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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 (the “**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 (the “**Board**”) wishes to inform shareholders of the Company and investors that based on a review of the Group’s unaudited management accounts, the revenue of the Group for the three months ended 31 March 2020 is approximately HK\$47 million as compared to HK\$74 million for the corresponding period in 2019. The Group has recorded a loss before income tax of approximately HK\$21 million for the said three month period as compared to the loss before income tax of HK\$12 million for the corresponding period in 2019. The increase in loss was mainly attributable to a substantial decrease in sales in the first quarter of 2020 primarily due to slowdown of global economic activities owing to the outbreak of the COVID-19 pandemic (the “**Pandemic**”).

The Company has been closely monitoring the development of the Pandemic. Management has implemented contingency measures to minimize the disruptions to our operations. Various cost control measures were taken and certain senior management and Executive Directors have voluntarily reduced their salaries for a period of time.

While the further development of the Pandemic remains uncertain, it is difficult to quantify its potential impact on the Group’s business and financial position. At present, although suppliers of the Group in southern China are gradually resuming production, it is expected that the difficult operating environment and weak market sentiment will continue to adversely affect our business for the rest of the year. Furthermore, our performance may also be negatively affected by the slowdown of global economy and the escalating tensions between China and the United States.

Notwithstanding the above, the Company will continue to prudently manage its financial and cash position to overcome the difficult operating environment in the near term. As of 30 April 2020, the Group maintains a cash position of approximately HK\$1.0 billion and the Board considers that the overall financial position of the Group continues to remain sound and solid.

The information contained in this announcement is only a preliminary assessment by the Board based on the management reports 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 2020 are expected to be announced in August 2020.

**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, 15 May 2020

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. Lam Wai Hon, Ambrose (*Independent Non-executive Director*); Mr. Lee Ching Kwok, Rin (*Independent Non-executive Director*) and Mr. Tran Vi-hang William (*Executive Director*)