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PLAYMATES TOYS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 869)

PROFIT WARNING

This announcement is made by Playmates Toys Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (“**Board**”) wishes to inform shareholders of the Company and investors that based on a review of the Group’s unaudited management accounts for the three months ended 31 March 2018, the revenue of the Group for the three months ended 31 March 2018 have decreased as compared to the corresponding period last year. The revenue of the Group for the said three month period is approximately HK\$71 million as compared to approximately HK\$111 million for the corresponding period in 2017. The Group has recorded a loss before income tax of approximately HK\$20 million for the said three month period as compared to the profit before income tax of approximately HK\$4 million for the corresponding period in 2017. As anticipated, the loss sustained by the Group was attributable to lower sales in the first quarter of 2018 due to the Company's strategy of voluntary restraint in the supply of *Teenage Mutant Ninja Turtles* products in order to prepare for a fresh beginning in the next iteration in the second half of the year. It was also attributable to the provision for doubtful debts of approximately HK\$10 million for the trade receivables of Toys "R" Us, Inc, which has gone into liquidation.

The information contained in this announcement is only a preliminary assessment by the Board based on the management accounts of the Group which have not been audited or reviewed by the Company’s auditors. The Group’s interim results for the six months ending 30 June 2018 are expected to be announced in August 2018.

Shareholders of the Company 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, 14 May 2018

As at the date hereof, the Board comprises the following directors:

Mr. To Shu Sing, Sidney (*Chairman*); Mr. Chan Kong Keung, Stephen (*Executive Director*); Mr. Cheng Bing Kin, Alain (*Executive Director*); Mr. Chow Yu Chun, Alexander (*Independent Non-executive Director*); Mr. Lee Ching Kwok, Rin (*Independent Non-executive Director*) and Mr. Yang, Victor (*Independent Non-executive Director*)