief executive of PTL, or any of their respective associates, would result in the PTL Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in

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## APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN

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accordance with the terms of the New PTL Share Award Plan) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the PTL Shares in issue at the date of such grant; or

- (b) where any grant of Awards to an independent non-executive PTL Director or substantial shareholder of PTL (or any of their respective associates) would result in the number of PTL Shares issued and to be issued upon the grant of all awards and exercise of all options already granted and the options and awards already granted under other share schemes of the Company (excluding any options or awards lapsed in accordance with the terms of the New PTL Share Award Plan or the other share schemes of the Company) to such person in the 12 month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of PTL Shares in issue,

such further grant of Awards must be approved by the PTL Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. In particular, PTL shall send a circular to the PTL Shareholders. The Selected Participants, his/her associates and all core connected persons of PTL must abstain from voting in favour at such general meeting. PTL must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

### 8. DEALING RESTRICTIONS

An Award or, as the case may be, any instruction of the PTL Board to the Agent to acquire PTL Shares for purpose of increasing the PTL Shares in the Shares Pool may not be made or given when inside information has come to PTL's knowledge until (and including) the trading day after such inside information has been published in accordance with the SFO. The PTL Board may not make any Award to any Eligible Participant or give any instruction to the Agent to acquire PTL Shares for the purpose of increasing the PTL Shares in the Shares Pool during the periods or times when such an Award is prohibited under the Listing Rules, any corresponding code or securities dealing restrictions adopted by PTL and all applicable laws from time to time.

Without limiting the generality of the foregoing, no Award may be made and no instruction may be given by the PTL Board to the Agent to acquire PTL Shares for the purpose of increasing the PTL Shares in the Shares Pool during the period commencing one (1) month immediately before the earlier of:

- (a) the date of the PTL Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving PTL's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

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## APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN

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- (b) the deadline for PTL to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, no Award may be granted during any period of delay in publishing a results announcement.

Without limiting the generality of the foregoing, no Award may be made and no instruction may be given by the PTL Board to the Agent to acquire PTL Shares with respect to a grant of an Award to an Eligible Participant (including a PTL Director) who is subject to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (“**Model Code**”) during the periods or times in which such Eligible Participant is prohibited from dealing in PTL Shares pursuant to the Model Code.

### 9. VESTING OF AWARDED SHARES

Subject to the terms and conditions of the New PTL Share Award Plan, the Agent shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Awarded Shares (or net sale proceeds thereof) to which such Selected Participant is entitled under the relevant Award as soon as practicable after the latest of:

- (a) The Earliest Vesting Date as specified in the Award Notice to which such Award relates;
- (b) the receipt by the Agent of the requisite information and documents stipulated by the Agent within the stipulated period; and
- (c) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or paid by such Selected Participant as specified in the related Award Notice have been attained or paid and notified to the Agent by the PTL Board in writing.

An Award will not vest unless all relevant conditions to which it is subject have been satisfied, altered, waived or, by the terms of grant, treated as having been waived.

Subject to the terms and conditions of the New PTL Share Award Plan, at any time prior to a Vesting Date, unless the PTL Board otherwise determines, in respect of a Selected Participant who: (a) has died, all the Awarded Shares of the Selected Participant shall be deemed to be vested in respect of that Selected Participant on the day immediately prior to his/her death; or (b) is an employee or a director of PTL, a PTL Subsidiary or a PTL Related Entity has retired at his/her normal retirement date or an earlier retirement date (with prior written agreement given by PTL or the PTL Subsidiary or the PTL Related Entity (as the case may be)), all the Awarded Shares of the Selected Participant shall be deemed to be vested in respect of that Selected Participant on the day immediately prior to his/her retirement date.

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## APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN

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If a general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner being made to all the PTL Shareholders (or all PTL Shareholders other than the offeror, any persons controlled by the offeror and any persons acting in association or concert with the offeror) becoming or being declared unconditional prior to the vesting of the Awarded Shares, the Selected Participant shall be entitled to, subject to the direction of the PTL Board, be vested with all of his/her Awarded Shares at any time before the expiry of the period of ten (10) Business Days following the date on which the offer becomes or is declared unconditional.

Subject to the Listing Rules, the PTL Board may from time to time, at its discretion, determine the Earliest Vesting Date and other subsequent date(s), if any, upon which the Awarded Shares (or the net sale proceeds thereof) held by the Agent upon trust and which are referable to a Selected Participant shall vest in that Selected Participant.

The Vesting Date in respect of any Award shall be not less than twelve (12) months from the Grant Date, provided that for PTL Employee Participants, the Vesting Date may be less than twelve (12) months from the Grant Date (including the Grant Date) in the following circumstances:

- (a) grants of “make whole” Awards to new PTL Employee Participants to replace share awards such PTL Employee Participants forfeited when leaving their previous employers;
- (b) grants to an PTL Employee Participant whose employment is terminated due to death or disability or retirement or an earlier retirement (with prior written agreement given by the PTL or the PTL Subsidiary) or event of force majeure;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria, which allows flexibility for PTL to reward exceptional performers who fulfilled the performance targets in less than 12 months; *Note 1*
- (d) grants of Awards with accelerated vesting to recruit and/or retain talented personnel taking into account of business needs of the PTL Group, changing market conditions and industry competition; *Note 2*
- (e) grants of Awards the timing of which is determined by administrative requirements not connected with the performance of the relevant PTL Employee Participant or PTL Related Entity Participant, in which case the Vesting Date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative requirements; or *Note 3*
- (f) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of twelve (12) months. *Note 4*

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## APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN

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*Notes:*

1. PTL may choose to impose in the Grant Notice such performance target(s) based on one or more of the factors as listed out in the section headed “(e) Performance target and clawback mechanism” in the Letter from the Board. The PTL Board will have regard to the purpose of the New PTL Share Award Plan in making such determinations, with performance targets generally being in line with common key performance indicators in the industry of the PTL Group, such as quantitative performance targets to be achieved, the Selected Participant’s background/experience, qualitative contributions made or potentially to be made to the PTL Group. The Board has been given to understand that PTL will not set artificially low performance target(s) and thus accelerate the vesting period for the purpose of circumventing rule 17.03F of the Listing Rules.

Rather, the circumstance where PTL may allow the vesting period to be accelerated upon the fulfilment of performance target(s) is where the relevant Employee Participant is an exceptional performer who has fulfilled the performance targets in less than 12 months.

The specific circumstances which performance targets may be set in a manner that may be achieved in 12 months range from any specific business or financial performance results, transaction milestones, results of strategic plans, developments or breakthroughs in the PTL Group’s business which the PTL Group targets to reach within 12 months of inception of a business plan/strategy or setting up of business/sales targets.

2. PTL will from time to time launch new products or undergo new business projects for the sustainable growth, expansion and development of the PTL Group’s business, and such plans take time to come to fruition which may not be readily seen in the financial results within a short period of time. It is equally important that during the process, PTL will be able to offer equity incentives to the PTL Employee Participants to retain them for their continual support and operation of such in-progress projects, and to incentivize them to strive for the projects’ success. An accelerated vesting schedule will be particularly important in such circumstances since it provides the PTL Board flexibility to recognize, if it deems fit, certain PTL Employee Participants for their exceptional hard work and dedication in such product launches and business projects notwithstanding that additional time is required for the same to be reflected in the PTL Group’s results. Such flexibility is crucial when market conditions are optimistic and it becomes highly competitive in the PTL Group’s industry to recruit and/or retain talented individuals to support the PTL Group’s operations. For the above reasons, PTL should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition.

For example, as at the Latest Practicable Date, the business needs relate to the work in progress of the *Teenage Mutant Ninja Turtles* toy line and *Miraculous: Tales of Ladybug & Cat Noir* toy line as mentioned in the sub-section headed “(a) Eligible Participants” above, which are the two on-going projects that the PTL Group is optimistic about in the coming year. The Board agrees with the PTL Board’s views that by providing an accelerated incentive through a shorter vesting period for certain PTL Employee Participants while in the process of launching certain products would provide an upside to the current business needs of the PTL Group, and to retain them for the continual operation and development of the PTL Group with changing market conditions and industry competitions. Therefore, it is in line with the purpose of the New PTL Share Award Plan.

The Board agrees with the views of the PTL Board and the PTL Compensation Committee that the vesting period (including the circumstances in which a shorter vesting period may apply), as detailed above, enables the Company to offer competitive remuneration and reward packages to PTL Employee Participants, on an ad hoc basis, in such circumstances that would be appropriate and reasonable, which is also in compliance with the Listing Rules. Therefore, the above vesting period is considered appropriate and is in line with the purpose of the New Share Award Plan.

3. The Board agrees with the views of the PTL Board and the PTL Compensation Committee that allowing for acceleration of the vesting period under such circumstances would provide PTL with the flexibility to grant Awards to the relevant PTL Employee Participants under the New PTL Share Award Plan, without being affected by any delays (unexpected or otherwise) due to any administrative or compliance requirements (for example, the management team of the PTL will only

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## APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN

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review and assess if any grants should be made to the PTL Employee Participants on a regular basis and make such grants in batches, and there might be delays (i.e. having to wait for a subsequent batch) in rewarding certain PTL Employee Participants for their outstanding performance while going through the administrative process and obtaining necessary approvals) that are not connected with the performance of the relevant PTL Employee Participant. The Board is given to understand that the PTL Board and the PTL Compensation Committee consider that a shorter vesting period under such circumstances to reward the PTL Employee Participants for their contributions and performance is fair and reasonable, which is also in consistent with the Listing Rules (and FAQ 092-2022) and arrangement of other listed issuers. Therefore, it is considered appropriate and is in line with the purpose of the New PTL Share Award Plan.

4. The PTL Board or the PTL Compensation Committee may consider granting Awards to the PTL Employee Participants in different batches spread evenly over a period of 12 months in circumstances where PTL is optimistic about a certain business/development plan that is a work-in-progress, for the purposes of providing incremental incentives as the business/development continues to develop. Since the reward under in the form of equity incentive materializes incrementally over the 12-month period, it will offer the PTL Group better flexibility to retain PTL Employee Participants for the continual operation and development of the business/development plan of the PTL Group. Therefore, the Company believes that such vesting schedule is reasonable and aligns with the purposes of the New PTL Share Award Plan.

### 10. LAPSE OF AWARDS

Any Award made to Selected Participant(s) shall lapse forthwith and be cancelled on the occurrence of any of the following (unless the PTL Board otherwise determines not to consider such an Award to have lapsed):

- (a) a Selected Participant ceases to be an PTL Employee Participant or PTL Related Entity Participant other than due to retirement or death or due to the reasons specified in sub-paragraph 10(c) below (including without limitation, ceasing to be an PTL Employee Participant or PTL Related Entity Participant by virtue of a corporate reorganization of the PTL Group or the PTL Related Entity); or
- (b) the PTL Subsidiary or PTL Related Entity by which a Selected Participant is employed ceases to be a Subsidiary or PTL Related Entity of PTL (or of a member of the PTL Group); or
- (c) the relationship or engagement between the member of the PTL Group or the PTL Related Entity and the Selected Participant terminates by any of the following reasons that: (i) the Selected Participant that has committed any breach of any contract (including any service contracts) entered into between the Selected Participant on one part and any member of the PTL Group or the PTL Related Entity on the other part; or (ii) the Selected Participant is convicted of any offence; (iii) the Selected Participant could no longer make any contribution to the growth and development of any member of the PTL Group. In case there is a legal dispute, a resolution of the board of directors of the member of the PTL Group or the PTL Related Entity (as the case may be) to the effect that the relationship or engagement between the relevant member of the PTL Group or the PTL Related Entity and the Selected Participant has or has not been terminated on one or more of the three specified grounds shall be conclusive; or

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**APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN**

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- (d) an order for the winding-up of PTL is made or a resolution is passed for the voluntary winding-up of PTL; or
- (e) a Selected Participant is found to be an Excluded Participant; or
- (f) a Selected Participant fails to return duly executed transfer documents prescribed by the Agent for the relevant Awarded Shares within the stipulated period; or
- (g) a Selected Participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her/its creditors.

In the event of lapse of any Award, the Award or the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and all the Awarded Shares or the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the New PTL Share Award Plan.

Where any Award is specified in the Grant Notice to be satisfied by an allotment and issue of new PTL Shares, the PTL Board may in its sole discretion, determine to cancel the Award made to such Selected Participant where reasonable efforts have been made by the Company to obtain the approval of the Listing Committee of the Stock Exchange of the listing of and permission to deal in the Shares to be allotted and issued pursuant to a relevant Award (“**Listing Approval**”), but such Listing Approval was not granted, and the PTL Board shall notify the Selected Participant and the Agent in writing accordingly.

**11. PERFORMANCE TARGETS**

Unless otherwise determined by the PTL Board and specified in the Grant Notice, vesting of Awards is not subject to any performance target that needs to be achieved by the Selected Participant.

**12. AMOUNT PAYABLE ON APPLICATION OR ACCEPTANCE OF AN AWARD**

No amount is payable on application or acceptance of an Award.

**13. PURCHASE PRICE OF AWARDED SHARES**

The Selected Participant is not required to pay any purchase price to receive the Awarded Shares comprising an Award.

**14. VOTING AND DIVIDEND RIGHTS**

The Agent shall not exercise the voting rights in respect of any PTL Shares held under the trust constituted by the Deed of Escrow Agreement. In particular, the Agent holding unvested PTL Shares under the New PTL Share Award Plan, whether directly or indirectly, shall abstain from voting on matters that require PTL Shareholders’ approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner’s direction and such a direction is given.



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**APPENDIX I      PRINCIPAL TERMS OF THE NEW PTL SHARE AWARD PLAN**

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Any dividends and other distributions declared and made in respect of any Awarded Shares during the Vesting Period shall be held by the Agent in accordance with the terms of the New PTL Share Award Plan and the Deed of Escrow Agreement and treated and dealt with as income of the trust (except in the case of Related Scrip Dividend (if any)) constituting the Deed of Escrow Agreement generally.

**15. DURATION AND TERMINATION OF THE NEW PTL SHARE AWARD PLAN**

Subject to early termination, the New PTL Share Award Plan shall be valid and effective for a term of 10 years commencing on the Adoption Date, after which period no further Awards shall be made but the provisions of the New PTL Share Award Plan shall remain in full force and effect the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Agent pursuant to the Deed of Escrow Agreement.

The New PTL Share Award Plan shall terminate on the earlier of (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the PTL Board and notified to the Agent in writing, provided that such termination shall not affect any subsisting rights of any Selected Participant(s).

Upon termination of the New PTL Share Award Plan:

- (a) Subject to the decision of the PTL Board and in the event that the Selected Participant died or retired as provided in the paragraph headed “9. Vesting of Awarded Shares” of this Appendix I, all the Awarded Shares shall become vested in the Selected Participant on such date of termination, save in respect of the events of lapse of all the Awarded Shares pursuant to the terms of the New PTL Share Award Plan;
- (b) Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Agent, within twenty-one (21) Business Days (on which the trading of the PTL Shares has not been suspended) of receiving notice of such termination of the New PTL Share Award Plan (or such longer period as the PTL Board may otherwise determine);
- (c) Residual Cash, net proceeds of sale referred to in preceding paragraph (b) above and such other funds remaining in the trust constituted by the Deed of Escrow Agreement (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Deed of Escrow Agreement) shall be remitted to PTL forthwith after the sale. For the avoidance of doubt, the Agent may not transfer any PTL Shares to PTL nor may PTL otherwise hold any such PTL Shares as described in the preceding paragraph (ii) above whatsoever (other than its interest in the proceeds of sale of the same).

**16. ADJUSTMENTS AND EFFECT OF ALTERATION OF CAPITAL STRUCTURE**

If PTL conducts a Relevant Event while any Award remains outstanding, the maximum number of PTL Shares that may be issued by PTL, subscribed for by the Agent pursuant to the New PTL Share Award Plan and all other share option schemes and share award scheme of PTL under the unutilised Plan Mandate Limit or the Service Provider Sublimit shall be adjusted accordingly, with reference to the total number of issued PTL Shares at the date immediately before and after such Relevant Event and rounded to the nearest whole PTL Share, such that the Selected Participants will be entitled to the same proportion of PTL's equity capital as to which such Selected Participants was previously potentially entitled to under the relevant outstanding Awards.

Upon the occurrence of any Relevant Event, the number of Awarded Shares may be adjusted in a manner as determined by the PTL Board to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits which the Selected Participants are potentially entitled under the outstanding Awards granted. The adjustment must give a Selected Participant the same proportion of the Awarded Shares, rounded to the nearest whole share, as that to which that person was previously potentially entitled under an outstanding Award, but no such adjustment may be made to the extent that a PTL Share would be issued at less than its nominal or par value. All fractional Shares (if any) arising out of such Relevant Event shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant vesting date.

In respect of any of the aforesaid adjustments, other than any made on a capitalisation issue, an independent financial adviser or PTL's auditors must confirm to the PTL Directors in writing that the adjustments satisfy the requirements under the Notes to Rule 17.03(13) of the Listing Rules.

**17. RANKING OF PTL SHARES**

The Awarded Shares shall be identical to all existing issued PTL Shares and shall be allotted and issued subject to all the provisions of the PTL Bye-laws for the time being in force and will rank *pari passu* with the other fully paid PTL Shares in issue, save that the Selected Participants shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of PTL) declared or recommended or resolved to be paid to the PTL Shareholders prior to vesting.

With respect to any dividends declared by the Company and in connection with which PTL allows the PTL Shareholders to elect to receive PTL Shares in lieu of cash (as provided for in the relevant announcement and/or circular of PTL), then in respect of the Awarded Shares held by the Agent which have not vested, the Agent shall (unless objected to by written notice of the Board) elect to receive PTL Shares in lieu of cash in respect of such dividends, and Related Scrip Dividend accrued on the respective batch of Awarded Shares subject to each outstanding Award shall be set aside for the relevant Selected Participant, the legal and beneficial ownership of which shall be transferred to the relevant Selected Participant together with the number of original Awarded Shares at vesting. For the avoidance of doubt, no Selected Participants shall have any right to give any direction to the Agent in relation to the making of the said election.

**18. TRANSFERABILITY**

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so. Any breach of the foregoing by any Selected Participant shall entitle PTL to cancel the Award made to such Selected Participant, and the PTL Board shall notify the Agent in writing accordingly.

**19. CANCELLATION OF AWARDS**

Where PTL cancels any Award granted to a Selected Participant, and makes a new grant of Award to the same Selected Participant, such new grant of Award may only be made under the New PTL Share Award Plan with available Plan Mandate Limit approved by the PTL Shareholders. The Award cancelled will be regarded as utilized for the purpose of calculating the Plan Mandate Limit and Service Provider Sublimit.

**20. ALTERATION OF THE NEW PTL SHARE AWARD PLAN**

Subject to compliance with the relevant requirements under the Listing Rules, the rules of the New PTL Share Award Plan may be altered by the prior sanction of a resolution passed by the PTL Board provided that no such alteration shall operate to affect adversely any rights of any Selected Participant in respect of his/her Awarded Shares which remain unvested except with the consent in writing of the majority of the Selected Participants whose Awarded Shares remained unvested on that date (but, for the avoidance of doubt, excluding for this purpose any such PTL Shares in respect of which that date is a Vesting Date), as would be required of the holders of PTL Shares under the PTL Bye-laws for a variation of the rights attached to such PTL Shares. The amended terms of the rules of the New PTL Share Award Plan must comply with all applicable laws, rules and regulations (including without limitation the Listing Rules). Any alteration to the rules of the New PTL Share Award Plan which are of material nature or relating to the matters as set out in Rule 17.03 of the Listing Rules to the advantage of Eligible Participants must be approved by the PTL Shareholders in general meeting.

Any change made to the terms of the Awards granted to a Selected Participant must be approved by the PTL Board, the PTL Compensation Committee, the independent non-executive PTL Directors and/or the PTL Shareholders (as the case may be) if the initial grant of the Awards was approved by the PTL Board, the PTL Compensation Committee, the PTL independent non-executive Directors and/or the PTL Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New PTL Share Award Plan.

Any change to the authority of the PTL Directors or scheme administrators to alter the terms of the New PTL Share Award Plan must be approved by the PTL Shareholders in general meeting.

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## **APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate and should be read in conjunction with the letter from the Board hereinbefore appearing.

### **1.    SHARE CAPITAL**

As at the Latest Practicable Date, the entire issued share capital of the Company comprised 2,073,054,000 Shares.

Subject to the passing of the ordinary resolution to approve the Repurchase Mandate and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 207,305,400 Shares.

### **2.    FUNDING OF REPURCHASES**

Repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose in accordance with the Bye-laws and the laws of the jurisdiction in which the Company is incorporated.

The Companies Act 1981 of Bermuda provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares or the funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of the funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company.

### **3.    FINANCIAL EFFECT OF REPURCHASES**

In the event that the share repurchase proposed to be authorised were to be carried out in full at any time during the proposed repurchase period, there might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's audited accounts for the year ended 31 December 2022). However, the Directors have no current intention to exercise the Repurchase Mandate to an extent that might result in, having regard to the relevant circumstances, a material adverse impact on the working capital or gearing position of the Company.

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**APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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**4. SHARE PRICES**

The highest and lowest prices at which Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
April 2022	0.730	0.680
May 2022	0.710	0.620
June 2022	0.720	0.640
July 2022	0.760	0.630
August 2022	0.680	0.620
September 2022	0.670	0.650
October 2022	0.680	0.540
November 2022	0.570	0.520
December 2022	0.590	0.530
January 2023	0.620	0.550
February 2023	0.650	0.600
March 2023	0.640	0.570

**5. EFFECT OF TAKEOVERS CODE**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the ordinary resolution to be proposed at the Annual General Meeting in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Takeovers Code.

As a result, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

The following table sets out the interests of substantial Shareholders which fall to be disclosed to the Company under Part XV of the SFO as at the Latest Practicable Date.

<b>Name</b>	<b>Total no. of Shares held</b>	<b>% of Shares</b>
Chan Chun Hoo, Thomas	1,345,400,000 ( <i>Note a</i> )	64.90%
TGC Assets Limited	1,073,400,000 ( <i>Note b</i> )	51.78%

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## APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT

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*Notes:*

- (a) Mr. Chan Chun Hoo, Thomas (“**Mr. Chan**”) was interested in and deemed to be interested in 1,345,400,000 shares of the Company of which 142,000,000 shares were held by Mr. Chan directly, 130,000,000 shares were held by his wife and 1,073,400,000 shares were held by TGC Assets Limited (“**TGC**”).
- (b) Mr. Chan is the beneficial owner of all of the issued share capital of TGC and he was deemed to be interested in those shares.

In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, then the aggregate shareholding of Mr. Chan Chun Hoo, Thomas and TGC Assets Limited would be increased to approximately 72.11%. In the opinion of the Directors, such increase would not give rise to a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. The Directors shall ensure that no share repurchase would result in the aggregate number of Shares held by public shareholders falling below the minimum percentage specified by the Stock Exchange in respect of the Company.

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, their close associates, has any present intention to sell any Shares to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

None of the core connected persons (as defined in the Listing Rules) of the Company has notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

### 6. SHARE REPURCHASES MADE BY THE COMPANY

During the previous six months prior to the Latest Practicable Date, 3,490,000 Shares were repurchased by the Company on the Stock Exchange at prices ranging from HK\$0.53 to HK\$0.63 each as follows:

Date	Number of Shares Repurchased	Price per Share	
		Highest HK\$	Lowest HK\$
24 November 2022	6,000	0.53	0.53
25 November 2022	2,000	0.53	0.53
28 November 2022	22,000	0.53	0.53
13 December 2022	120,000	0.57	0.57
3 January 2023	2,000	0.55	0.55
27 January 2023	284,000	0.58	0.58
13 March 2023	176,000	0.60	0.58
14 March 2023	246,000	0.60	0.60
20 March 2023	1,192,000	0.63	0.62
23 March 2023	492,000	0.63	0.63
29 March 2023	100,000	0.60	0.60

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**APPENDIX II      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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<b>Date</b>	<b>Number of Shares Repurchased</b>	<b>Price per Share</b>	
		<b>Highest HK\$</b>	<b>Lowest HK\$</b>
3 April 2023	16,000	0.60	0.60
17 April 2023	702,000	0.60	0.60
18 April 2023	92,000	0.60	0.60
19 April 2023	<u>38,000</u>	0.60	0.60
	<u><u>3,490,000</u></u>		

Save and except the Shares repurchased in March and April 2023 which will be cancelled in due course, the above Shares were cancelled and redeemed upon repurchase and accordingly the issued share capital of the Company diminished by the nominal value of those shares. The premium paid on repurchase was charged against the share premium account. An amount equivalent to the nominal value of the Shares cancelled was transferred from retained profits to capital redemption reserve.

#### **7. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and its Shareholders as a whole for the Directors to have the power to repurchase Shares pursuant to the Repurchase Mandate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per Share and will only be made when the Directors believe that such a share repurchase will benefit the Company and its Shareholders as a whole.

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## APPENDIX III DETAILS OF THE DIRECTORS TO BE RE-ELECTED

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Pursuant to the Listing Rules, the details of the Directors to be re-elected at the forthcoming Annual General Meeting are provided below:

### **Chan, Helen**

*Executive Director*

Ms. Chan, age 43, was appointed a director of the Company in May 2017. She graduated magna cum laude from Yale University in 2001 with a bachelor's degree in Economics. She subsequently worked in New York City as a consultant with one of the leading financial consulting firms for 2 years. She then obtained her Masters of Business Administration in Marketing and Finance at the Wharton School of Business in 2005.

After graduating business school, Ms. Chan pursued a career in retail with one of the largest global luxury retailers. She joined the company as a Merchandising Senior Analyst in their New York headquarters. Her responsibilities increased over time as she rotated through various teams in the organization. She was then transferred to Hong Kong in 2009 to assist with the regionalization initiative of the company. She was promoted to Director of Asia Merchandising in 2011 where she was responsible for spearheading the merchandising needs of the region.

In 2014, after 9 years in the retail industry, Ms. Chan joined the Company where she is responsible for the management of the real estate portfolio and treasury investments of the Group.

Ms. Chan is also a director of a number of subsidiaries of the Company. She is also proposed by the PTL Board to be appointed as an executive director of PTL at the PTL AGM. Apart from the above disclosed, Ms. Chan has not held any directorship in any other listed companies in the last three years or any other position with the Company or other members of the Group.

Ms. Chan has entered into a service contract with the Company for a term of three years commencing from 1 July 2020, subject to her re-appointment by the Company at general meeting upon retirement by rotation pursuant to the Bye-laws. Pursuant to the terms of the service contract, she will be entitled to a fixed sum of HK\$10,000 for each financial year of the Company as ordinary remuneration in respect of her capacity as a member of the Board.

Apart from being the daughter of Mr. Chan Chun Hoo, Thomas who is a substantial shareholder of the Company, the sister of Mr. Chan Kwong Fai, Michael who is a chairman of the Company and PTL and the sister of Mr. Chan Kong Keung, Stephen who is an executive director of the Company and PTL, Ms. Chan does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Chan was deemed to be interested, within the meaning of Part XV of the SFO, in 28,000,000 Shares of the Company and in 1,000,000 share options of PTL.



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## APPENDIX III DETAILS OF THE DIRECTORS TO BE RE-ELECTED

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There is no other information relating to Ms. Chan that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there are no other matters that need to be brought to the attention of the shareholders of the Company.

### **Chan Kong Keung, Stephen**

*Executive Director*

Mr. Chan, aged 35, was appointed a director of the Company in May 2021. He has been a Vice President for Overseas Investments for a fellow subsidiary of the Group since 2014. Prior to joining the Group, Mr. Chan worked as a Management Trainee and a Commercial Banking Relationship Manager for an international banking corporation from 2009 until 2013. He holds a Bachelor of Arts Degree in Philosophy from the University of Cambridge in Britain in 2009. Mr. Chan is also an executive director of PTL.

Mr. Chan is also a director of a number of subsidiaries of the Company. Save as disclosed, Mr. Chan has not held any directorship in other listed companies in Hong Kong or overseas in the last three years or any other position with the Company or other members of the Group.

Mr. Chan has entered into a service contract with the Company for a term of three years commencing from 21 May 2021, subject to his re-appointment by the Company at general meeting upon retirement by rotation pursuant to the Bye-laws. Pursuant to the terms of the service contract, he will be entitled to a fixed sum of HK\$10,000 for each financial year of the Company as ordinary remuneration in respect of her capacity as a member of the Board.

Apart from being the son of Mr. Chan Chun Hoo, Thomas who is a substantial shareholder of the Company, the brother of Ms. Chan, Helen who is an executive director of the Company and the brother of Mr. Chan Kwong Fai, Michael who is the Chairman of the Company and PTL, Mr. Chan does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Chan was deemed to be interested, within the meaning of Part XV of the SFO, in 2,600,000 shares of the Company and 1,000,000 share options of PTL.

There are no other information relating to Mr. Chan that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

### **Lo Kai Yiu, Anthony**

*Independent Non-executive Director*

Mr. Lo, aged 74, was appointed a director of the Company in 1993. He is qualified as a chartered accountant by the Canadian Institute of Chartered Accountants and is a member of the Hong Kong Institute of Certified Public Accountants. In addition to over 12 years of professional accounting experience, he has over 33 years of experience in investment banking and other financial services.

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## APPENDIX III DETAILS OF THE DIRECTORS TO BE RE-ELECTED

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Mr. Lo is currently an independent non-executive director of a number of public companies including Convenience Retail Asia Ltd., Tristate Holdings Limited and Lam Soon (Hong Kong) Limited. All of these companies are listed on the Hong Kong Stock Exchange. He was also an independent non-executive director of Top Glove Corporation Bhd. until 3 October 2022, a company listed on the Malaysian Stock Exchange and the Singapore Stock Exchange respectively. Apart from the above disclosed, Mr. Lo has not held any directorship in any other listed companies in Hong Kong or overseas in the last three years.

Mr. Lo has entered into a service contract with the Company for a term of three years commencing from 1 July 2020, subject to his re-appointment by the Company at general meeting upon retirement by rotation pursuant to the Bye-laws. Pursuant to the terms of the service contract, he will be entitled to a fixed sum of HK\$360,000 (or such other fixed fee as the Compensation Committee may recommend from time to time) for each financial year of the Company as ordinary remuneration in respect of his capacity as a member of the Board which is determined with reference to the remuneration policy of the Group and recommendation from the Compensation Committee.

He does not hold any position with the Company and other members of the Group. He does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Lo was deemed to be interested, within the meaning of Part XV of the SFO, in 250,000 shares of the Company, which represents approximately 0.01% of the total issued share capital of the Company and 376,000 shares of PTL, which represents approximately 0.03% of the total issued share capital of PTL.

The Directors noted the positive contributions of Mr. Lo to the Board on the development of the Company's strategy and policies through his independent and constructive contributions supported by his skills, expertise and qualifications. His extensive experience in commercial, finance and investment management also contributes to the diversity of the Board. The nomination has been considered in accordance with the Nomination Policy and the objective criteria therein (including but not limited to skills, knowledge, experience, expertise, professional and educational qualifications), with due regard to the benefits of diversity as set out in the Board Diversity Policy.

Mr. Lo has served the Board for more than nine years. He has given an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company. The Board and the Nomination Committee of the Company have assessed his independence and are not aware of any circumstance that might influence Mr. Lo in exercising independent judgement. Mr. Lo has made positive and valuable contributions to the Company's strategy and policies over the years with his independent insight and objective views from his financial and commercial experience coupled with his understanding of the business of the Group. He does not have any management role in the Company nor any relationship with any director, senior management or substantial or controlling shareholder of the Company. The Board is satisfied of the independence of Mr. Lo and considers the long service of Mr. Lo would not affect his exercise of independent judgement. Taking into consideration of the above, the Board considers Mr. Lo independent and recommends Mr. Lo to be re-elected.

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## **APPENDIX III    DETAILS OF THE DIRECTORS TO BE RE-ELECTED**

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There is no other information relating to Mr. Lo that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there is no other matter that needs to be brought to the attention of Shareholders.

**PLAYMATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 635)**

Unless otherwise specified, terms defined in this notice shall have the same meanings in the circular of the Company dated on the same day as this notice (the “**Circular**”).

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Playmates Holdings Limited (the “**Company**”) will be held at 11/F., The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 19 May 2023 at 11:30 a.m. for the following purposes:

1. To receive and consider the accounts and the reports of the directors and auditors of the Company for the year ended 31 December 2022;
2. To re-elect the retiring directors of the Company, including:
  - (a) Ms. Chan, Helen;
  - (b) Mr. Chan Kong Keung, Stephen;
  - (c) Mr. Lo Kai Yiu, Anthony;
3. To appoint Grant Thornton Hong Kong Limited as the auditors of the Company; and
4. As special business to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

**ORDINARY RESOLUTIONS****A. ”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\$0.01 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 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% of the total number of issued shares 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 earliest 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 (“**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.”

B. **“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 from time to time adopted for the grant or issue to eligible participants under such plan and arrangement of the Company and/or any of its subsidiaries of shares or rights to subscribe or otherwise acquire shares of the Company; (iii) the exercise of the subscription rights attaching to warrants; (iv) 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; (v) any adjustment, after the date of grant or issue of any options, warrants or other securities referred to above, in the price at which shares shall be subscribed, and/or the number of shares which shall be subscribed, on exercise of relevant rights under such options, rights to subscribe, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, warrants or other securities; or (vi) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the total number of issued shares of the Company as at the date of passing this Resolution, and the said approval under this Resolution shall be limited accordingly;

(c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest 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 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; 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).”

- C. **“THAT**, conditional upon the passing of Resolution No. 4A 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. 4B 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. 4A set

out in the notice convening this meeting, provided that such number shall not exceed 10% of the total number of issued shares of the Company as at the date of passing this Resolution.”

- D. “**THAT:** conditional upon the fulfillment of all conditions as set out in the Circular in respect of the adoption of the new share award plan of Playmates Toys Limited (a principal subsidiary of the Company) (“**New PTL Share Award Plan**”), the rules of the New PTL Share Award Plan, a copy of which has been tabled at the meeting marked “A” and signed by the Chairman for purpose of identification) be and are hereby approved”;
- E. “**THAT:** conditional on the passing of the ordinary resolution No. 4D set out in the notice convening this meeting and adoption of the New PTL Share Award Plan, the Service Provider Sublimit (as defined in the New PTL Share Award Plan) be and is hereby approved and adopted.”

By Order of the Board  
**Ng Ka Yan**  
*Company Secretary*

Hong Kong, 26 April 2023

*Notes:*

1. All registered shareholders will be able to join the Annual General Meeting.
2. Any registered shareholder entitled to attend and vote at the Annual General Meeting convened by this notice is entitled to appoint one or more (if he/she/it holds two or more Shares) proxies to attend and vote in his/her/its stead. A proxy need not be a Shareholder of the Company.
3. In order to be valid, the completed form of proxy together with a power of attorney or other authority (if any) under which it is signed (or a notarial certified copy of that power or other authority) must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude a member from attending and voting at the Annual General Meeting or at any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In order to determine the entitlement to attend and vote at the AGM to be held on Friday, 19 May 2023, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on the record date, i.e. 12 May 2023.