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PLAYMATES HOLDINGS LIMITED

彩星集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 635)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

	2009	2008
For the six months ended 30 June	HK\$'000	HK\$'000
Group revenue	386,109	286,499
- from property investments & associated businesses	47,338	47,502
- from investment business	3,133	6,901
- from toy business	335,638	232,096
Gross profit	213,372	135,728
Revaluation surplus on investment properties	92,237	151,243
Operating profit	153,319	19,751
Profit before taxation	143,590	13,744
Profit attributable to equity holders of the Company	120,647	43,896
	HK\$	HK\$
Earnings per share		
- Basic	0.55	0.20
- Diluted	0.54	0.20
Interim dividend per share	0.05	0.10

Property Investments and Associated Businesses

Revenue for the property investments and associated businesses remained stable for the first half of 2009 despite the uncertainties over the local economy triggered by the global financial crisis in the last quarter of 2008. Revenue for the period under review before intra-group elimination was HK\$52 million (same period in 2008: HK\$51 million). Operating profit before property revaluation increased by 13.4% to about HK\$29.6 million (same period in 2008: about HK\$26.1 million). The property market in Hong Kong improved since the second quarter of 2009 enabling the Group to achieve an increase in the capital value of its property portfolio since the year end of 2008. The Group's property investments were revalued by an independent professional surveyor at the fair value of about HK\$1.65 billion (fair value as at 31 December 2008: HK\$1.55 billion). A revaluation surplus of HK\$92 million was reported in the consolidated income statement of the Group. Segment operating profit was HK\$122 million including revaluation surplus, compared to HK\$177 million in operating profit (including revaluation surplus of HK\$151 million) of the same period last year.

(a) Property Investments

The Group's major property investments include (i) The Toy House at 100 Canton Road, Tsimshatsui; (ii) a number of apartment units at Hillview, 21-23A MacDonnell Road, Hong Kong; and (iii) Playmates Factory Building at 1 Tin Hau Road, Tuen Mun.

(i) *The Toy House*

Rental income generated by The Toy House before intra-group elimination recorded a significant growth of 25% to HK\$25 million as compared to the same period last year. The increase was primarily driven by higher rental levels from leases renewed during the second half of 2008 across all three tenant sectors, namely retail, food and beverage and office. The tenant mix will be further strengthened as a renowned infant and baby care retail shop is expected to commence their business in the third quarter of 2009. The Group will continue to attract new tenants to improve the tenant mix and occupancy rate of The Toy House.

(ii) *Hillview*

Rental income generated by the residential properties at Hillview was HK\$7 million which remained steady as compared to the same period last year. Demand for luxury residential properties from expatriates, particularly from the financial sector weakened considerably since the last quarter of 2008 and several tenancies were either early terminated or surrendered in the last quarter of 2008 according to the lease terms. However, the Group has taken proactive and effective measures in finding replacement tenants to minimise rental income losses. This effectively offset the adverse impact of the financial crisis and full occupancy was recorded as at the period end.

(iii) Playmates Factory Building

There was a moderate increase in rental income generated by the Playmates Factory Building for the period under review. Rental income increased by approximately 7% to HK\$4.6 million as compared to the same period last year. The increment was mainly attributable to new leases during the period. Occupancy remained at a relatively high level as at the period end.

(b) Property Management Business

The Group is engaged in managing The Toy House, Playmates Factory Building and Hillview, and provides a comprehensive property management services include attending to repair and maintenance, providing building security and general cleaning for common areas, attending to hand-over and take-over of premises and monitoring reinstatement and refurbishment works.

Income generated from the property management business segment before intra-group elimination for the first half year was about HK\$6.5 million, an increase of approximately 3% over the same period last year.

(c) Food & Beverage Business

The food and beverage business was negatively affected after the financial crisis as consumers curtailed spending. Income generated from the food and beverage business for the first half of 2009 was about HK\$8.6 million, representing a 32% decrease over the same period last year. However, there have been some recent signs of improvement in consumer sentiment and management expects the decrease in turnover to be short-term.

The second half of the year will continue to be challenging although there are some recent signs of stabilisation of the local economy. Nevertheless, management remains cautiously optimistic about the property investments and associated businesses and expects revenue to remain stable in 2009 on the strength of the quality of the investment properties and the diversified tenant base.

The Group will continue its long-term and balanced approach to growth through identification of suitable property investment opportunities and diversification of its business.

Playmates Toys

Playmates Toys worldwide sales during the first half of 2009 were HK\$336 million, an increase of 45% over the same period last year. U.S. sales increased by 44% and international sales were up 146% over the same period last year. Sales of boys brands worldwide increased during the period due to strong initial sell-in of toy lines based on two major theatrical releases in May: *Star Trek*^{TM & ©} and *Terminator: Salvation*^{TM & ©}. Sales in key European markets also benefited from the introduction of *Dinosaur King*[©] action figures and accessories. Sales of girls brands increased as a result of the continued strength of the *Disney Fairies*[©] brand following the release of the “*Tinker Bell*[©]” DVD last fall.

Gross profit ratio on toy sales was 51% (38% during the same period in 2008). Higher gross profit percentage for the period is attributed to a more profitable product mix of sales, relatively stable input costs and less discounted sales on discontinued products.

Administration expenses were reduced by 30% when compared to the same period last year, consistent with the stated operating priority in 2009 to cut costs and tightly control expenses in response to the global economic recession. Playmates Toys reported a net profit after tax for the period of about HK\$2 million (compared to a net loss after tax of about HK\$42 million for the same period in 2008) as a result of increased sales, higher gross margin and lower administration expenses for the period.

For the industry as a whole, year-to-date (end of June 2009) retail toy sales in the US decreased by 2% in dollar terms, and a corresponding decrease of 3% in unit sales. The global economic recession has cooled toy sales worldwide, as consumers cut back on discretionary purchases and retailers kept a tight rein on inventory. U.S. retail industry in general is reducing shelf space for toys and limiting brand selection. International markets have also been significantly impacted by the economic slowdown.

Playmates Toys expects the challenging environment to continue in the second half of 2009. Consumer confidence remains weak and retailers continue to tightly control inventory and limit their support for those brands that are not category leaders. Since the retail sell through of *Terminator: Salvation*^{TM & ©} and *Star Trek*^{TM & ©} toys were below expectation, retail shelf space for both brands have been reduced which will negatively impact Playmates Toys boys toy sales in the second half of the year. Accordingly Playmates Toys is adjusting its outlook for the second half of the year. Nevertheless, we remain cautiously optimistic that an improvement in operating results of Playmates Toys for the full year may still be achievable.

Cognizant of the continued challenges, Playmates Toys will continue to pursue tight expense control, while focusing on acquiring new licenses and exploiting opportunities in categories of its core competence.

Portfolio Investments

The Group engages in portfolio investments which involve investing in listed equity shares and managed funds. The investment policy provides for a set of prudent guidance and control framework to achieve the objective of managing a portfolio that is highly liquid and offers reasonable risk-adjusted returns through capital appreciation and dividend income.

As at 30 June 2009, fair market value of the Group's investment portfolio was HK\$191 million (HK\$185 million as at 31 December 2008). The Group reported a net gain from investments of approximately HK\$19 million. In comparison, a net loss from investments of approximately HK\$96 million was incurred for the same period in 2008. In the first half of 2009, dividend and interest income generated from portfolio investments were HK\$3 million (HK\$7 million in the first half of 2008) and has been included in the revenue of the Group.

Going forward, the Group will remain vigilant in monitoring and balancing the investment portfolio amid continued market uncertainties as a slow recovery from the global financial turmoil commenced in the last quarter of 2008 is expected.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

For the six months ended 30 June 2009

	Note	Unaudited Six months ended 30 June		
		2009 US\$'000 (Note 9)	2009 HK\$'000	2008 HK\$'000
Revenue	2	49,821	386,109	286,499
Cost of sales		<u>(22,289)</u>	<u>(172,737)</u>	<u>(150,771)</u>
Gross profit		27,532	213,372	135,728
Marketing expenses		(10,577)	(81,971)	(75,492)
Selling and distribution expenses		(3,855)	(29,877)	(17,438)
Administration expenses		(7,642)	(59,223)	(78,464)
Net gain/(loss) on financial assets at fair value through profit or loss		2,423	18,781	(95,826)
Revaluation surplus on investment properties		<u>11,902</u>	<u>92,237</u>	<u>151,243</u>
Operating profit		19,783	153,319	19,751
Other income		12	94	676
Finance costs		(585)	(4,537)	(4,551)
Share of loss of an associated company		(249)	(1,927)	(2,132)
Share of loss of a jointly controlled entity		<u>(433)</u>	<u>(3,359)</u>	<u>-</u>
Profit before taxation	3	18,528	143,590	13,744
Taxation (charge)/credit	4	<u>(2,901)</u>	<u>(22,482)</u>	<u>9,976</u>
Profit for the period		<u>15,627</u>	<u>121,108</u>	<u>23,720</u>
Profit attributable to:				
Equity holders of the Company		15,567	120,647	43,896
Minority interests		<u>60</u>	<u>461</u>	<u>(20,176)</u>
		<u>15,627</u>	<u>121,108</u>	<u>23,720</u>
Dividends	5	<u>1,422</u>	<u>11,022</u>	<u>22,372</u>
Earnings per share	6	US\$	HK\$	HK\$
Basic		<u>0.07</u>	<u>0.55</u>	<u>0.20</u>
Diluted		<u>0.07</u>	<u>0.54</u>	<u>0.20</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Unaudited		
	Six months ended 30 June		
	2009	2009	2008
	US\$'000	HK\$'000	HK\$'000
	(Note 9)		
Profit for the period	<u>15,627</u>	<u>121,108</u>	<u>23,720</u>
Other comprehensive expense:			
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u>(69)</u>	<u>(533)</u>	<u>-</u>
Total comprehensive income for the period	<u>15,558</u>	<u>120,575</u>	<u>23,720</u>
Total comprehensive income attributable to:			
Equity holders of the Company	15,530	120,355	43,896
Minority interests	<u>28</u>	<u>220</u>	<u>(20,176)</u>
	<u>15,558</u>	<u>120,575</u>	<u>23,720</u>

Condensed Consolidated Balance Sheet
As at 30 June 2009

	Unaudited	Unaudited	Audited
	30 June	30 June	31 December
	2009	2009	2008
<i>Note</i>	US\$'000	HK\$'000	HK\$'000
	<i>(Note 9)</i>		
Non-current assets			
Fixed assets			
- Investment properties	196,039	1,519,300	1,426,100
- Other property, plant and equipment	6,069	47,037	48,848
- Prepaid premium on leasehold land held for own use under an operating lease	8,210	63,626	64,267
	210,318	1,629,963	1,539,215
Goodwill	771	5,976	5,976
Interest in an associated company	3,056	23,686	25,613
Interest in a jointly controlled entity	716	5,551	8,534
Deferred tax assets	5,601	43,407	46,202
	220,462	1,708,583	1,625,540
Current assets			
Inventories	3,535	27,398	19,647
Trade receivables	5,086	39,413	78,900
Other receivables, deposits and prepayments	7,306	56,623	108,808
Taxation recoverable	438	3,391	4,011
Financial assets at fair value through profit or loss	24,706	191,475	185,012
Cash and bank balances	40,489	313,792	303,316
	81,560	632,092	699,694
Current liabilities			
Bank loans	18,710	145,000	201,721
Trade payables	5,336	41,353	97,709
Other payables and accrued charges	11,241	87,120	84,331
Provisions	2,723	21,101	29,520
Taxation payable	871	6,755	3,651
	38,881	301,329	416,932
Net current assets	42,679	330,763	282,762

	Unaudited 30 June 2009 US\$'000 (Note 9)	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Total assets less current liabilities	263,141	2,039,346	1,908,302
Non-current liabilities			
Deferred tax liabilities	<u>18,689</u>	<u>144,842</u>	<u>128,785</u>
Net assets	<u>244,452</u>	<u>1,894,504</u>	<u>1,779,517</u>
Capital and reserves			
Share capital	2,850	22,085	21,880
Reserves	234,666	1,818,665	1,709,400
Declared dividends	<u>5 1,422</u>	<u>11,022</u>	<u>4,376</u>
Equity attributable to the Company's equity holders	238,938	1,851,772	1,735,656
Minority interests	<u>5,514</u>	<u>42,732</u>	<u>43,861</u>
Total equity	<u>244,452</u>	<u>1,894,504</u>	<u>1,779,517</u>

Notes to the Condensed Consolidated Financial Information

1 Basis of preparation and accounting policies

This condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This condensed consolidated financial information should be read in conjunction with the 2008 annual financial statements.

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2008, except that the Group has applied for the first time the following new and revised Hong Kong Financial Reporting Standards (the “new HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost on an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs 2008

Other than as noted below, the adoption of these new HKFRSs had no impact on how the results and financial position for the current and prior period have been prepared and presented.

- HKAS 1 (Revised), “Presentation of Financial Statements”. As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income.

The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- HKFRS 8, “Operating Segments”. Upon the adoption of HKFRS 8 reportable segment information is now based on internal management reporting information that is regularly reviewed by the Group’s senior executive management. In the previous annual financial statements, according to the predecessor standard, HKAS 14 “Segment Reporting”, “business segments” were identified by reference to the nature of the products and services provided by the Group. This change has resulted in the disclosure of an additional reportable operating segment, namely investment business. Comparatives have been restated on a basis consistent with the new standard.

2 Segment information

The Group manages its business by operating divisions, which are organised by services, products and investments. In a manner consistent with the way in which information is reported internally to the Group’s senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments.

Property investments and associated businesses: this segment invests and leases commercial, industrial and residential premises to generate rental income, to gain from the appreciation in properties’ values in the long term and to provide property management services to generate property management fee income, and operates restaurants to generate income.

Investment business: this segment invests in financial instruments including listed equity and managed funds to generate interest income and dividend income and to gain from the appreciation in instruments’ values.

Toy business: this segment engages in the design, development, marketing and distribution of toys and family entertainment activity products to generate income.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group’s senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible non-current and current assets except deferred tax assets, taxation recoverable and other corporate assets which namely “unallocated assets”. Segment liabilities include all current and non-current liabilities except deferred tax liabilities, taxation payable and other corporate payables which namely “unallocated liabilities”.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Inter-segment revenue represents inter-company rental charges on properties owned by the Group. Inter-segment transactions are conducted at arm's length.

The segment results for the six months ended 30 June 2009 are as follows:

	Property investments and associated businesses HK\$'000	Investment business HK\$'000	Toy business HK\$'000	Total HK\$'000
Gross segment revenue	52,396	3,133	335,638	391,167
Inter-segment revenue	<u>(5,058)</u>	<u>-</u>	<u>-</u>	<u>(5,058)</u>
Revenue from external customers	<u>47,338</u>	<u>3,133</u>	<u>335,638</u>	<u>386,109</u>
Segment profit before depreciation	123,355	21,914	14,491	159,760
Depreciation	<u>(1,509)</u>	<u>-</u>	<u>(1,691)</u>	<u>(3,200)</u>
Segment operating profit	<u>121,846</u>	<u>21,914</u>	<u>12,800</u>	<u>156,560</u>
Other income	5	-	89	94
Finance costs	(1,293)	(43)	(3,175)	(4,511)
Share of loss of an associated company	-	-	(1,927)	(1,927)
Share of loss of a jointly controlled entity	<u>-</u>	<u>-</u>	<u>(3,359)</u>	<u>(3,359)</u>
	<u>(1,288)</u>	<u>(43)</u>	<u>(8,372)</u>	<u>(9,703)</u>
Segment profit before taxation	<u>120,558</u>	<u>21,871</u>	<u>4,428</u>	146,857
Unallocated corporate expenses				<u>(3,267)</u>
Profit before taxation				<u>143,590</u>

The segment results for the six months ended 30 June 2008 are as follows:

	Property investments and associated businesses <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross segment revenue	51,066	6,901	232,096	290,063
Inter-segment revenue	<u>(3,564)</u>	<u>-</u>	<u>-</u>	<u>(3,564)</u>
Revenue from external customers	<u>47,502</u>	<u>6,901</u>	<u>232,096</u>	<u>286,499</u>
Segment profit/(loss) before depreciation	179,808	(88,925)	(67,182)	23,701
Depreciation	<u>(2,437)</u>	<u>-</u>	<u>(1,213)</u>	<u>(3,650)</u>
Segment operating profit/ (loss)	<u>177,371</u>	<u>(88,925)</u>	<u>(68,395)</u>	<u>20,051</u>
Other income	125	-	551	676
Finance costs	(2,701)	(626)	(1,208)	(4,535)
Share of loss of an associated company	<u>-</u>	<u>-</u>	<u>(2,132)</u>	<u>(2,132)</u>
	<u>(2,576)</u>	<u>(626)</u>	<u>(2,789)</u>	<u>(5,991)</u>
Segment profit/(loss) before taxation	<u>174,795</u>	<u>(89,551)</u>	<u>(71,184)</u>	14,060
Unallocated corporate expenses				<u>(316)</u>
Profit before taxation				<u>13,744</u>

The segment assets and liabilities as at 30 June 2009 are as follows:

	Property investments and associated businesses HK\$'000	Investment business HK\$'000	Toy business HK\$'000	Total HK\$'000
Operating segment assets	1,632,726	450,552	175,837	2,259,115
Interest in an associated company	-	-	23,686	23,686
Interest in a jointly controlled entity	-	-	5,551	5,551
Total operating segment assets	<u>1,632,726</u>	<u>450,552</u>	<u>205,074</u>	2,288,352
Inter-segment elimination	(434)	-	(489)	(923)
Unallocated assets				<u>53,246</u>
Total assets				<u>2,340,675</u>
Operating segment liabilities	<u>139,401</u>	<u>-</u>	<u>154,534</u>	293,935
Inter-segment elimination	(489)	-	(434)	(923)
Unallocated liabilities				<u>153,159</u>
Total liabilities				<u>446,171</u>

The segment assets and liabilities as at 31 December 2008 are as follows:

	Property investments and associated businesses <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Operating segment assets	1,545,312	455,361	233,344	2,234,017
Interest in an associated company	-	-	25,613	25,613
Interest in a jointly controlled entity	-	-	8,534	8,534
Total operating segment assets	<u>1,545,312</u>	<u>455,361</u>	<u>267,491</u>	2,268,164
Inter-segment elimination	(505)	-	(355)	(860)
Unallocated assets				<u>57,930</u>
Total assets				<u>2,325,234</u>
Operating segment liabilities	<u>189,586</u>	<u>-</u>	<u>222,012</u>	411,598
Inter-segment elimination	(355)	-	(505)	(860)
Unallocated liabilities				<u>134,979</u>
Total liabilities				<u>545,717</u>

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, goodwill and interest in an associated company and a jointly controlled entity ("specified non-current assets"). The geographical location of customers is based on the country in which the customer is located. The geographical location of the specified non-current assets is based on the physical location of the assets in case of fixed assets, the location of operation to which they are allocated in case of goodwill, and the location of operation in case of interest in an associated company and a jointly controlled entity.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	48,852	52,590	1,654,218	1,564,671
Americas				
- U.S.A.	219,317	152,588	10,632	14,515
- Others	21,226	9,297	-	-
Europe	75,729	58,854	-	-
Asia Pacific other than Hong Kong	19,379	8,998	326	152
Others	1,606	4,172	-	-
	337,257	233,909	10,958	14,667
	386,109	286,499	1,665,176	1,579,338

(c) Major customer

The Group's customer base is diversified and includes three (2008: one) customers of the toy business with each of whom transactions have exceeded 10% of the Group's total revenue. Aggregate revenue from sales to these customers amounted to approximately HK\$176 million (2008: HK\$52 million).

3 Profit before taxation

Profit before taxation is stated after charging the following:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Cost of inventories sold	148,488	125,257
Product development costs	4,994	4,628
Royalties paid	46,994	25,520
Provision for customer concession	4,946	284
Staff costs	44,488	53,234
Depreciation of fixed assets	3,563	4,052
Loss on disposal of fixed assets	43	54

4 Taxation (charge)/credit

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period. Overseas taxation is provided on the profits/losses of the overseas subsidiaries in accordance with the tax laws of the countries in which these entities operate.

The amount of taxation (charged)/credited to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	(3,610)	(2,506)
Overseas taxation	(478)	(318)
Over provision in prior years	166	-
	<u>(3,922)</u>	<u>(2,824)</u>
Deferred taxation		
Decrease in tax rate	-	9,067
Origination and reversal of temporary differences	(18,560)	3,733
	<u>(18,560)</u>	<u>12,800</u>
	<u>(22,482)</u>	<u>9,976</u>

5 Dividends

At a meeting held on 13 March 2009, the directors declared a second interim dividend of HK\$0.02 per share which was paid on 9 April 2009 and has been reflected as an appropriation of retained profits for the six months ended 30 June 2009.

At a meeting held on 21 August 2009, the directors declared an interim dividend of HK\$0.05 (2008: HK\$0.10) per share to be paid on 22 September 2009 to shareholders on the Company's Register of Members on 15 September 2009. This declared dividend is not reflected as a dividend payable in these condensed consolidated accounts, but will be reflected as an appropriation of retained profits for the year ending 31 December 2009.

6 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$120,647,000 (2008: HK\$43,896,000) and on the weighted average number of ordinary shares of 219,080,000 (2008: 223,586,000) shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$120,647,000 (2008: HK\$43,896,000) and the weighted average number of ordinary shares of 223,539,000 (2008: 223,720,000) shares, adjusted for the effects of 4,459,000 (2008: 134,000) dilutive potential shares.

7 Trade receivables

The normal trade terms with toy business customers are letters of credit at sight or usance or on open accounts with credit term of 60 days on average. For property investments and management businesses, and restaurant operations, no credit term is granted to tenants and customers. The following is an ageing analysis of trade receivables at the balance sheet date:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
0 – 30 days	37,247	71,659
31 – 60 days	538	1,986
Over 60 days	1,628	5,255
	39,413	78,900

8 Trade payables

The following is an ageing analysis of trade payables at the balance sheet date:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
0 – 30 days	29,466	74,527
31 – 60 days	9,567	20,385
Over 60 days	2,320	2,797
	41,353	97,709

9 US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.75 to US\$1 ruling at 30 June 2009.

10 Comparative figures

As a result of the application of HKAS 1 "Presentation of Financial Statements" and HKFRS 8 "Operating Segments", certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009.

FINANCIAL ANALYSIS

The property investments and associated businesses generated a relatively steady income stream throughout the period. Approximately 87% of the total gross floor area of the Group's investment properties were leased out as at 30 June 2009. Accounts receivables were minimal as at the period end.

The investment portfolio includes listed equity and managed funds. As at 30 June 2009, the Group's investment portfolio amounts to HK\$191,475,000 (31 December 2008: HK\$185,012,000) of which approximately 92% (31 December 2008: 82%) are listed equity.

The toy business is inherently seasonal in nature. In general, sales in the second half-year are much higher than those in the first half. As a result, a disproportionately high balance of trade receivables is generated during the peak selling season in the second half of the year. Consistent with usual trade practices, a significant portion of the trade receivables is collected in the final weeks of the fourth quarter and in the first quarter of the subsequent year, resulting in a seasonal demand for working capital during the peak selling season. As at 30 June 2009, trade receivables related to toy business were HK\$37,592,000 (31 December 2008: HK\$77,240,000) and inventories were HK\$27,271,000 (31 December 2008: HK\$19,469,000).

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2009 was 6.2% compared to 8.7% at 31 December 2008. The current ratio, calculated as the ratio of current assets to current liabilities, was 2.1 at 30 June 2009 compared to 1.7 at 31 December 2008.

The Group maintains a level of cash that is necessary and sufficient to serve recurring operations as well as further growth and developmental needs. As at 30 June 2009, the Group's cash and bank balances were HK\$313,792,000 (31 December 2008: HK\$303,316,000).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, 1,126,000 shares of HK\$0.10 each were repurchased by the Company at prices ranging from HK\$1.80 to HK\$1.96 per share through The Stock Exchange of Hong Kong Limited.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2009, except for the deviation from provision A.2.1 of the Code in respect of segregation of the roles of chairman and chief executive officer.

The chairman and chief executive officer of the Company is Mr. Chan Chun Hoo, Thomas. This deviates from provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board comprises three executive directors (one of whom is the chairman) and five non-executive directors. Of the five non-executive directors, three are independent non-executive directors. Mr. Chan Chun Hoo, Thomas focuses on Group strategy and is responsible for chairing and managing the efficient operation of the Board and ensuring that all key issues are considered by the Board in a timely manner; whereas responsibilities for running of the business operations of the Group are delegated to different designated senior executives. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the business of the Group given that there is a strong and independent non-executive directorship element on the Board and a clear division of responsibility in running the business of the Group. The Board believes that the structure outlined above is beneficial to the Company and its business.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting manners including a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 14 September 2009 to 15 September 2009, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the declared dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Tricor Abacus Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on 11 September 2009.

On behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

Hong Kong, 21 August 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. 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*