

2023 INTERIM REPORT



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MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2023 HK\$'000	2022 HK\$'000
Group revenue	427,006	378,717
– from toy business	347,231	267,462
– from property investments and associated businesses	76,792	109,704
– from investment business	2,983	1,551
Gross profit	259,934	236,436
Net revaluation surplus/(deficit) on investment properties	4,123	(105,803)
Operating profit/(loss)	120,219	(3,214)
Profit/(Loss) before income tax	144,531	(49,869)
Profit/(Loss) attributable to owners of the Company	96,291	(58,222)
Earnings/(Loss) per share	HK cents	HK cents
– Basic	4.65	(2.80)
– Diluted	4.65	(2.80)
Interim dividend per share	1.50	1.50

Property Investments and Associated Businesses

The property investments and associated businesses recorded a 30.0% decrease in revenue to HK\$76.8 million during the first half of 2023 compared to the same period last year (same period in 2022: HK\$109.7 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of HK\$5.1 billion. A net revaluation surplus of HK\$4.1 million was recorded in the consolidated income statement of the Group (same period in 2022: net revaluation deficit of HK\$105.8 million). Segment operating profit including property revaluation was HK\$58.8 million (same period in 2022: segment operating loss of HK\$13.2 million).

(a) Property Investments

The Group's major investment properties include (i) a commercial building, The Toy House, at 100 Canton Road; (ii) a number of residential units at Hillview, 21-23A MacDonnell Road, and (iii) Playmates Factory Building at 1 Tin Hau Road, Tuen Mun. The Group's property portfolio also includes overseas investment properties in the United Kingdom, the United States of America and Japan, which in aggregate accounted for 7.7% of the fair value of the Group's overall investment property portfolio (31 December 2022: 7.8%).

Aggregate rental income generated from the investment properties of the Group was HK\$65.9 million, a decrease of 33.5% from the prior period (same period in 2022: HK\$99.2 million), due primarily to the renewal of a significant lease on the commercial podium floors of The Toy House at a lower market rent than the previous lease period which ended in 2022. Details of this lease renewal were disclosed in the announcement of the Company dated 28 October 2022. Overall occupancy rate of the Group's investment properties was 69% (31 December 2022: 63%).

(i) Commercial

The Group's investment in commercial properties consists of The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong. We expect Canton Road to remain one of the premier shopping districts in Hong Kong over the long term. With the reopening of the border between Hong Kong and mainland China in February 2023, retail and commercial activities have benefited from the resumption of tourism travel and has improved the demand for commercial premises in the vicinity.

(ii) Residential

The Group's principal investment in residential properties includes units in Hillview on MacDonnell Road, Mid-Levels, Hong Kong. Interior renovation and improvement works have been carried out successively since 2021. We expect these upgrades will enhance the value of the property over the long term.

(iii) Industrial

The Group's investment in industrial properties consists of Playmates Factory Building in Tuen Mun, New Territories, Hong Kong. With the revived government policy to revitalize and optimize the use of existing industrial buildings, the Group submitted a planning application in June 2019 to the Town Planning Board of Hong Kong to seek permission for the wholesale conversion of Playmates Factory Building for commercial uses. On January 3, 2020, this application was conditionally approved. The Group will continue to monitor the economic environment before proceeding with the building conversion and deciding on the scale of the project.

(b) Property Management

The Group engaged Savills Property Management Limited (“Savills”) to manage The Toy House and Playmates Factory Building. Savills provides comprehensive property management services, including repair and maintenance, building security, general cleaning for common areas, hand-over and take-over of premises, and the monitoring of reinstatement and refurbishment works.

Income generated from the property management business segment increased by 3.1% to HK\$10.9 million as compared to HK\$10.6 million during the same period last year.

We continue to maintain a long-term view of our property investments and associated businesses, and will adjust the balance of our property portfolio to achieve our strategic objective of seeking investment returns through capital appreciation and growth in recurring income. In the meantime, we will closely monitor the risks and uncertainties arising from the ever-changing global economy and market conditions.

Playmates Toys

Playmates Toys worldwide turnover during the first half of 2023 was HK\$347 million (same period in 2022: HK\$267 million), representing an increase of 30% compared to the prior year period. The favourable comparison was driven by initial shipments of our *Teenage Mutant Ninja Turtles* toy line supported by the global release of the *Teenage Mutant Ninja Turtles: Mutant Mayhem* animated movie.

Gross profit ratio on toy sales was 54% (same period in 2022: 49%). Higher gross profit margin in the first half of 2023 reflected favourable product mix, lower ocean freight costs and reduced writedowns on excess inventory, partially offset by higher product development and tooling costs. Operating expenses increased by 20% compared to the prior year period, reflecting higher variable costs, in particular distribution expenses. Administration expenses increased 12.5% compared to the prior year period but decreased slightly as a percentage of revenue.

Playmates Toys group reported an operating profit of HK\$56.2 million during the first half of 2023 (same period in 2022: HK\$18.7 million). Other net income during the current year period included a HK\$13.9 million mark-to-market unrealized gain and HK\$2.1 million realized gain on our listed equities investment position and HK\$15.7 million in interest income. During the prior year period, we recorded a HK\$26.2 million unrealized investment loss and HK\$0.6 million in interest income. Net profit during the first half of 2023 was HK\$87.0 million (same period in 2022: net loss of HK\$1.4 million).

We continue to be optimistic about the second half of the year. The relaunch of our ***Teenage Mutant Ninja Turtles*** toy line is off to a strong start in all major markets around the world, driven by the positive response to the ***Teenage Mutant Ninja Turtles: Mutant Mayhem*** animated film released during the summer. ***Miraculous Ladybug & Cat Noir: The Movie*** has also gained popularity on Netflix since its debut. We are hopeful that it will have a positive impact on our ***Miraculous: Tales of Ladybug & Cat Noir*** toy line starting in the second half of the year.

Brand Overview

Teenage Mutant Ninja Turtles (“TMNT”)

The Paramount Pictures animated movie ***Teenage Mutant Ninja Turtles: Mutant Mayhem***, developed by Paramount Animation and produced by Seth Rogen’s Point Grey Pictures, has delivered strong box office results since its release in August 2023. Consumer response to both the movie and our ***TMNT*** toy line has been positive. Our multi-platform marketing and promotional efforts will continue throughout this Fall in order to sustain the current momentum.

In addition, Paramount Pictures and Nickelodeon Movies are developing a sequel to ***Teenage Mutant Ninja Turtles: Mutant Mayhem*** and planning a two-season series that will serve as a “bridge” between the films. The spinoff series, titled ***Tales of The Teenage Mutant Ninja Turtles***, will appear on Paramount+. Both the movie sequel and the Paramount+ series will be produced by Seth Rogen’s Point Grey Pictures. We are actively developing new products to coincide with the upcoming content.

Miraculous: Tales of Ladybug & Cat Noir

The highly popular ***Miraculous: Tales of Ladybug & Cat Noir*** animated series continues to air in over 120 countries worldwide and stream across multiple digital platforms, including Disney Channel, Disney+ and Netflix, with Season 5 rolling out on Disney platforms throughout 2023.

The animated musical feature, ***Miraculous Ladybug & Cat Noir: The Movie***, had a strong debut on Netflix during the summer. We are hopeful that it will bring an expanded audience into the ***Miraculous*** universe and provide a boost to our toy line starting in the second half of the year.

Portfolio Investments

The Group engages in portfolio investments which include 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 and interest income.

As of 30 June 2023, fair market value of the Group's investment portfolio was HK\$119.4 million (31 December 2022: HK\$132.2 million) representing 1.8% of the total assets of the Group (31 December 2022: 2.0%). This comprised of HK\$55.5 million of equities listed in Hong Kong (31 December 2022: HK\$65.9 million) and HK\$63.9 million of equities listed overseas (31 December 2022: HK\$66.3 million). None of the individual securities positions held by the Group had a market value that exceeded 0.3% of the total assets of the Group. The top 10 listed securities in aggregate represented 1.3% of the total assets of the Group, and included The Walt Disney Company (DIS.US), Wharf Real Estate Investment Company Limited (1997.HK), Tencent Holdings Limited (700.HK), Amazon.com, Inc. (AMZN.US), NVIDIA Corporation (NVDA.US), Apple Inc. (AAPL.US), Microsoft Corporation (MSFT.US), Sun Hung Kai Properties Limited (16.HK), New World Development Company Limited (17.HK) and Alphabet Inc. (GOOG.US).

The Group reported a net gain from investments of HK\$17.4 million in the first half of 2023 (same period in 2022: net loss of HK\$41.3 million). During the first half of 2023, dividend and interest income generated from the portfolio were HK\$18.9 million (same period in 2022: HK\$2.4 million).

The Group will remain vigilant in monitoring and balancing the investment portfolio, taking into account developments in the major global economies and securities markets.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

For the six months ended 30 June 2023

	Note	Unaudited		
		Six months ended 30 June		
		2023	2023	2022
		US\$'000	HK\$'000	HK\$'000
		(Note 19)		
Revenue	3	54,744	427,006	378,717
Cost of sales		<u>(21,419)</u>	<u>(167,072)</u>	<u>(142,281)</u>
Gross profit		33,325	259,934	236,436
Marketing and licensing expenses		(7,600)	(59,278)	(56,009)
Selling and distribution expenses		(3,187)	(24,856)	(13,981)
Administration expenses		(7,654)	(59,704)	(63,857)
Net revaluation surplus/(deficit) on investment properties	9	<u>529</u>	<u>4,123</u>	<u>(105,803)</u>
Operating profit/(loss)		15,413	120,219	(3,214)
Other net income/(loss)	4	4,270	33,309	(39,734)
Finance costs		<u>(1,153)</u>	<u>(8,997)</u>	<u>(6,921)</u>
Profit/(Loss) before income tax	5	18,530	144,531	(49,869)
Income tax expense	6	(704)	(5,492)	(9,047)
Profit/(Loss) for the period		<u>17,826</u>	<u>139,039</u>	<u>(58,916)</u>
Profit/(Loss) for the period attributable to:				
Owners of the Company		12,345	96,291	(58,222)
Non-controlling interests		<u>5,481</u>	<u>42,748</u>	<u>(694)</u>
		<u>17,826</u>	<u>139,039</u>	<u>(58,916)</u>
		<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings/(Loss) per share	8			
Basic		<u>0.60</u>	<u>4.65</u>	<u>(2.80)</u>
Diluted		<u>0.60</u>	<u>4.65</u>	<u>(2.80)</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Unaudited		
	Six months ended 30 June		
	2023	2023	2022
	US\$'000	HK\$'000	HK\$'000
	(Note 19)		
Profit/(Loss) for the period	17,826	139,039	(58,916)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign subsidiaries	<u>117</u>	<u>915</u>	<u>(32,933)</u>
Total comprehensive income for the period	<u>17,943</u>	<u>139,954</u>	<u>(91,849)</u>
Total comprehensive income attributable to:			
Owners of the Company	<u>12,462</u>	<u>97,206</u>	(91,155)
Non-controlling interests	<u>5,481</u>	<u>42,748</u>	(694)
	<u>17,943</u>	<u>139,954</u>	<u>(91,849)</u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

		Unaudited 30 June 2023 US\$'000 (Note 19)	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Non-current assets				
Fixed assets				
– Investment properties	9	654,585	5,105,766	5,096,744
– Other property, plant and equipment	9	18,200	141,961	145,171
		<u>672,785</u>	<u>5,247,727</u>	<u>5,241,915</u>
Right-of-use assets		1,360	10,607	12,426
Goodwill		766	5,976	5,976
Prepayments	11	285	2,221	1,135
Deferred tax assets		<u>5,557</u>	<u>43,341</u>	<u>34,063</u>
		<u>680,753</u>	<u>5,309,872</u>	<u>5,295,515</u>
Current assets				
Inventories		7,915	61,735	23,700
Trade receivables	10	22,476	175,311	65,467
Deposits paid, other receivables and prepayments	11	6,693	52,213	48,020
Taxation recoverable		–	–	4,554
Financial assets at fair value through profit or loss		15,306	119,383	132,178
Cash and bank balances		<u>138,464</u>	<u>1,080,019</u>	<u>1,083,324</u>
		<u>190,854</u>	<u>1,488,661</u>	<u>1,357,243</u>
Current liabilities				
Bank loans	12	40,138	313,075	151,200
Trade payables	13	9,462	73,802	12,471
Deposits received, other payables and accrued charges	14	20,702	161,465	140,437
Provisions		4,716	36,788	37,924
Lease liabilities		490	3,825	3,668
Taxation payable		<u>2,774</u>	<u>21,639</u>	<u>10,856</u>
		<u>78,282</u>	<u>610,594</u>	<u>356,556</u>
Net current assets		<u>112,572</u>	<u>878,067</u>	<u>1,000,687</u>
Total assets less current liabilities		<u>793,325</u>	<u>6,187,939</u>	<u>6,296,202</u>

		Unaudited 30 June 2023 US\$'000 (Note 19)	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Non-current liabilities				
Bank loans	12	1,795	14,000	183,975
Lease liabilities		1,060	8,269	10,237
Deferred tax liabilities		5,334	41,607	42,091
		<u>8,189</u>	<u>63,876</u>	<u>236,303</u>
Net assets		<u><u>785,136</u></u>	<u><u>6,124,063</u></u>	<u><u>6,059,899</u></u>
Equity				
Share capital	15	2,654	20,700	20,735
Reserves		716,304	5,587,176	5,554,125
Equity attributable to owners of the Company		<u>718,958</u>	<u>5,607,876</u>	<u>5,574,860</u>
Non-controlling interests		<u>66,178</u>	<u>516,187</u>	<u>485,039</u>
Total equity		<u><u>785,136</u></u>	<u><u>6,124,063</u></u>	<u><u>6,059,899</u></u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2023

	Unaudited		
	Six months ended 30 June		
	2023	2023	2022
<i>US\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	<i>(Note 19)</i>		
Operating activities			
Cash generated from operations	5,785	45,127	160,026
Interest paid	(977)	(7,623)	(5,711)
Interest received	250	1,947	410
Dividends received	133	1,036	1,141
Overseas tax paid	–	–	(2,473)
	<u> </u>	<u> </u>	<u> </u>
Net cash generated from operating activities	5,191	40,487	153,393
	<u> </u>	<u> </u>	<u> </u>
Investing activities			
Capitalised subsequent expenditure on investment properties	(572)	(4,461)	(1,433)
Purchases of other property, plant and equipment	(72)	(558)	(181)
Prepayments for fixed assets	(285)	(2,221)	(9,575)
Purchases of financial assets at fair value through profit or loss	(191)	(1,491)	(15,436)
Proceeds from disposal of financial assets at fair value through profit or loss	4,056	31,643	–
Interest received	2,017	15,729	621
Dividends received	28	217	221
	<u> </u>	<u> </u>	<u> </u>
Net cash generated from/(used in) investing activities	4,981	38,858	(25,783)
	<u> </u>	<u> </u>	<u> </u>

	Unaudited		
	Six months ended 30 June		
	2023	2023	2022
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 19)</i>		
Financing activities			
Dividends paid to owners of the Company	(7,967)	(62,143)	(62,400)
Dividends paid to non-controlling interests	(1,487)	(11,600)	(11,600)
New bank loans	2,564	20,000	35,000
Repayment of bank loans	(3,603)	(28,100)	(72,700)
Repurchase of shares of the Company	(262)	(2,047)	(8,003)
Payment of lease liabilities	(274)	(2,140)	(2,064)
	<u>(11,029)</u>	<u>(86,030)</u>	<u>(121,767)</u>
Net cash used in financing activities			
	<u>(11,029)</u>	<u>(86,030)</u>	<u>(121,767)</u>
Net (decrease)/increase in cash and cash equivalents	(857)	(6,685)	5,843
Cash and cash equivalents at 1 January	138,888	1,083,324	1,464,689
Effect of foreign exchange rate changes	433	3,380	(9,618)
	<u>433</u>	<u>3,380</u>	<u>(9,618)</u>
Cash and cash equivalents at 30 June	<u>138,464</u>	<u>1,080,019</u>	<u>1,460,914</u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u>138,464</u>	<u>1,080,019</u>	<u>1,460,914</u>

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2023

	Unaudited										
	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Share repurchase reserve	Exchange reserve	Share-based compensation reserve	Property revaluation reserve	Retained profits	Total		
<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	
At 1 January 2022	20,900	117,386	8,954	-	(20,251)	6,869	130,028	5,657,334	5,921,220	489,165	6,410,385
Loss for the period	-	-	-	-	-	-	-	(58,222)	(58,222)	(694)	(58,916)
Other comprehensive income:											
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	(32,933)	-	-	-	(32,933)	-	(32,933)
Total comprehensive income for the period	-	-	-	-	(32,933)	-	-	(58,222)	(91,155)	(694)	(91,849)
Repurchase of shares of the Company	(100)	(7,903)	100	-	-	-	-	(100)	(8,003)	-	(8,003)
Share option scheme – share options lapsed	-	-	-	-	-	(772)	-	772	-	-	-
2021 second interim dividend paid	-	-	-	-	-	-	-	(31,200)	(31,200)	-	(31,200)
2021 special interim dividend paid	-	-	-	-	-	-	-	(31,200)	(31,200)	-	(31,200)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(11,600)	(11,600)
Transactions with owners	(100)	(7,903)	100	-	-	(772)	-	(61,728)	(70,403)	(11,600)	(82,003)
At 30 June 2022	<u>20,800</u>	<u>109,483</u>	<u>9,054</u>	<u>-</u>	<u>(53,184)</u>	<u>6,097</u>	<u>130,028</u>	<u>5,537,384</u>	<u>5,759,662</u>	<u>476,871</u>	<u>6,236,533</u>

Unaudited
Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Share repurchase reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Share-based compensation reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2023	20,735	105,317	9,119	(84)	(47,986)	6,025	130,028	5,351,706	5,574,860	485,039	6,059,899
Profit for the period	-	-	-	-	-	-	-	96,291	96,291	42,748	139,039
Other comprehensive income:											
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	915	-	-	-	915	-	915
Total comprehensive income for the period	-	-	-	-	915	-	-	96,291	97,206	42,748	139,954
Repurchase of shares of the Company	(35)	(2,096)	35	84	-	-	-	(35)	(2,047)	-	(2,047)
Share option scheme – share options lapsed	-	-	-	-	-	(1,858)	-	1,858	-	-	-
2022 second interim dividend paid	-	-	-	-	-	-	-	(31,072)	(31,072)	-	(31,072)
2022 special interim dividend paid	-	-	-	-	-	-	-	(31,071)	(31,071)	-	(31,071)
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	-	-	(11,600)	(11,600)
Transactions with owners	(35)	(2,096)	35	84	-	(1,858)	-	(60,320)	(64,190)	(11,600)	(75,790)
At 30 June 2023	<u>20,700</u>	<u>103,221</u>	<u>9,154</u>	<u>-</u>	<u>(47,071)</u>	<u>4,167</u>	<u>130,028</u>	<u>5,387,677</u>	<u>5,607,876</u>	<u>516,187</u>	<u>6,124,063</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 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 (the “Stock Exchange”).

This condensed consolidated financial information should be read in conjunction with the 2022 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 2022.

2. Changes in accounting policies

The HKICPA has issued a new standard and a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. None of these amendments have had a material effect on the Group’s results and financial position for the current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue and segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group’s senior executive management for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. Based on the internal reports reviewed by the senior executive management of the Group that are used to make strategic decision, the Group has presented the following three reportable segments.

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

Investment business: this segment invests in financial instruments including listed equity and managed funds for 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.

Revenue by major products or service lines is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
– Sale of toys	347,231	267,462
– Property management income	10,882	10,551
	<u>358,113</u>	<u>278,013</u>
Revenue from other sources:		
– Rental income from investment properties	65,910	99,153
– Dividend income	1,036	1,141
– Interest income	1,947	410
	<u>68,893</u>	<u>100,704</u>
Total revenue	<u>427,006</u>	<u>378,717</u>

3.1 Segment results, assets and liabilities

The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment to assess segment performance and allocate resources between segments.

Inter-segment revenue represents inter-company rental and property management fee charged 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 2023 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 revenue from contracts with customers by timing of revenue recognition				
– Point in time	–	–	347,231	347,231
– Over time	11,270	–	–	11,270
Gross revenue from other sources	68,538	2,983	–	71,521
Inter-segment revenue	(3,016)	–	–	(3,016)
	<u>76,792</u>	<u>2,983</u>	<u>347,231</u>	<u>427,006</u>
Revenue from external customers	<u>76,792</u>	<u>2,983</u>	<u>347,231</u>	<u>427,006</u>
Segment profit before depreciation	63,076	2,958	58,014	124,048
Depreciation	(4,316)	–	(2,126)	(6,442)
	<u>58,760</u>	<u>2,958</u>	<u>55,888</u>	<u>117,606</u>
Segment operating profit	<u>58,760</u>	<u>2,958</u>	<u>55,888</u>	<u>117,606</u>
Other net income	14	1,418	31,847	33,279
Finance costs	(7,637)	(14)	(1,307)	(8,958)
	<u>(7,623)</u>	<u>1,404</u>	<u>30,540</u>	<u>24,321</u>
Segment profit before income tax	<u>51,137</u>	<u>4,362</u>	<u>86,428</u>	141,927
Unallocated corporate income				<u>2,604</u>
Profit before income tax				<u>144,531</u>

The segment results for the six months ended 30 June 2022 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 revenue from contracts with customers by timing of revenue recognition				
– Point in time	–	–	267,462	267,462
– Over time	10,939	–	–	10,939
Gross revenue from other sources	101,768	1,551	–	103,319
Inter-segment revenue	<u>(3,003)</u>	<u>–</u>	<u>–</u>	<u>(3,003)</u>
Revenue from external customers	<u>109,704</u>	<u>1,551</u>	<u>267,462</u>	<u>378,717</u>
Segment (loss)/profit before depreciation	(8,773)	1,387	20,833	13,447
Depreciation	<u>(4,418)</u>	<u>–</u>	<u>(2,190)</u>	<u>(6,608)</u>
Segment operating (loss)/profit	<u>(13,191)</u>	<u>1,387</u>	<u>18,643</u>	<u>6,839</u>
Other net (loss)/income	256	(15,156)	(24,834)	(39,734)
Finance costs	<u>(5,722)</u>	<u>(15)</u>	<u>(1,135)</u>	<u>(6,872)</u>
	<u>(5,466)</u>	<u>(15,171)</u>	<u>(25,969)</u>	<u>(46,606)</u>
Segment loss before income tax	<u>(18,657)</u>	<u>(13,784)</u>	<u>(7,326)</u>	<u>(39,767)</u>
Unallocated corporate expenses				<u>(10,102)</u>
Loss before income tax				<u>(49,869)</u>

The segment assets and liabilities as at 30 June 2023 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>
Reportable segment assets (including cash and bank balances)	<u>5,268,597</u>	<u>210,433</u>	<u>1,284,656</u>	6,763,686
Inter-segment elimination	(43)	-	(13,624)	(13,667)
Deferred tax assets				43,341
Unallocated assets				<u>5,173</u>
Total assets				<u>6,798,533</u>
Reportable segment liabilities	<u>364,932</u>	<u>-</u>	<u>257,101</u>	622,033
Inter-segment elimination	(1,513)	-	(12,154)	(13,667)
Deferred tax liabilities				41,607
Taxation payable				21,639
Unallocated liabilities				<u>2,858</u>
Total liabilities				<u>674,470</u>

The segment assets and liabilities as at 31 December 2022 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>
Reportable segment assets (including cash and bank balances)	<u>5,271,397</u>	<u>207,370</u>	<u>1,144,259</u>	6,623,026
Inter-segment elimination	(41)	–	(16,037)	(16,078)
Deferred tax assets				34,063
Taxation recoverable				4,554
Unallocated assets				<u>7,193</u>
Total assets				<u>6,652,758</u>
Reportable segment liabilities	<u>375,353</u>	<u>–</u>	<u>179,722</u>	555,075
Inter-segment elimination	(1,505)	–	(14,573)	(16,078)
Deferred tax liabilities				42,091
Taxation payable				10,856
Unallocated liabilities				<u>915</u>
Total liabilities				<u>592,859</u>

3.2 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, prepayments, right-of-use assets and goodwill ("specified non-current assets"). The geographical location of revenue 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 and right-of-use assets, and the location of operation to which they are related in case of prepayments and goodwill.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	<u>79,072</u>	<u>110,796</u>	<u>4,811,810</u>	<u>4,802,816</u>
Americas				
– U.S.A.	209,918	156,577	187,505	189,368
– Others	31,034	25,591	–	–
Europe	80,498	67,899	188,783	184,209
Asia Pacific other than				
Hong Kong	25,678	16,541	78,433	85,059
Others	<u>806</u>	<u>1,313</u>	<u>–</u>	<u>–</u>
	<u>347,934</u>	<u>267,921</u>	<u>454,721</u>	<u>458,636</u>
	<u>427,006</u>	<u>378,717</u>	<u>5,266,531</u>	<u>5,261,452</u>

3.3 Major customers

The Group's customer base includes four (2022: four) customers with each of whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to each of these customers amounted to approximately HK\$63,012,000, HK\$51,730,000, HK\$47,600,000 and HK\$46,491,000 (2022: HK\$81,849,000, HK\$53,193,000, HK\$52,685,000 and HK\$43,263,000) respectively.

4. Other net income/(loss)

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net gain/(loss) on financial assets at fair value through profit or loss (<i>Note</i>):		
– unrealised	10,491	(41,329)
– realised	6,866	–
From Playmates Toys' treasury:		
– Interest income	15,692	621
– Dividend income	217	221
Government subsidies	–	736
Others	43	17
	<u>33,309</u>	<u>(39,734)</u>

Note:

In the net gain/(loss) on financial assets at fair value through profit or loss, unrealised gain of HK\$13,875,000 (2022: unrealised loss of HK\$26,173,000) and realised gain of HK\$2,063,000 (2022: HK\$nil) was attributable to Playmates Toys' treasury investment.

5. Profit/(Loss) before income tax

Profit/(Loss) before income tax is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	147,480	125,949
Product development and tooling costs	11,656	7,864
Royalties expenses	50,149	36,684
Directors' and staff remunerations	30,558	30,360
Depreciation		
– other property, plant and equipment	4,818	4,819
– right-of-use assets	1,818	1,807
Interest expenses		
– on bank loans	7,623	5,711
– on lease liabilities	329	412
Net foreign exchange (gain)/loss	<u>(3,953)</u>	<u>7,607</u>

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the period. Overseas taxation of overseas subsidiaries is provided in accordance with the applicable tax laws.

	Six months ended 30 June	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	9,377	13,448
Overseas taxation	5,716	3,425
Under provision in prior years – overseas	243	–
	<u>15,336</u>	<u>16,873</u>
Deferred taxation		
Origination and reversal of temporary differences	(9,844)	(7,826)
Income tax expense	<u>5,492</u>	<u>9,047</u>

The Group's cumulative unrecognised tax losses as of 30 June 2023 amounted to HK\$23,190,000 (31 December 2022: HK\$113,231,000). These tax losses do not expire under respective tax legislation.

7. Dividends

7.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of HK cents 1.5 per share (2022: HK cents 1.5 per share)	31,050	31,200

At a meeting held on 25 August 2023, the board of directors has resolved to pay an interim dividend of HK cents 1.5 per share to be paid on 29 September 2023 to shareholders whose names appear on the Company's Register of Members on 12 September 2023.

The interim dividend declared after the end of the reporting period have not been recognised as liabilities in this condensed consolidated financial information for the six months ended 30 June 2023.

7.2 Dividends attributable to the previous financial year and paid during the interim period

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends in respect of the previous financial year and paid during the interim period:		
Second interim dividend of HK cents 1.5 per share (2022: HK cents 1.5 per share)	31,072	31,200
Special interim dividend of HK cents 1.5 per share (2022: HK cents 1.5 per share)	31,071	31,200
	62,143	62,400

8. Earnings/(Loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of HK\$96,291,000 (2022: loss of HK\$58,222,000) and the weighted average number of ordinary shares of 2,071,486,000 shares (2022: 2,080,637,000 shares) in issue during the period.

Diluted earnings/(loss) per share for the six months ended 30 June 2023 and 2022 equals to the basic earnings/(loss) per share as there were no potential ordinary shares.

The dilutive effect of the share options issued by the Group's listed subsidiary, Playmates Toys Limited was insignificant for the six months ended 30 June 2023 and 2022.

9. Investment properties and other property, plant and equipment

	Investment properties HK\$'000	Other property, plant and equipment HK\$'000
Opening net book amount as at 1 January 2023	5,096,744	145,171
Exchange fluctuation	(138)	1,050
Additions	–	558
Capitalised subsequent expenditure	5,037	–
Net revaluation surplus	4,123	–
Depreciation	–	(4,818)
	<u>5,105,766</u>	<u>141,961</u>
Closing net book amount as at 30 June 2023	5,105,766	141,961
Opening net book amount as at 1 January 2022	5,432,064	155,874
Exchange fluctuation	(30,766)	(3,152)
Additions	–	181
Capitalised subsequent expenditure	4,048	–
Net revaluation deficit	(105,803)	–
Depreciation	–	(4,819)
	<u>5,299,543</u>	<u>148,084</u>
Closing net book amount as at 30 June 2022	5,299,543	148,084
Exchange fluctuation	2,389	(22)
Additions	–	2,022
Disposals	–	(62)
Capitalised subsequent expenditure	19,255	–
Net revaluation deficit	(224,443)	–
Depreciation	–	(4,851)
	<u>5,096,744</u>	<u>145,171</u>
Closing net book amount as at 31 December 2022	5,096,744	145,171

10. Trade receivables

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade receivables	195,813	86,892
Less: Allowance for customer concession	(20,502)	(21,425)
	<u>175,311</u>	<u>65,467</u>

The Group grants credits to retail customers of the toy business to facilitate the sale of slow moving merchandise held by such customers. Such allowance for customer concession is arrived at by using available contemporary and historical information to evaluate the exposure.

The normal trade terms with toy business customers are letters of credit at sight or usance or on open accounts with credit term in the range of 60 to 90 days. For property investments and management business, no credit term is granted to tenants and customers. The following is an aging analysis of trade receivables based on the invoice date at the end of the reporting period:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
0 – 60 days	160,917	41,102
61 – 90 days	14,141	20,335
91 – 180 days	27	3,339
Over 180 days	226	691
	<u>175,311</u>	<u>65,467</u>

11. Deposits paid, other receivables and prepayments

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Non-current portion		
Prepayments for fixed assets	<u>2,221</u>	<u>1,135</u>
Current portion		
Advanced royalties (<i>Note(i)</i>)	32,852	33,705
Prepaid mold and line tooling expenses	9,797	4,782
Deferred rental income (<i>Note(ii)</i>)	262	703
Miscellaneous prepaid expenses, deposits paid and receivables	<u>9,302</u>	<u>8,830</u>
	<u>52,213</u>	<u>48,020</u>

Notes:

- (i) These advanced royalties are recoupable by the Group against future royalties payable to toy licensors for future sales of licensed toy products.
- (ii) Deferred rental income are related to rent free periods and rental concessions given to tenants, which are amortised over the respective lease terms.

12. Bank loans

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Secured bank loans repayable		
Within one year	313,075	151,200
In the second year	7,200	173,575
In the third to fifth years	<u>6,800</u>	<u>10,400</u>
	327,075	335,175
Current portion included in current liabilities	<u>(313,075)</u>	<u>(151,200)</u>
Non-current portion	<u>14,000</u>	<u>183,975</u>

As at 30 June 2023 and 31 December 2022, all bank loans were denominated in HK dollar. All bank loans were on a floating interest rate basis and their effective interest rate at the end of the reporting period was 5.75% p.a. (31 December 2022: 5.84% p.a.).

As at 30 June 2023, the Group has banking facilities amounting to HK\$942,875,000 (31 December 2022: HK\$976,175,000), of which HK\$327,075,000 (31 December 2022: HK\$335,175,000) were utilised.

The banking facilities of certain subsidiaries are secured by investment properties and land and buildings of the Group with net book value of HK\$4,504,300,000 and HK\$91,030,000 respectively at 30 June 2023 (31 December 2022: HK\$4,495,500,000 and HK\$94,006,000).

13. Trade payables

The following is an aging analysis of trade payables based on the invoice date at the end of the reporting period:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
0 – 30 days	73,701	11,556
31 – 60 days	–	48
Over 60 days	<u>101</u>	<u>867</u>
	<u>73,802</u>	<u>12,471</u>

14. Deposits received, other payables and accrued charges

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Contract liabilities		
– Purchase commitment guarantee deposits from toy distributors	7,243	10,725
– Sales deposits received in advance	21,991	13,917
Security deposits and advance receipts from tenants	26,405	26,588
Accrued product development, sales, marketing, licensing and distribution expenses	14,713	19,139
Accrued royalties	67,619	47,090
Accrued directors' and staff remunerations	5,288	5,051
Withholding tax payable	5,596	4,206
Accrued administrative expenses and professional fees	12,610	13,721
	161,465	140,437

15. Share capital

	Authorised Ordinary shares of HK\$0.01 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31 December 2022 and 30 June 2023	<u>30,000,000,000</u>	<u>300,000</u>
	Issued and fully paid Ordinary shares of HK\$0.01 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2022	2,090,000,000	20,900
Cancellation of repurchased shares	<u>(16,510,000)</u>	<u>(165)</u>
At 31 December 2022 and 1 January 2023	<u>2,073,490,000</u>	<u>20,735</u>
Cancellation of repurchased shares (<i>Note</i>)	<u>(3,490,000)</u>	<u>(35)</u>
At 30 June 2023	<u>2,070,000,000</u>	<u>20,700</u>

Note:

During the six months ended 30 June 2023, the Company repurchased a total of 3,340,000 shares of the Company on the Stock Exchange as follows:

Month/year	Par value per share <i>HK\$</i>	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$'000</i>
January 2023	0.01	286,000	0.58	0.55	166
March 2023	0.01	2,206,000	0.63	0.58	1,373
April 2023	0.01	848,000	0.60	0.60	509

All of the above repurchased shares were cancelled during the period. The issued capital of the Company was accordingly diminished by the nominal value of these shares. The premium paid on repurchase was charged against the share premium account. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to capital redemption reserve.

16. Fair value measurement of financial instruments

16.1 Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	At 30 June 2023			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Equity investments listed in Hong Kong	55,454	–	–	55,454
Equity investments listed outside Hong Kong	63,929	–	–	63,929
	<u>119,383</u>	<u>–</u>	<u>–</u>	<u>119,383</u>

	At 31 December 2022			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Equity investments listed in Hong Kong	65,911	–	–	65,911
Equity investments listed outside Hong Kong	<u>66,267</u>	<u>–</u>	<u>–</u>	<u>66,267</u>
	<u><u>132,178</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>132,178</u></u>

During the six months ended 30 June 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

16.2 Financial assets and liabilities not reported at fair value

The carrying amounts of the Group's financial assets and liabilities (comprising trade receivables, deposits paid and other receivables, cash and bank balances, bank loans, trade payables, other payables and accrued charges and lease liabilities carried at amortised cost) approximate their fair values as at 30 June 2023 and 31 December 2022.

17. Commitments

17.1 Licensing commitments

In the normal course of business, the Group enters into contractual licensing agreements to secure its rights to design, develop, market and distribute certain toys and family entertainment activity products for future sales. Certain licensing agreements contain financial commitments by the Group to the licensors to be fulfilled during the terms of the contracts. The amounts of financial commitments contracted but not provided for at 30 June 2023 were payable as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within one year	73,495	55,945
In the second to fifth years	99,450	134,550
	172,945	190,495

17.2 Lease commitments

The Group acts as lessee and lessor under leases.

17.2.1 As lessee

As at 30 June 2023 and 31 December 2022, all of the Group's committed leases had already commenced and recognised as lease liabilities under HKFRS 16, *Leases*.

17.2.2 As lessor

At 30 June 2023, the future aggregate minimum lease payments under non-cancellable leases for commercial, industrial and residential premises receivable by the Group were as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within 1 year	120,509	122,776
After 1 year but within 2 years	97,416	97,332
After 2 years but within 3 years	89,160	87,843
After 3 years but within 4 years	91,835	90,478
After 4 years but within 5 years	46,596	93,192
	445,516	491,621

17.3 Capital commitments

Capital commitments outstanding at 30 June 2023 not provided for at the end of the reporting period were as follows:

	30 June 2023 <i>HK\$'000</i>	31 December 2022 <i>HK\$'000</i>
Contracted for	<u>7,148</u>	<u>2,375</u>

18. Related party transactions

During the six months ended 30 June 2023 and 2022, the Group did not enter into significant transactions with related parties.

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

19. US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.8 to US\$1 ruling at 30 June 2023.

20. Comparative figures

Certain comparative figures have been adjusted to conform to current period's presentation.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Liquidity and Financial Resources

The property investments and associated businesses generated a relatively steady income stream throughout the period. Overall occupancy rate was 69% as at 30 June 2023 (31 December 2022: 63%).

Financial assets at fair value through profit or loss include investments in listed equities and managed funds. As at 30 June 2023, the Group's financial assets at fair value through profit or loss amounted to HK\$119,383,000 (31 December 2022: HK\$132,178,000).

The toy business is inherently seasonal in nature. As a result, a disproportionately high balance of trade receivables is typically 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 2023, trade receivables related to toy business were HK\$172,991,000 (31 December 2022: HK\$60,962,000) and inventories were HK\$61,735,000 (31 December 2022: HK\$23,700,000). The higher trade receivables and inventories at interim period end reflected a pickup in customer orders and shipments during the second quarter of 2023.

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2023 was 4.8% compared to 5.0% at 31 December 2022. The current ratio, calculated as the ratio of current assets to current liabilities, was 2.4 at 30 June 2023 (31 December 2022: 3.8).

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 2023, the Group's cash and bank balances were HK\$1,080,019,000 (31 December 2022: HK\$1,083,324,000), of which HK\$905,508,000 (31 December 2022: HK\$914,039,000) was denominated in United States dollar, HK\$55,399,000 (31 December 2022: HK\$55,977,000) in British pound, HK\$47,705,000 (31 December 2022: HK\$44,061,000) in Euro and the remaining balance was mainly denominated in Hong Kong dollar.

Charges on Group Assets

Details of charges on Group assets are set out in note 12 to the condensed consolidated financial information.

Employees

As at 30 June 2023, the Group had a total of 78 employees in Hong Kong, the United States of America and the United Kingdom.

There was no material change in remuneration policies compared to those disclosed in the most recently published annual report.

Share Award Plan

Share awards of the Company

The Company has not adopted any share award plan during the period.

Share awards of Playmates Toys Limited (“PTL”)

PTL, a subsidiary of the Company, adopted a share award plan (“**Share Award Plan**”) on 19 May 2023 (“**Adoption Date**”). The purpose of the Share Award Plan is to (a) recognise and reward the contributions of certain eligible participants (including employee participants, related entity participants and service provider participants) to the growth and development of PTL group and to give incentives thereto in order to retain them for the continual operation and development of the PTL group, and (b) to attract suitable personnel for further development of the PTL group. Subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the terms and conditions of the Rules of the Share Award Plan, the board of PTL has a discretion to determine the terms of the award, including the vesting conditions and the date on which the award will vest.

The Share Award Plan will remain in force for a period of 10 years until 18 May 2033.

The maximum number of the shares of PTL (“**PTL Shares**”) which may be issued in respect of all awards and options to be granted under the Share Award Plan and other share schemes of PTL will be 118,000,000 PTL Shares, representing 10% of the total number of PTL Shares in issue as at the Adoption Date (i.e. the plan mandate limit). The maximum number of PTL Shares which may be issued in respect of all awards granted to PTL service provider participants under the Share Award Plan is 59,000,000 PTL Shares, representing 5% of the total number of PTL Shares in issue as at the Adoption Date (i.e. the service providers sublimit). The maximum number of PTL Shares which may be awarded under the Share Award Plan together with PTL Shares which may be issued under options granted to a selected participant, in a 12-month period, shall not (i) in aggregate exceed 1% of the issued share capital of PTL in issue; and (ii) exceed any limits applicable to such PTL selected participant under the Listing Rules.

No share award was granted to any eligible participant by PTL under the Share Award Plan since its adoption and no PTL Share was allotted and issued under the Share Award Plan during the period. No PTL Share was vested, cancelled or lapsed under the Share Award Plan during the period. There was no unvested award at the beginning and at the end of the period and no PTL Share was held in trust under the Share Award Plan. The number of PTL Shares available for award under the Share Award Plan at the beginning and the end of the period are also 118,000,000 PTL Shares.

Share Options

The following shows the particulars of the share options of a subsidiary of the Company that are required to be disclosed under Rule 17.07 of Chapter 17 and Rule 41(2) of Appendix 16 of the Listing Rules.

Share options of the Company

The Company has not adopted any share option scheme during the period.

Share options of PTL

Particulars of the share options of PTL, an indirect non-wholly owned subsidiary of the Company, granted to directors of the Company, directors of PTL, employees of PTL group and other participants pursuant to the Share Option Scheme adopted on 25 January 2008 (“**2008 PTL Scheme**”) and the Share Option Scheme adopted on 21 May 2018 (“**2018 PTL Scheme**”) were as follows:

Participant	Date of grant	Exercise Price <i>HK\$</i>	Number of share options				Balance at 30 June 2023	Vesting/ Exercise Period and Remarks <i>(Note)</i>
			Balance at 1 January 2023	Granted during the period	Exercised during the period	Lapsed during the period		
2018 PTL Scheme								
CHAN Kwong Fai, Michael <i>Chairman and Director of the Company and PTL</i>	29 June 2018	0.826	2,000,000	-	-	-	2,000,000	(1)
CHAN, Helen <i>Director of the Company and PTL</i>	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
CHAN Kong Keung, Stephen <i>Director of the Company and PTL</i>	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
<i>Directors of PTL</i>								
CHOW Yu Chun, Alexander	29 June 2018	0.826	500,000	-	-	500,000	-	(1) & (4)
TRAN Vi-hang, William	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
<i>Continuous Contract Employees Participants of PTL Group, excluding directors of PTL</i>	29 June 2018	0.826	11,936,000	-	-	600,000	11,336,000	(1)

Participant	Date of grant	Exercise Price <i>HK\$</i>	Number of share options				Balance at 30 June 2023	Vesting/ Exercise Period and Remarks <i>(Note)</i>
			Balance at 1 January 2023	Granted during the period	Exercised during the period	Lapsed during the period		
<i>Other Participants including</i>	29 June 2018	0.826	4,780,000	-	-	-	4,780,000	(1)
<i>consultants and a licensor of PTL</i>	12 April 2019	0.792	20,000,000	-	-	-	20,000,000	(2)
2008 PTL Scheme								
<i>Director of PTL</i>								
CHOW Yu Chun, Alexander	15 May 2013	0.930	525,000	-	-	525,000	-	(3) & (4)
<i>Continuous Contract</i>	15 May 2013	0.930	3,051,000	-	-	3,051,000	-	(3)
<i>Employees Participants of PTL Group, excluding directors of PTL</i>								
<i>Other Participants including</i>	15 May 2013	0.930	814,500	-	-	814,500	-	(3)
<i>consultants of PTL</i>								

Notes:

- (1) Divided into 4 tranches (with each tranche covering one-fourth of the relevant share options) exercisable from 29 June 2018, 29 June 2019, 29 June 2020 and 29 June 2021 respectively to 28 June 2028.
- (2) Divided into 2 tranches: (i) 10,000,000 share options are exercisable from 12 April 2019 to 31 December 2023; and (ii) 10,000,000 share options are exercisable from 31 December 2020 to 31 December 2023.
- (3) Divided into 4 tranches (with each tranche covering one-fourth of the relevant share options) exercisable from 15 May 2013, 15 May 2014, 15 May 2015 and 15 May 2016 respectively to 14 May 2023.
- (4) Mr. Chow Yu Chun, Alexander resigned and retired as the independent non-executive director of PTL on 19 May 2023 and his unexercised share options lapsed in June 2023.

No options were granted, exercised or cancelled during the period.

The number of PTL Shares available for issue under the 2018 PTL Scheme as at 30 June 2023 was 41,116,000. The number of PTL options available for grant under the 2018 PTL Scheme at the beginning of the period was 57,784,000. Following the adoption of Share Award Plan, 2018 PTL Scheme was terminated on 19 May 2023 and no further options will be granted thereunder. In other respects, the provisions of the 2018 PTL Scheme remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the rules of the 2018 PTL Scheme. The above outstanding options already granted under the 2018 PTL Scheme shall continue to be valid and exercisable in accordance with the provisions of the 2018 PTL Scheme and their terms of issue.

Apart from the aforesaid, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests and Short Positions in Shares and Underlying Shares of the Company or Any Associated Corporation

As at 30 June 2023, the interests of each director of the Company in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (“Model Code”) were as follows:

Long positions in shares of the Company

Name of director	Nature of interest	Number of shares held	Percentage interest held
CHAN Kwong Fai, Michael	Personal	104,000,000 ordinary shares	5.02%
CHAN, Helen	Personal	28,000,000 ordinary shares	1.35%
CHAN Kong Keung, Stephen	Personal	2,600,000 ordinary shares	0.13%
LO Kai Yiu, Anthony	Personal	250,000 ordinary shares	0.01%

Long positions in shares of PTL

Name of director	Nature of interest	Number of shares held	Percentage interest held
CHAN Kwong Fai, Michael	Personal	3,274,000 ordinary shares	0.28%
LO Kai Yiu, Anthony	Personal	376,000 ordinary shares	0.03%

Long positions in underlying shares of PTL

Name of director	Nature of interest	Number of equity derivatives held	Number of underlying shares (ordinary shares)	Percentage interest held
CHAN Kwong Fai, Michael	Personal	2,000,000 share options	2,000,000 shares	0.17%
CHAN, Helen	Personal	1,000,000 share options	1,000,000 shares	0.08%
CHAN Kong Keung, Stephen	Personal	1,000,000 share options	1,000,000 shares	0.08%

Unless stated otherwise, all the aforesaid shares and equity derivatives were beneficially owned by the directors concerned. The percentage shown was the number of shares or underlying shares the relevant director was interested expressed as a percentage of the number of issued shares of the relevant companies as at 30 June 2023.

Details of the share options held by the directors of the Company are disclosed in the above section headed “Share Options”.

Save as disclosed above, as at 30 June 2023, none of the directors of the Company were interested or deemed to be interested in short positions in the shares and underlying shares of equity derivatives of the Company or any associated corporation as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company Required to be Recorded under Section 336 of the SFO

As at 30 June 2023, persons (other than the directors of the Company) who had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Nature of interest	Number of shares held	Percentage interest held
Chan Chun Hoo, Thomas	Personal, Associate and Corporation (Note (i))	1,345,400,000 ordinary shares	65.00%
TGC Assets Limited	Corporation (Note (ii))	1,073,400,000 ordinary shares	51.86%

Notes:

- (i) Mr. Chan Chun Hoo, Thomas ("Mr. Chan") was interested in and deemed to be interested in 1,345,400,000 shares of the Company of which 142,000,000 shares were held by Mr. Chan directly, 130,000,000 shares were held by his wife and 1,073,400,000 shares were held by TGC Assets Limited ("TGC").
- (ii) Mr. Chan is the beneficial owner of all of the issued share capital of TGC and he was deemed to be interested in those shares.

Save as disclosed above, as at 30 June 2023, none of the person (other than the directors of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the registered required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Purchase, Sale or Redemption of Shares

During the period, 3,340,000 shares of HK\$0.01 each were repurchased by the Company at prices ranging from HK\$0.58 to HK\$0.63 per share through the Stock Exchange. The particulars of the repurchases are set out in note 15 to the condensed consolidated financial information.

Compliance with the Corporate Governance Code

The Company has applied the principles and complied with all the applicable code provisions (“Code Provisions”) of Part 2 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2023, except the followings:

The Code Provision C.2.1 provides that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The Company does not have a designated chief executive. The board oversees the management, businesses, strategy and financial performance of the Group. The day-to-day business of the Group is handled by the executive directors collectively. The executive directors supported by the senior executives are delegated with the responsibilities of running the business operations and making operational and business decisions of the Group. The board considers that this structure is adequate to ensure an effective management and control of the Group’s businesses and operations. The structure outlined above will be reviewed regularly to ensure that sound corporate governance is in place.

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending 31 December 2023. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2023.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the period ended 30 June 2023.

Update on Director’s Information pursuant to Rule 13.51B(1) of the Listing Rules

No information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the period.

Closure of Register of Members

The Register of Members of the Company will be closed from 11 September 2023 to 12 September 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the declared dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 8 September 2023. The interim dividend will be paid on 29 September 2023 to the shareholders on the Register of Members of the Company on 12 September 2023.

On behalf of the Board
Chan Kwong Fai, Michael
Chairman

Hong Kong, 25 August 2023

CORPORATE INFORMATION

Directors

CHAN Kwong Fai, Michael
(Chairman and Executive Director)
CHAN, Helen *(Executive Director)*
CHAN Kong Keung, Stephen
(Executive Director)
LEE Ka Sze, Carmelo
(Non-executive Director)
LO Kai Yiu, Anthony
(Independent Non-executive Director)
OR Ching Fai, Raymond
(Independent Non-executive Director)
TANG Wing Yung, Thomas
(Independent Non-executive Director)

Company Secretary

NG Ka Yan

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office

23/F., The Toy House
100 Canton Road
Tsimshatsui
Kowloon, Hong Kong

Auditors

Grant Thornton Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisors

Conyers Dill & Pearman
Deacons

Principal Bankers

The Bank of East Asia, Limited
Hang Seng Bank Limited
UBS AG
Merrill Lynch, Pierce, Fenner & Smith Inc.

Principal Share Registrars

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Branch Share Registrars

Tricor Abacus Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Stock Code

The shares of Playmates Holdings
Limited are listed for trading on
The Stock Exchange of Hong Kong
Limited
(Stock Code: 635)

Website

www.playmates.net



Playmates Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock code 635)
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