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## **PLAYMATES TOYS LIMITED**

**彩星玩具有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 869)

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rules 13.09(1) of the Listing Rules.

The financial performance of the Group for the year ended 31 December 2008 is currently expected to be significantly below that of the same period last year.

**Shareholders and investors are advised to exercise caution in dealing in shares of the Company.**

This announcement is made by Playmates Toys Limited (the "Company", together with its subsidiaries, the "Group") pursuant to Rules 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Company reported in August 2008 that Group worldwide sales for the six months ended 30 June 2008 were down by 33% compared to the same period in 2007 and the Group reported a loss attributable to shareholders of about HK\$42 million for the six month period.

As forewarned in the Company's 2008 Interim Report, the negative macroeconomic environment in which the Group operated, persisted in the second half of 2008 and in fact worsened since the end of the third quarter, exacerbated by a series of high profile failures of a number of major U.S. and European financial institutions. By the end of the year, the economic slowdown which started in the U.S. had spread to Europe and other regions of the world, deteriorating into a deepening recession on a global scale.

Subject to the finalization of the audited results which will be announced on 13 March 2009, preliminary estimates of Group sales for the year ended 31 December 2008, were down by 23% compared to 2007 and the Company expects to report a significantly higher loss attributable to shareholders as compared to 2007.

In view of the consecutive losses made by the Group in 2007 and 2008 and the prevailing significant uncertainties in the operating environment, the applicable accounting rules require the Group to reverse a portion of the previously recognized deferred tax assets. As a result of such reversal, the deferred tax assets of the Group will be reduced and the reduced portion will be charged to the consolidated income statement accordingly. Such reversal of the deferred tax assets is expected to significantly and negatively affect the reported results of the Group for the year ended 31 December 2008.

The Company is in the process of preparing the final results of the Group for the year ended 31 December 2008. The information contained in this announcement is only a preliminary assessment by the management of the Company and is not based on any figures or information which has been audited or reviewed by the Company's auditors. Details of the Group's financial results for the year ended 31 December 2008 will be announced on 13 March 2009.

**Shareholders and investors are advised to exercise caution in dealing in shares of the Company.**

By order of the board  
**Ng Ka Yan**  
*Company Secretary*

Hong Kong, 9 March 2009

As at the date hereof, the board of directors of the Company comprises the following directors:

Mr. Chan Chun Hoo, Thomas (*Chairman and Executive Director*); Mr. Chow Yu Chun, Alexander (*Independent Non-executive Director*); Mr. Lee Ching Kwok, Rin (*Independent Non-executive Director*); Mr. Novak, Lou Robert (*Executive Director*); Mr. To Shu Sing, Sidney (*Executive Director*) and Mr. Yang, Victor (*Independent Non-executive Director*)

*\* for identification purpose only*