

PLAYMATES TOYS LIMITED

(incorporated in the Bermuda with limited liability)

**RULES RELATING TO
THE SHARE AWARD PLAN**

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I, _____, the director of Playmates Toys Limited, hereby certify that the rules of the Share Award Plan hereto attached were approved by an ordinary resolution of the shareholders of the Company passed at a general meeting held on _____, and that the date below is the “**Adoption Date**” as defined in such rules:

Adoption Date:

Name :
Position : Director

I N D E X

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1. DEFINITIONS AND INTERPRETATION

1.1 In this Plan, except where the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	the date on which this Plan is adopted by ordinary resolution of the Shareholders passed at a general meeting of the Company.
“Agent”	the Original Agent or other Agent or Agents as shall be appointed pursuant to and in accordance with the terms of the Trust Deed.
“associate(s)”	shall bear the meaning ascribed thereto in the Listing Rules.
“Award”	a provisional award of the Awarded Shares made in accordance with paragraph 3.
“Award Notice”	has the meaning as ascribed to it in paragraph 3.4.
“Awarded Share(s)”	The number of Share(s) that a Selected Participant is entitled to receive pursuant to an Award (and where Related Scrip Dividend has accrued on such Shares, shall include such number of additional Shares), subject to the terms and conditions of the Award and this Plan.
“Board”	the board of Directors or a duly authorised committee thereof from time to time delegated with the power and authority to administer the Plan in accordance with the rules herein.
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities.
“Bye-laws”	the bye-laws of the Company as adopted or amended from time to time.
“chief executive”	shall have the meaning ascribed thereto under the Listing Rules.
“close associate(s)”	shall have the meaning ascribed thereto under the Listing Rules.
“Company”	Playmates Toys Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 869).
“Connected Person”	shall have the meaning ascribed thereto under the Listing Rules.

“core connected persons”	shall bear the meaning ascribed thereto in the Listing Rules.
“Directors”	the director(s) of the Company for the time being.
“Earliest Vesting Date”	shall have the meaning ascribed thereto in paragraph 3.4(E), which shall be a date not less than 12 months from the Grant Date unless otherwise permitted under the Listing Rules.
“Eligible Participant”	any person belonging to the following classes of participants: <ul style="list-style-type: none"> (a) Employee Participants; (b) Related Entity Participants; and (c) Service Providers Participants.
“Employee Participant(s)”	means any person who is a director or employee of the Company or any of its Subsidiaries (including persons who are granted Awards under this Plan as an inducement to enter into employment contracts with the Company or any of its subsidiaries), provided that the Board shall have absolute discretion to determine whether or not one falls within such category;
“Excluded Participant”	any person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Plan is not permitted under the laws and regulations of such place or where in the view of the 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 the grant of an Award is made to a Selected Participant, being the date of the Grant Notice in respect of such Award.
“Grant Notice”	has the meaning as ascribed to it in paragraph 3.5.
“Group”	the Company and the Subsidiaries.
“Group Contribution”	such contribution in the form of money or otherwise made by the Company or any of 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.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock

Exchange of Hong Kong Limited.

“Original Agent”	Tricor Trust (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and having its registered office at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.
“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”	shall have the meaning ascribed to it in paragraph 7.1.
“Plan”	this share award plan constituted by the rules hereof, in its present form or as may be altered from time to time in accordance with paragraph 11.
“Pure Cash Dividends”	has the meaning as ascribed to it in paragraph 5.2(A).
“Related Entity(ies)”	holding companies, fellow subsidiaries or associated companies of the Company.
“Related Entity Participant(s)”	means any director or employee of a Related Entity, provided that the Board shall have absolute discretion to determine whether or not one falls within such category.
“Related Scrip Dividend”	has the meaning as ascribed to it in paragraph 5.2(D);
“Relevant Event”	any variation in the share capital of the Company arising from any capitalisation issue, sub-division, consolidation or reduction of share capital of the Company; or any rights issue or open offer of any share capital of the Company involving an offer of right to the existing Shareholders; or any other distribution of the Company’s equity securities without receipt of consideration (except where Shares are issued as consideration or part consideration in a transaction);
“Residual Cash”	being cash remaining in the escrow 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 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 Plan, or such Shares being deemed to be Returned Shares.

“Selected Participant”	any Eligible Participant that has an outstanding Award or (where the context so permits and as referred to in paragraph 5.3) his Personal Representative.
“Service Provider Participant(s)”	<p>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 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 Board pursuant to the criteria set out in paragraph 2.5x:</p> <ul style="list-style-type: none"> (i) suppliers of services to any member of the Group; (ii) advisors (professional or otherwise) or consultants; and (iii) independent contractors, <p>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.</p>
“Service Provider Sublimit”	shall have the meaning ascribed to it in paragraph 7.1.
“Shareholder(s)”	the holder(s) of Share(s).
“Shares”	ordinary share(s) of a nominal or par value of HK\$0.01 each in the capital of the Company, or if there has been a sub-division, consolidation, reclassification or reconstruction or reduction or reorganisation of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company as shall result from any of such sub-division, consolidation, re-classification or re-construction or reduction or reorganisation.
“Shares Pool”	shall have the meaning ascribed to it in paragraph 4.1.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited or, if the context so requires, other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Board on which the Shares are for the time being and from time to time listed or traded).
“Subsidiary”	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 the Company, whether incorporated in Hong Kong or elsewhere, and “**Subsidiaries**” shall be construed accordingly.

- "Trust"** Playmates Toys Share Award Trust, a trust constituted by the Trust Deed and established for the benefit of the Selected Participants including those who are tax residents of the United States.
- "Trust Deed"** the Deed of Escrow Agreement to be entered into by the Company as settlor and the Original Agent as agent in respect of Shares and other escrow fund (if any) which shall be stand possessed by the Agent upon trusts subject to the terms thereof, as amended, supplemented and restated from time to time.
- "Original Agent"** Tricor Trust (Hong Kong) Limited, a company incorporated under the laws of Hong Kong and having its registered office at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
- "Vesting Date"** in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award as referred to in paragraph 5.1.
- "Vesting Period"** in relation to any Selected Participant, the period commencing on the date on which an Award is made to such Selected Participant as referred to in paragraph 4.1 and ending on the Vesting Date (both dates inclusive).

1.2 In these rules:

- (A) the headings are for ease of reference only and shall be ignored in construing these rules of the Plan;
- (B) references to paragraphs or sub-paragraphs are references to paragraphs or sub-paragraphs hereof;
- (C) words importing the singular include the plural and vice versa;
- (D) words importing one gender include both genders and the neuter and vice versa;
- (E) references to persons include bodies corporate and unincorporated;
- (F) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and

- (G) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. PURPOSES, ADMINISTRATION, DURATION AND ELIGIBILITY

2.1 The purpose of the Plan is, through an award of Shares, to:

- (A) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and
- (B) to attract suitable personnel for further development of the Group.

2.2 The Plan shall be subject to the administration of the Board whose decisions on all matters arising in relation to the 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 Trust Deed; and for avoidance of doubt, the Compensation Committee shall have powers on recommending and/or deciding (on and subject to the terms and conditions provided under this Plan) the selection of the Selected Participants, the number of Awarded Shares to be awarded to the respective Selected Participants and other related matters as expressly provided under this Plan or in accordance with the Listing Rules. In the event that a Selected Participant or his associate is a member of the Board, such person will abstain from voting on any approval by the Board of an Award to such Selected Participants.

2.3 A Selected Participant shall ensure that the acceptance, vesting and the holding of any Awarded Shares under the Plan and the exercise of all rights attaching thereto are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Board may, as a condition precedent of making an Award, require an Eligible Participant to produce such evidence as it may reasonably require for such purpose. The Board shall also have the final discretion on how the rules set forth in this 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 the Company's compliance of the Listing Rules at all times.

2.4 Subject to paragraph 12, the Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term no further Awards may be made but these rules of the Plan shall remain in full force and effect to 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 Trust Deed.

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

	Category	Eligibility criteria for Service Provider Participants
(i)	suppliers of services to any member of the Group	Those that (a) operate in the industries in which the Group operates from time to time; (b) engage with the Group on a regular or recurring basis; (c) provides significant contribution to the Group and its business.
(ii)	advisors (professional or otherwise) or consultants to any area of business of any member of the Group	Those with specialties or expertise in areas that supplement the Group or with which the Group would consider important to maintain a close business relationship on an ongoing basis; and bring benefits and strategic value to the 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.

3. AWARD OF SHARES

- 3.1 The Board shall, subject to and in accordance with these rules of the Plan, be entitled (but shall not be bound) to, at any time during the continuation of the Plan, make an Award out of the Shares Pool to any of the Eligible Participants (as it shall in its absolute discretion select but excluding any Excluded Participant) such number of issued Shares, fully paid or credited as fully paid, as the Board shall, subject to paragraph 7, determine pursuant to these rules of the Plan. For the avoidance of doubt until so selected, no Eligible Participant shall be entitled to participate in the Plan.
- 3.2 Without prejudice to paragraph 4.2, the making of an Award to any Connected Person shall be subject to compliance by the Company of the applicable requirements under the Listing Rules.
- 3.3 The eligibility of any of the Eligible Participants to an Award shall be determined by the Board from time to time on the basis of the Board's opinion as to their contribution and/or future contribution to the development and growth of the Group.
- 3.4 The Board shall notify the Agent by a notice in writing (the "**Award Notice**") upon the making of an Award under the Plan and, in the Award Notice, the Board shall specify the following:
- (A) the name, address, identity card (or, as the case may be, passport) number and position of the relevant Selected Participant and whether the relevant Selected Participant is a Connected Person of the Company;

- (B) the number of Awarded Shares to which the relevant Selected Participant may be entitled pursuant to such Award;
- (C) no acceptance price will be payable by the Selected Participant on the acceptance of such an Award;
- (D) no purchase price will be payable by the Selected Participant on receipt of Awarded Shares upon vesting of such an Award;
- (E) the earliest date (“**Earliest Vesting Date**”) and other subsequent date(s), if any, on which the Agent may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) or the net sales proceeds thereof in the relevant Selected Participant under paragraph 5.1;
- (F) the condition(s) and/or performance target(s), if any, that must be duly fulfilled by the relevant Selected Participant (or, duly altered or waived by the Board) before any of the Awarded Shares (or the net sales proceeds thereof) may be transferred to and vested in such Selected Participant under such Award;
- (G) whether the Awarded Shares or any part thereof should be satisfied by subscription, purchase of Shares and/or whether the Awarded Shares or any part thereof should be satisfied by applying any Returned Share(s), and in the case of subscription, the subscription price therefore and in the case of purchase of Shares, such maximum purchase price per Share at which the Agent is permitted to acquire from the Stock Exchange or off-market; and
- (H) such other terms and conditions of such Award as may be imposed by the Board which are not inconsistent with these rules of the Plan and the Trust Deed on either the Agent (with the prior written consent of the Agent unless the same has already been provided for in the Trust Deed) and the relevant Selected Participant, or any of them before the Awarded Shares (or the net sale proceeds thereof) may be transferred to and vested in such Selected Participant.

3.5 The Board shall notify the Selected Participant in writing after an Award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the Award Notice provided that nothing contained in such notice shall be construed as conferring any rights, interests, benefits and title to and in the Awarded Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such Awarded Shares (or the net sale proceeds thereof) in the Selected Participant in accordance with these rules of the Plan (“**Grant Notice**”). An Award shall be deemed to be unconditionally declined in its entirety by a Selected Participant unless the Selected Participant shall within twenty-one (21) Business Days after receipt of such notice from the Board notify the Company in writing that he would accept such Award.

3.6 For so long as the Shares are listed on the Stock Exchange:

- (A) An Award or, as the case may be, any instruction of the Board to the Agent to acquire Shares for the purpose of increasing the Shares in the Shares Pool may not be made or given when inside information has come to the Company’s

knowledge until such inside information has been published in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

- (B) The Board may not make any Award to any Eligible Participant or give any instruction to the Agent to acquire Shares for the purpose of increasing the 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 the Company and all applicable laws from time to time.
- (C) Without limiting the generality of paragraph (B), no Award may be made and no instruction may be given by the Board to the Agent to acquire Shares for the purpose of increasing the Shares in the Shares Pool during the period commencing one month immediately before the earlier of:
 - (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company 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.
- (D) Without limiting the generality of paragraph (B), no Award may be made and no instruction may be given by the Board to the Agent to acquire Shares with respect to a grant of an Award to an Eligible Participant (including a director of the Company) 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 Shares pursuant to the Model Code.

3.7 Subject to the Listing Rules and paragraph 3.9 below, the 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 12 months from the Grant Date, provided that for Employee Participants, the Vesting Date may be less than 12 months from the Grant Date (including the Grant Date) in the following circumstances:

- (A) grants of “make whole” Awards to new Employee Participants to replace share awards such Employee Participants forfeited when leaving their previous employers;
- (B) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;

- (C) grants with performance-based vesting conditions in lieu of time-based vesting criteria which allows flexibility for the Company to reward exceptional performers who fulfilled the performance targets in less than 12 months;
 - (D) grants of Awards with accelerated vesting to recruit and/or retain talented personnel taking into account of current business needs of the Group, changing market conditions and industry competition;
 - (E) grants of Awards the timing of which is determined by administrative requirements not connected with the performance of the relevant Employee 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
 - (F) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months.
- 3.8 Unless otherwise determined by the 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.
- 3.9 Notwithstanding the provisions of paragraph 3.7, but subject to paragraph 6.1, at any time prior to a Vesting Date, unless the Board otherwise determines, in respect of a Selected Participant who:
- (A) died, all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his death; or
 - (B) is an employee or a director of the Company, a Subsidiary or a Related Entity retired at his normal retirement date or at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the Related Entity (as the case may be)), all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his normal retirement date or his earlier retirement date (as the case may be).
- 3.9 Subject to paragraph 5.3, in the event of the death of a Selected Participant, the Agent shall hold the vested Awarded Shares and the dividends and other distributions declared and made in respect of the vested Awarded Shares (hereinafter collectively referred to as “**Benefits**”) or so much thereof as shall not be transferred or applied under the foregoing powers within:
- (A) two years of the death of the Selected Participant (or such other period as the Agent and the Board shall agree from time to time on account of legal and/or regulatory requirements of the place in which the Selected Participant is a resident or otherwise); or
 - (B) the Escrow Period (as defined in the Trust Deed),
- (whichever is the shorter) upon trust to transfer the same to the Personal

Representative(s) of the Selected Participant (as notified by the Board in writing together with such documents or evidence of the appointment of the Personal Representative(s) under applicable law as may be reasonably required by the Agent, whereupon the Agent shall be discharged from all duties and liabilities in respect of the Selected Participant) or, if the Benefits would otherwise become *bona vacantia*, the Benefits shall be forfeited and cease to be transferable and such Benefits shall be held as Returned Shares (for shares) and income of the escrow fund (for cash) for the purposes of the Plan. Notwithstanding the foregoing, the Benefits held upon the trusts hereof shall until transfer is made in accordance hereof be retained and otherwise dealt with by the Agent in every way as if they had remained part of the escrow fund of the Trust.

- 3.11 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, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing by any Selected Participant shall entitle the Company to cancel the Award made to such Selected Participant, and the Board shall notify the Agent in writing accordingly.
- 3.12 Where any Award is specified in the Grant Notice to be satisfied by an allotment and issue of new Shares, the 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 Board shall notify the Selected Participant and the Agent in writing accordingly.

4. POOL OF AWARDED SHARES

- 4.1 Upon the receipt of an Award Notice, the Agent shall set aside from the Shares Pool the number of Awarded Shares that are subject to the Award Notice pending the transfer and vesting of the Awarded Shares under the Award to which such Award Notice relates in accordance with paragraph 5. The Agent shall hold the Awarded Shares so set aside during the Vesting Period on the terms of the Trust Deed. The Agent may, at any time during the continuation of the Plan and the Trust Deed, set aside the appropriate number of Awarded Shares out of a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Agent pursuant to the Trust Deed (the “**Shares Pool**”) comprising the following:
- (A) such Shares as may be purchased by the Agent on the Stock Exchange or off the market by utilising the Group Contribution, any proceeds arising from such sales as mentioned in paragraph 5.2(B) and Pure Cash Dividends, in accordance with paragraph 4.2, but subject to the limitations set out in paragraph 7;
 - (B) such Shares as may be subscribed for by the Agent by utilising the Group Contribution, any proceeds arising from such sales as mentioned in paragraph 5.2(B) and Pure Cash Dividends, in accordance with paragraph 4.2, but subject to the limit set out in paragraph 7;

- (C) such Shares as may be allotted or issued to the Agent as a holder of Shares, whether by way of scrip dividend or otherwise;
- (D) such Shares which remain unvested and revert to the Agent pursuant to paragraph 6 (including the Returned Shares); and
- (E) such Shares which any person or company recommended by the Company may irrevocably donate or transfer to or irrevocably vest or caused to be vested in the Agent to be held upon trusts and with and subject to the powers and provisions in the Trust Deed.

4.2 The following provisions of this paragraph 4.2 shall provide for and govern the purchase of and/or subscription for the Awarded Shares by utilising the Group Contribution:

- (A) At any time during any particular financial year of the Company, the Board, after having regard to all relevant circumstances and affairs of the Group (including without limitation the 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 the Company's resources such amount of moneys which may be utilised by the Agent to purchase and/or subscribe for Shares which will constitute the Shares Pool.
- (B) Within 30 Business Days on which the trading of the Shares has not been suspended (or such longer period as the Agent and the Board may agree from time to time having regard to the circumstances of the purchase concerned) after receiving (a) the Group Contribution; or (b) any Pure Cash Dividends referred to in paragraph 5.2(A); or (c) any proceeds arising from such sales as mentioned in paragraph 5.2(B), the Agent shall apply the same towards the purchase of the maximum number of board lots of Shares, respectively at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board). 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 the following: (a) the closing market price on the date of such purchase, and (b) the average closing market price for the five (5) preceding trading days on which the 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 or of Playmates Holdings Limited (being the Company's holding company), and written consent from the Board for such purchase has been obtained.
- (C) Where any Award is specified to be satisfied by an allotment and issue of new Shares to the Agent,
 - (i) such allotment and issue should only be made upon fulfilment of the condition that the Listing Committee of the Stock Exchange having

granted the listing of and permission to deal in the Shares which may be allotted and issued by the Company to the Agent pursuant to this Plan; and

- (ii) the Board shall notify the Agent in writing upon the satisfaction of the conditions referred to in paragraphs 4.2(C)(i) and, subject to paragraph 4.3, the Board shall instruct the Agent in writing to apply to, and the Agent shall within ten (10) Business Days after actual receipt of such instruction apply to, the Company for the allotment and issue of the appropriate number of new Shares. If the conditions referred to in paragraphs 4.2(C)(i) cannot be satisfied, the Board shall forthwith notify and instruct the Agent the manner in which the shortfall in the number of Shares under the outstanding Award shall be satisfied or whether an Award shall be cancelled pursuant to paragraph 3.12.

(D) If:

- (i) the Group Contributions received by the Agent have been applied for purchases of and/or subscriptions for such number of Shares which reaches the maximum number of issued Shares as provided under paragraph 7; or
- (ii) there are any excess Group Contributions after all the said purchases and/or subscription,

the excess Group Contributions shall be returned by the Agent to the Company as soon as reasonably practicable after completion of all such purchases and/or subscription.

(E) For the avoidance of doubt, Shares purchased and/or subscribed for under this paragraph 4.2 shall form part of the capital of the escrow fund of the trust constituted by the Trust Deed.

4.3 If any proposed purchase of or, as the case may be, subscription for Shares under paragraph 4.2 shall fall on any day on which the Board is restricted from making any Award or giving any instruction as referred to in paragraph 3.6, the Agent shall not effect the relevant purchase and/or subscription. The Agent shall notify the Board in writing at least three (3) Business Days in advance of a proposed date of purchase and/or subscription under paragraph 4.2 and the Board shall instruct the Agent in writing at least two (2) Business Days prior to such proposed date of purchase and/or subscription if such purchase and/or subscription has to be postponed by reason of this paragraph 4.3, whereupon such purchase and/or subscription shall be postponed to such date as notified by the Board in writing (and in case the Shares are not traded on the Stock Exchange on such date, the next Business Day on which the Shares are traded on the Stock Exchange).

5. VESTING OF THE AWARDED SHARES

5.1 Subject to paragraphs 5.2(E) and 6, the Agent shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Awarded Shares (or the 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 pursuant to paragraph 6.2(B); 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 Board in writing.

For the avoidance of doubt, 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.

5.2 During the Vesting Period:

- (A) any dividends and other distributions declared (other than dividends in connection with which the Company allows its Shareholders to elect to receive Shares in lieu of cash as provided for in the relevant announcement and/or circular of the Company or distributions of the Company's equity securities without receipt of consideration) and made in respect of any Awarded Shares ("**Pure Cash Dividends**") shall belong to the Agent and the relevant Selected Participant shall not have any right whatsoever in such Pure Cash Dividends in respect of any Awarded Shares or otherwise unless and until the relevant Awarded Shares are vested in such Selected Participant in accordance with paragraph 5.1. Such Pure Cash Dividends shall be applied to subscription for and/or purchase of Shares for the purpose of satisfying any further Awards by the Board in accordance with paragraph 4.2 and, upon termination of the Plan, shall be treated and dealt with as income of the escrow fund under the Trust Deed generally;
- (B) if the Company offers to Shareholders new Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders for such rights, options or warrants, the Agent may (after obtaining a written consent from the Board which shall exercise its discretion subject to the requirements of paragraph 9) (i) sell any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares held by the Agent if there is an open market for such rights, options or warrants, or (ii) take steps to exercise such nil-paid rights, options or warrants by applying the Group Contributions in the form of cash then held by the Agent. The net proceeds of such sale (if so sold) shall be applied to subscription for and/or purchase of Shares for the purpose of satisfying any further Awards by the Board in

accordance with paragraph 4.2 and, upon termination of the Plan, shall be treated and dealt with as income of the escrow fund under the Trust Deed generally. For the avoidance of doubt, no Selected Participants shall have any right to, or interest in, any nil-paid rights, options or warrants (or the underlying Shares, or the proceeds of sale of any such nil-paid rights, options or warrants) allocated under such offer, or any Shares arising from the exercise of such nil-paid rights, options or warrants;

- (C) if the Company offers to the Shareholders new shares or other securities for subscription by way of rights, options, warrants or other open or preferential offer and consideration is required to be paid for the taking up and/or the exercise of such rights, options, warrants or open or preferential offer, the Agent may (after obtaining a written consent from the Board which shall exercise its discretion subject to the requirements of paragraph 9) (i) decline to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer, or (ii) take steps to take up, purchase and/or subscribe (in whole or in part) for such rights, options, warrants or open or preferential offer by applying the Group Contributions in the form of cash then held by the Agent. For the avoidance of doubt, no Selected Participants shall have any right to, or interest in, any such offer;
- (D) with respect to any dividends declared by the Company and in connection with which the Company allows its Shareholders to elect to receive Shares in lieu of cash (as provided for in the relevant announcement and/or circular of the Company), 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 Shares in lieu of cash in respect of such dividends, and such number of additional Shares in the form of scrip dividend accrued on the respective batch of Awarded Shares subject to each outstanding Award shall be set aside for the relevant Selected Participant (“**Related Scrip Dividend**”), 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 in accordance with paragraph 5.1. 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; and
- (E) if a general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all the Shareholders (or all Shareholders other than the offeror, any persons controlled by the offeror and any persons acting in association or concert with the offeror), and such offer becomes or is declared unconditional prior to the vesting of the Awarded Shares in the relevant Selected Participants pursuant to paragraph 5.1, the Selected Participant shall be entitled to, subject to the direction of the Board, be vested with all of his 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.

5.3 In the event that a Selected Participant dies prior to the Vesting Date of the Award relating to such Selected Participant, and such Award has not lapsed or been cancelled by reason of paragraphs 3.11, 3.12 or 6, the Awarded Shares under such Award shall be held by the

Agent on behalf of the Personal Representative(s) of such Selected Participant and the Agent shall transfer to such Personal Representative(s), as notified by the Board in writing together with such documents or evidence of the appointment of the Personal Representative(s) under applicable law as may be reasonably required by the Agent, such Awarded Shares within a reasonable time after the receipt by the Agent of the aforesaid documents, whereupon the Agent shall be discharged from all duties and liabilities in respect of such Selected Participant.

- 5.4 Notwithstanding the above, to the extent that a Selected Participant is a tax resident of the United States of America, legal and beneficial ownership in the Awarded Shares (or the net sales proceeds thereof) shall be transferred to the Selected Participant as soon as possible after the Vesting Date and under all circumstances prior to the expiration of the first two and a half months following the occurrence of the Vesting Date.

6. LAPSE OF AWARDS AND RETURNED SHARES

- (i) Ceases to be an Employee or Director. In the event that a Selected Participant ceases to be an Employee Participant or Related Entity Participant other than for reason as provided in sub-paragraphs 6.1(ii) to 6.1(iv), or the Subsidiary or the Related Entity by which a Selected Participant is employed ceases to be a Subsidiary or Related Entity of the Company, unless the Board otherwise determines, (a) the Awarded Shares which have been vested in the Selected Participant shall still be effective; and (b) the Awarded Shares which have not been vested in the Selected Participant shall automatically lapse forthwith.
- (ii) Retirement. In the event that a Selected Participant who is an Employee Participant or Related Entity Participant retired at his normal retirement date or an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the Related Entity), then unless the Board otherwise determines: (a) the Awarded Shares which have been vested in the Selected Participant shall still be effective; and (b) the Awarded Shares which have not been vested in the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his normal retirement date or an earlier retirement date (as the case may be).
- (iii) Death. In the event that in respect of a Selected Participant who died: (a) the Awarded Shares which have been vested in the Selected Participant shall still be effective, and (b) the Awarded Shares which have been granted but not yet vested in the Selected Participant shall be deemed to have vested on the day immediately prior to his/her death.
- (iv) Excluded Participant / Termination for Cause. In the event that a Selected Participant is found to be an Excluded Participant or the relationship or engagement between the Company, its Subsidiary, its Related Entity and the Selected Participant terminates by any of the following reasons that: (a) the Selected Participant that has committed any breach of any contract entered into between the Selected Participant on one part and any member of the Group or the Related Entity on the other part; or (b) the Selected Participant is convicted of any offence; or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group, unless the Board

otherwise determines, (i) the Awarded Shares which have been vested in the Selected Participant shall still be effective; (ii) the Awarded Shares which have not been vested in the Selected Participant shall automatically lapse forthwith and the Selected Participant shall immediately return all the proceeds (if any) obtained through the Awarded Shares. In case there is a legal dispute, a resolution of the board of directors of the member of the Group or the Related Entity (as the case may be) to the effect that the relationship or engagement between the relevant member of the Group or the Related Entity (as the case may be) and the Selected Participant has or has not been terminated on one or more of the above specified grounds (a) to (c) shall be conclusive.

- (v) Winding-up. In the event that an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), unless the Board otherwise determines, (a) the Awarded Shares which have been vested in the Selected Participant shall still be effective; (b) the Awarded Shares which have not been vested in the Selected Participant shall automatically lapse forthwith.
- (vi) Bankruptcy or insolvency. If a Selected Participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her/its creditors generally, unless the Board otherwise determines, (a) the Awarded Shares which have been vested in the Selected Participant shall still be effective; (b) the Awarded Shares which have not been vested in the Selected Participant shall automatically lapse forthwith.
- (vii) Refuse. In the event that a Selected Participant fails to return duly executed transfer documents on or before the date prescribed by the Board (or such later date as may be determined by the Board at its sole and absolute discretion having taken into account of all relevant circumstances) for the relevant Awarded Shares within the stipulated period, the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith.
- (viii) Subject to sub-paragraphs 6.1(i) to 6.1(vii), any company or person designated by the Board or the Committee may purchase the Award Shares lapsed at the price of grant consideration.

6.2 Except in the circumstances as set out in paragraph 6.1,

- (A) subject to sub-paragraph (C) and barring any unforeseen circumstances, unless otherwise agreed between the Board and the Agent, one (1) month prior to any Vesting Date, the Agent shall send to the relevant Selected Participant (via the Company) a direction form together with such prescribed transfer documents and checklist of information and/or documents which require the Selected Participant to execute and/or provide to effect the transfer of the Awarded Shares on or as soon as practicable after the relevant Vesting Date;
- (B) subject to the receipt by the Agent no later than the date falling seven (7)

Business Days before the relevant Vesting Date of (i) the completed direction form and prescribed transfer documents and requisite information and/or documents prescribed by the Agent and duly signed by the Selected Participant within the period stipulated in the direction form referred to in subparagraph 6.2(B) hereof, and (ii) a confirmation from the Company that all vesting conditions which shall be listed in the Award Notice having been fulfilled, the Agent shall as soon as practicable transfer the relevant Awarded Shares to the relevant Selected Participant; and

(C) in the event that the number of Business Days between the date of the Award Notice and the Earliest Vesting Date is less than one month, the Agent shall (within five (5) Business Days from the date of it being notified by the Board of the making of the Award in accordance with paragraph 3.4) send to the relevant Selected Participant (via the Company) a direction form together with such prescribed transfer documents and checklist of information and/or documents which require the Selected Participant to execute and/or provide to effect the transfer of the Awarded Shares on or as soon as practicable after the relevant Vesting Date.

6.3 The Agent shall hold Returned Shares exclusively for the benefit of all or one or more of the Eligible Participants (excluding any Excluded Participants) as the Board shall in its absolute discretion at any time determine and select in writing as the Selected Participant(s).

7. PLAN LIMIT

7.1 The aggregate maximum number of Shares (“**Plan Mandate Limit**”) (i) to be subscribed by the Agent by applying the Group Contribution pursuant to paragraph 4.2 for the purpose of the Plan; and (ii) to be issued under any other share option schemes or share award schemes adopted or to be adopted by the Company from time to time, shall not exceed 10% of the total number of issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Plan Mandate Limit. The aggregate maximum number of Shares to be subscribed for by the Agent by applying the Group Contribution pursuant to paragraph 4.2 for the Awards to be awarded to all Service Provider Participants pursuant to the Plan (“**Service Provider Sub-limit**”) shall not exceed 5% of the total number of issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Service Provider Sub-limit. The Board shall not instruct the Agent to subscribe for any Shares for the purpose of the Plan when such subscription will result in the Plan Mandate Limit or the Service Provider Sub-limit being exceeded.

7.2 Awards lapsed in accordance with the paragraph 6 of the Plan will not be regarded as utilised for the purpose of calculating the Plan Mandate Limit or the Service Provider Sub-limit. If the Company conducts a Relevant Event while any Award remains outstanding, the maximum number of Shares that may be issued by the Company, subscribed for by the Agent pursuant to the Plan and all other share option schemes and share award scheme of the Company under the unutilised Plan Mandate Limit or the Service Provider Sub-limit shall be adjusted accordingly, with reference to the total number of issued Shares at the date immediately before and after such Relevant Event and rounded to the nearest whole Share, such that the Select Participants will be entitled to the same proportion of the Company’s equity capital as to which such Select

Participants previously entitled under an outstanding Award, but no such adjustment may be made to the extent that a Share would be issued at less than its nominal or par value. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements under the Notes to Rules 17.03(13) of the Listing Rules.

7.3 Any grant of Awards to any Director, chief executive or substantial Shareholder of the Company, or any of his respective associates, shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive 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 Director) or chief executive of the Company, or any of his respective associates, would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of this 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 Shares in issue at the date of such grant; or
- (B) where any grant of Awards to an independent non-executive Director or substantial Shareholder of the Company (or any of his respective associates) would result in the number of Shares issued and to be issued upon exercise of all Awards 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 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 Shares in issue,

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

7.4 The maximum number of 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 Shares to be issued under any options granted to such Selected Participant under any share option schemes of the Company shall not (i) in aggregate exceed 1% of the issued share capital of the Company in issue; and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules. Any further grant of Awards must be separately approved by the Shareholders in general meeting with such Eligible Participant and his or her close associates (or his or her associates if the Eligible Participant is a connected person) abstaining from voting. The Company must then send a circular to its Shareholders and the circular must disclose the identity of

the Eligible Participants, the number and terms of the Awards to be granted and Awards previously granted to such Eligible Participant and the information required under the Listing Rules. The number and terms of the Awards to be granted to such Eligible Participant must be fixed before Shareholders' approval.

- 7.5 The Company may seek approval by its shareholders in general meeting for refreshing the Plan Mandate Limit and/or the Service Provider Sub-limit after three years from the date of shareholders' approval for the last refreshment or the adoption of the Plan and in accordance with the applicable Listing Rules.
- 7.6 If the Company cancels the Awarded Shares granted to a Selected Participant and makes a new grant to the same Selected Participant, such new grant may only be made under this Plan with available Scheme Mandate Limit approved by the Shareholders as mentioned in paragraph 7.1 and granted in compliance with the terms of this Plan, the Listing Rules and the applicable laws or regulations. The Awarded Shares so cancelled will be regarded as utilized for the purpose of calculating the Plan Mandate Limit (and the Service Provider Sublimit thereunder).

**8. VOTING RIGHTS REGARDING SHARES IN SHARES POOL AND
SELECTED PARTICIPANTS HAVING NO RIGHTS**

- 8.1 The Agent shall not exercise the voting rights in respect of any Shares held under the trust constituted by the Trust Deed (including but not limited to any Shares in the Shares Pool, the Awarded Shares, the Returned Shares, any bonus Shares and scrip Shares). In particular, the Agent holding unvested Shares under the Plan, whether directly or indirectly, shall abstain from voting on matters that require 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.
- 8.2 The Selected Participants shall not have any right to receive any Awarded Shares set aside for them pursuant to paragraph 4 unless and until the Agent has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms hereof. For the avoidance of doubt:
- (A) a Selected Participant shall only have a contingent interest in the Awarded Shares which are referable to him subject to the vesting of such Shares in accordance with paragraph 5.1;
 - (B) a Selected Participant shall have no rights in the Residual Cash or any of the Returned Shares;
 - (C) no instruction may be given by a Selected Participant to the Agent in respect of the Awarded Shares and/or the Pure Cash Dividends and/or such other properties or assets of the trust constituted by the Trust Deed; and
 - (D) a Selected Participant shall have no rights in the fractional share arising out of consolidation of Shares (and such Shares shall be deemed as Returned Shares for the purposes of the Plan);
 - (E) subject to paragraph 3.9, where a Selected Participant ceases to be an

employee or a director of the Company, Subsidiary or a Related Entity on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company, any Subsidiary, any Related Entity or the Agent; and

- (F) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the Personal Representatives of the Selected Participant is made within the period prescribed in paragraph 3.10 and 5.3, and the Personal Representatives of the Selected Participant shall have no claims against the Company, any Subsidiary, any Related Entity or the Agent.

9. ALTERATION OF CAPITAL STRUCTURE

9.1 Upon the occurrence of a Relevant Event, the number of outstanding Awarded Shares that have been granted shall be adjusted in such manner as the Board determines 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 relevant outstanding Awards, provided that:

- (i) any such 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 adjustments may be made to the extent that a Share would be issued at less than its nominal or par value;
- (ii) all fractional Shares (if any) arising out such a Relevant Event shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date;
- (iii) in respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements set out under the Notes to Rule 17.03(13) of the Listing Rules.

10. DISPUTES

Any dispute arising in connection with the Plan shall be referred to the decision of the Board who shall act as experts and not as arbitrators and whose decisions shall be final, conclusive and binding on all persons who may be affected thereby (including without limitation as to the Board's final discretion on how the rules set forth in this 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 the Company's compliance of the Listing Rules at all times).

11. ALTERATION OF THESE RULES OF THE PLAN

11.1 These rules of the Plan may be altered by the prior sanction of a resolution passed by the Board provided that no such alteration shall operate to affect adversely any rights of

any Selected Participant in respect of his 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 Shares in respect of which that date is a Vesting Date) as would be required of the holders of Shares under the Bye-laws for a variation of the rights attached to such Shares. The amended terms of the Rules of the Plan must comply with all applicable laws, rules and regulations (including without limitation the Listing Rules). Any alteration to the Rules 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 Shareholders in general meeting.

- 11.2 Any change to the terms of the Awards granted to a Selected Participant must be approved by the Board, the Compensation Committee, the independent non-executive directors of the Company and/or Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the Compensation Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of this Plan.
- 11.3 Any change to the authority of the directors of the Company or scheme administrators to alter the terms of this Scheme must be approved by the Shareholders in general meeting.

12. TERMINATION

- 12.1 The Plan shall terminate on the earlier of:
- (i) on the 10th anniversary date of the Adoption Date; and
 - (ii) such date of early termination as determined by the Board and notified to the Agent in writing, provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.
- 12.2 If, at the date of the termination of the Plan, the Agent holds any Share which has not been set aside pursuant to paragraph 3 in favour of any Selected Participant or retains any unutilised funds received as the Group Contribution or otherwise, then the Agent shall, within twenty-one (21) Business Days (on which the trading of the Shares has not been suspended) after receiving actual notice of such termination, sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company.
- 12.3 Upon termination of the Plan:
- (A) Subject to the decision of the Board and paragraph 3.9, all the Awarded Shares shall become vested in the Selected Participant on such date of termination, save in respect of any event of an automatic lapse of an Award pursuant to Clause 6.1;
 - (B) Returned Shares and such non-cash income remaining in the escrow fund shall be sold by the Agent, within twenty-one (21) Business Days (on which the

trading of the Shares has not been suspended) of receiving notice of such termination of the Plan (or such longer period as the Board may otherwise determine);

- (C) Residual Cash, net proceeds of sale referred to in paragraph 12.3(B) hereof and such other funds remaining in the trust constituted by the Trust Deed (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Agent may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to Paragraph 12.3(B) hereof).

12.4 For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Plan.

13. MISCELLANEOUS

13.1 These rules of the Plan shall not form part of any contract of employment between the Company or any Subsidiary or any Related Entity and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office or employment shall not be affected by his participation in the Plan or any right which he may have to participate in it and the Plan shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of his office or employment for any reason.

13.2 The Company shall bear the costs and expenses of establishing, administering and implementing the Plan (including, for the avoidance of doubt, the Agent's fees and costs, any transaction levy, investor compensation levy, brokerage, trading fee, trading tariff, stamp duty and any other tax and expenses of whatsoever nature payable on the part of a Selected Participant or the Agent in respect of any sale, purchase, vesting or transfer of, or subscription for, Shares pursuant to the Plan), but excluding any costs, expenses, levies and taxes which are determined by the Board (in their absolute discretion) to be payable due to reasons, factors or circumstances which are personal or pertaining to the relevant Selected Participant(s) or otherwise unrelated to the making of the relevant Award under the Plan and which shall be payable by the relevant Selected Participant(s).

13.3 Any notice or other communication between the Company, the Board, any Selected Participant and/or the Agent may be given by sending the same by electronic mail,, prepaid post or by personal delivery to:

- (A) in the case of the Company or the Board, the principal place of business of the Company in Hong Kong or such other address as notified by the Company to the Selected Participant and/or Agent from time to time;
- (B) in the case of the Agent, its registered office or principal place of business in Hong Kong or such other address as notified by the Agent to the Company from time to time; and
- (C) in the case of any Selected Participant, his last known address as notified by such

Selected Participant to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Group or the Related Entity or the Company's principal place of business from time to time.

13.4 Any notice or other communication:

- (A) if sent by any Selected Participant, shall be irrevocable and shall not be effective until actually received by the Company, the Board and the Agent (as the case may be);
- (B) if sent to any Selected Participant shall be deemed to be given or made 24 hours after the same was put in the post, if sent by local postage pre-paid registered mail to an address in Hong Kong; and five (5) days after the date of posting, if sent by postage pre-paid registered airmail to an address outside Hong Kong; and when delivered, if delivered by hand; and
- (C) if sent to the Agent, shall be irrevocable and shall not be effective until actually received by the Agent.

13.5 The Plan shall not confer on any person any legal or equitable rights against the Company, any Subsidiary, any Related Entity and the Agent, or any of them, directly or indirectly or give rise to any cause of action at law or in equity against the Company, any Subsidiary, any Related Entity and the Agent, or any of them.

13.6 A Selected Participant shall, before accepting an Award and taking the transfer and vesting of the related Awarded Shares (or the net sale proceeds thereof) to and in him, obtain all necessary consents that may be required to enable him to accept such Award and take such transfer and vesting of the related Awarded Shares (or the net sale proceeds thereof), as the case may be, in accordance with these rules of the Plan. By accepting an Award, the Selected Participant is deemed to have represented to the Company and the Agent that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Award by a Selected Participant. A Selected Participant shall indemnify the Company and the Agent, as the case may be, fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company or the Agent, as the case may be, may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of such Selected Participant to obtain any necessary consent or to pay tax or other liabilities in relation to or in connection with his acceptance of the Award and taking the transfer and vesting of the related Awarded Shares (or the net sale proceeds thereof) to and in him as referred to in this paragraph 13.6.

13.7 A Selected Participant shall pay all tax and discharge all liabilities to which he may become subject or liable as a result or consequence of his participation in the Plan, acceptance of any Award made hereunder, and taking the transfer and vesting of the related Awarded Shares (or the net sale proceeds thereof) to and in him, or any of the foregoing.

13.8 A Selected Participant shall indemnify the Company, any Subsidiary, any Related Entity and/or the Agent against any liability each of them may have to pay or account for any taxes, including any withholding liability in connection with any taxes, and to give effect

to this, the Agent or the Company may, notwithstanding anything else herein contained (but subject to applicable law):

- (A) reduce or withhold the number of the Selected Participant's Awarded Shares underlying the Award (the number of Awarded Shares underlying the Award that may be reduced or withheld shall be limited to the number of Awarded Shares that have a fair market value on the date of withholding that, in the reasonable opinion of the Board, is sufficient to cover such liability);
- (B) sell, on the Selected Participant's behalf, such number of Awarded Shares to which the Selected Participant becomes entitled under the Plan and retain the proceeds and/or pay them to the relevant authorities or government agency;
- (C) deduct or withhold, without notice to the Selected Participant, the amount of any such liability from any payment to the Selected Participant made under the Plan or from any payments due from the Company, any Subsidiary, or any Related Entity to the Selected Participant; and/or
- (D) require the Selected Participant to remit to the Company, any Subsidiary, or any Related Entity in the form of cash or a certified or bank cashier's check, an amount sufficient to satisfy any taxes or other amounts required by any governmental authority to be withheld and paid over to such authority by the Company, any Subsidiary, or any Related Entity on account of the Selected Participant or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

For the avoidance of doubt, the Agent shall not be obliged to transfer any Awarded Shares (or the net sale proceeds thereof) to a Selected Participant unless and until the Selected Participant satisfies the Agent and the Company that such Selected Participant's obligations under this paragraph 13.8 have been met.

- 13.9 The Selected Participant and/or the Company shall be responsible for any tax reporting obligations to any relevant tax authorities, and to notify the Agent in a timely manner of any tax reporting obligations that the Agent may have to enable the Agent to fulfil such reporting obligations, including providing the Agent with all information and documents required by the relevant tax authorities to fulfil its Common Reporting Standard ("CRS") and Foreign Account Tax Compliance Act ("FACTA") reporting obligations.
- 13.10 The Agent may rely on the Award Notices and instructions and directions in writing, or any of them, given to it by the Board from time to time under the Plan, and the contents thereof, without further and/or independent inquiry or verification, and may assume the same and the transactions contemplated thereby to be in compliance with all applicable laws, rules, regulations, codes, and guidelines, whether statutory, regulatory, administrative or otherwise and whether having the force of law, and these rules of the Plan and the Trust Deed.
- 13.9 In respect of the administration of the Plan, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

14. CONDITIONS

14.1 The Plan is conditional upon:

- (A) the passing of an ordinary resolution by the Shareholders at a general meeting to approve the adoption of the Plan and authorising the Directors to grant Awards thereunder and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the Plan;
- (B) the passing of an ordinary resolution by the shareholders of Playmates Holdings Limited, being the Company's holding company, at its general meeting; and
- (C) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares representing the Plan Mandate Limit (as defined in paragraph 7.1) to be allotted and issued by the Company pursuant to the grant of Awards in accordance with the terms and conditions of the Plan.

14.2 If the conditions referred to in paragraph 14.1 are not satisfied on or before the date falling sixty (60) days after the date of the general meeting held for the purpose of approving the Plan, the Plan shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Plan.

14.3 Reference in paragraph 14.1(B) to the Listing Committee of the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

14.4 A certificate of a Director that the conditions set out in paragraph 14.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.

15. GOVERNING LAW

15.1 The Plan shall operate subject to the Bye-laws.

15.2 The Plan shall be governed by and construed in accordance with the laws of Hong Kong.

***** End of these rules of the Plan *****