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PLAYMATES HOLDINGS LIMITED

彩星集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 635)

PROFIT WARNING

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

The Board wishes to inform the shareholders of the Company and potential investors that the fair values of the Portfolio Investments, which are determined based on latest available market prices and/or best estimates, have further decreased as compared to the fair values announced in the Interim Results Announcement.

As at 31 October 2008, financial assets in the Portfolio Investments were estimated to have fair values of approximately HK\$210,952,000 (as at 30 June 2008: HK\$581,451,000) and the Group incurred a net loss from investments for the ten-month period ended 31 October 2008 of approximately HK\$272,535,000 (net loss from investments for the six-month period ended 30 June 2008: HK\$95,826,000).

The Board believes the recent adverse condition of the global financial markets might persist through the end of the financial year ending 31 December 2008 and accordingly the Group might record further losses from investments during the remaining months of the financial year ending 31 December 2008. However, the Board is of the view that the financial position of the Group remains healthy and liquid and the principal business activities of the Group will not be materially affected by the losses from investments. As at 31 October 2008, the Group has total cash and bank balances of approximately HK\$351,297,000 (as at 30 June 2008: HK\$220,394,000).

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

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

Reference is made to the Company's announcement dated 21 August 2008 in respect of its unaudited interim results for the six months ended 30 June 2008 (the "Interim Results Announcement") in which the Company announced that the Group incurred a net loss (including realised and unrealised losses) of approximately HK\$96 million from investments.

The Group invested in various types of financial instruments including fixed income, equity, derivatives and managed funds (collectively referred to as the "Portfolio Investments") with a view to enhance overall return. The Group maintains a balanced Portfolio Investments in accordance with conservative investment policy and does not have any exposure to equity or currency accumulator, or other types of derivative financial instrument with indeterminable potential downside losses. As a result of the recent adverse condition and the increasing instability of the global financial markets, the Group has proactively reduced and rebalanced the Portfolio

Investments so as to minimize the exposure. The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that the fair values of the Portfolio Investments, which are determined based on latest available market prices and/or best estimates, have further decreased as compared to the fair values announced in the Interim Results Announcement.

As at 31 October 2008, the Group had realized a significant portion of its investments in managed funds. The balance of financial assets in the Portfolio Investments were estimated to have fair values of approximately HK\$210,952,000 and the Group incurred a net loss from investments for the ten-month period ended 31 October 2008 of approximately HK\$272,535,000 (including realised losses of approximately HK\$154,314,000 and unrealised losses of approximately HK\$118,221,000). In comparison, as at 30 June 2008, fair values of financial assets in the Portfolio Investments were estimated at approximately HK\$581,451,000 and the net loss from investments for the six-month period ended 30 June 2008 was approximately HK\$95,826,000 (including realised losses of approximately HK\$17,502,000 and unrealised losses of approximately HK\$78,324,000).

The Board believes such adverse condition of the global financial markets might persist through the end of the financial year ending 31 December 2008 and accordingly the Group might record further losses from investments during the remaining months of the financial year ending 31 December 2008. However, the Board is of the view that the financial position of the Group remains healthy and liquid and the principal business activities of the Group will not be materially affected by the losses from investments. As at 31 October 2008, the Group has total cash and bank balances of approximately HK\$351,297,000 (as at 30 June 2008: HK\$220,394,000).

This announcement is issued by the Company based on a preliminary best estimate performed by the management of the Group and is not based on figures or information audited or reviewed by the Company’s auditors.

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

On behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

Hong Kong, 14 November 2008

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

Mr. Chan Chun Hoo, Thomas (*Chairman and Executive Director*), Mr. Cheng Bing Kin, Alain (*Executive Director*), Mr. Ip Shu Wing, Charles (*Non-executive Director*), Mr. Lee Peng Fei, Allen (*Independent Non-executive Director*), Mr. Lo Kai Yiu, Anthony (*Independent Non-executive Director*), Mr. To Shu Sing, Sidney (*Executive Director*), Mr. Tsim Tak Lung (*Deputy Chairman and Non-executive Director*) and Mr. Yu Hon To, David (*Independent Non-executive Director*)

** For identification purpose only*