

[For immediate release]



PLAYMATES TOYS ANNOUNCED 2007 ANNUAL RESULTS

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Highlights

| | For the year ended 31 December | | |
|--|--------------------------------|------------------|-------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | % change |
| Turnover | 909,030 | 1,127,997 | -19.41% |
| Gross profit | 406,063 | 541,171 | -24.97% |
| Operating (loss)/profit | (68,745) | 27,973 | -346% |
| (Loss)/profit attributable to shareholders | (33,585) | 23,194 | -245% |
| | <i>HK cents</i> | <i>HK cents</i> | |
| Basic (loss)/earnings per share | (6.78) | 4.69 | |

- U.S. sales were significantly affected by market conditions relating to concerns over widely publicized industry product recalls
- International sales continued to grow
- Profitability was significantly affected by decline in U.S. sales and inflationary cost pressures from China manufacturers
- Growth strategy continues to focus on portfolio expansion and category diversification
- Listing on the Hong Kong Stock Exchange commenced on 1 February 2008

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(March 11, 2008 – Hong Kong) – **Playmates Toys Limited** (“Playmates Toys” or “the Group”, HKEx Stock Code: 869) announced yesterday its results for the year ended 31 December 2007. Group turnover for the year ended 31 December 2007 was HK\$909 million (2006: HK\$1,128 million). Operating loss was HK\$69 million (2006: operating profit was HK\$28 million). Net loss attributable to shareholders was HK\$34 million (2006: net profit attributable to shareholders was HK\$23 million). Basic loss per share was 6.78 HK cents (2006: earnings per share was 4.69 HK cents).

The toy industry experienced another year of negative growth in 2007. In the second half of 2007, the toy industry was affected by several high profile product recalls resulting from concerns over product safety. Playmates Toys president Mr. Lou Novak commented: “Despite the fact that Playmates Toys has always been committed to full compliance with industry standard testing and thus maintained an excellent safety record for over four decades; sales in the U.S. were significantly affected by market conditions relating to concerns over widely publicized industry product recalls.

“Although US sales were below anticipated levels, international sales continued to grow, as 2007 was another year of expansion of our extensive distributor network and saw the development of new markets.”

Playmates Toys profitability was significantly affected by the decline in U.S. sales and inflationary cost pressures from China manufacturers. Mr. Novak continued, “Escalating raw materials, labor and other input costs combined with the introduction of new testing requirements in China resulted in increased product cost, and negatively impacted our gross profit. Non-recurring professional expenses associated with the spin-off of Playmates Toys Limited and its public listing further burdened our profitability.

“We responded to the negative market conditions by reducing inventory exposure and as a result our continuing brands; including the evergreen Teenage Mutant Ninja Turtles, Disney Princess, Disney Fairies and Strawberry Shortcake, all experienced clean sell through and are well positioned for 2008. New brands introduced in late 2007 and early 2008 included Eon Kids, based on an action-packed animated TV series airing on Kids’ WB! network, Land Before Time, a line of licensed preschool toys based on the classic animation franchise, Popples, a plush line based on a licensed property from American Greetings, and several new products in the youth electronics segment.

“Playmates Toys growth strategy continues to focus on portfolio expansion and category diversification, while simultaneously exploring new strategic opportunities beyond toy merchandising.”

Mr. Thomas Chan, chairman of Playmates Toys, said in conclusion: “As we enter our 42nd year in business with a new corporate identity, it is with the dedication and commitment of our employees and our business partners that Playmates Toys continues to be an important player in the global toy business.”

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