

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PLAYMATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 635)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

	2025	2024
For the six months ended 30 June	HK\$'000	HK\$'000
Group revenue	261,116	526,666
- from toy business	185,514	445,141
- from property investments and management businesses	74,800	79,339
- from investment business	802	2,186
Gross profit	146,835	324,137
Net revaluation deficit on investment properties	(234,926)	(249,529)
Operating loss	(227,641)	(121,081)
Loss before income tax	(198,940)	(80,414)
Loss attributable to owners of the Company	(205,570)	(159,880)
Loss per share	HK cents	HK cents
- Basic	(9.94)	(7.72)
- Diluted	(9.94)	(7.72)
Interim dividend per share	1.50	1.50

Property Investments and Management

The property investments and management segment recorded a 5.7% decrease in revenue to HK\$74.8 million during the first half of 2025 compared to the same period last year (same period in 2024: HK\$79.3 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of HK\$4.2 billion. A net revaluation deficit of HK\$234.9 million was recorded in the consolidated income statement of the Group (same period in 2024: HK\$249.5 million). Segment operating loss including property revaluation was HK\$183.1 million (same period in 2024: HK\$190.3 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 9.6% of the fair value of the Group's overall investment property portfolio (31 December 2024: 8.6%).

Aggregate rental income generated from the investment properties of the Group was HK\$65.0 million, a decrease of 5.1% from the prior year period (same period in 2024: HK\$68.5 million). Overall occupancy rate of the Group's investment properties was 58.8% (31 December 2024: 60.3%).

(i) Commercial

The Group's investment in commercial properties consists of The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong. The changes in consumption patterns of inbound tourists to Hong Kong, together with the increase in local consumers' outbound travel, have continued to make 2025 a challenging year for many retail businesses in Hong Kong. This dynamic has dampened demand for retail premises in the area. Further, an oversupply and the ongoing soft demand of office space have led to the subdued market conditions in the commercial sector. However, we expect Canton Road to remain one of the premier shopping districts in Hong Kong over the long term.

(ii) Residential

The Group's principal investment in residential properties includes units in Hillview on MacDonnell Road, Mid-Levels, Hong Kong. Amid a challenging economic environment, the residential market remains soft during the first half of 2025. On the other hand, our interior renovation and improvement works which have been carried out successively since 2021 should 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 subsequent stage in the approval process (special waiver application) is currently in progress. The Group will continue to monitor the economic environment and awaiting further update to government policy 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 decreased by 9.3% to HK\$9.8 million as compared to HK\$10.8 million during the same period last year.

We continue to maintain a long-term view of our property investments 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 2025 was HK\$186 million (same period in 2024: HK\$445 million), representing a decline of 58% compared to the prior year period. The unfavourable comparison was driven by: (i) the anticipated decline in *Godzilla x Kong* product shipments as we lapped the *Godzilla x Kong: The New Empire* movie release in March 2024, (ii) moderating demand for our *Teenage Mutant Ninja Turtles* (“TMNT”) products in the absence of any tentpole entertainment event for the TMNT brand, and (iii) some disruption in shipments to the U.S. market in April amidst escalating trade tensions.

Gross profit ratio on toy sales was 43% (same period in 2024: 56%). Lower gross profit margin in the first half of 2025 reflected: (i) payment of tariffs in effect for goods entering the U.S. starting in Q2 2025, (ii) higher product development and tooling costs as a percentage of sales, in preparation for new product launches in the second half of 2025, and (iii) higher clearance costs of discontinuing products. Operating expenses declined by 49% compared to prior year, reflecting lower variable costs, partially offset by higher media production expenses as a percentage of sales, in preparation for upcoming new brand launches. Administration expenses increased 7% compared to the prior year period.

Playmates Toys group reported an operating loss of HK\$45 million during the first half of 2025 (same period in 2024: operating profit of HK\$68 million). Other net income during the current year period included a HK\$9 million net unrealized and realized gain on Playmates Toys group’s listed equities investment position (same period in 2024: HK\$21 million) and HK\$21 million in interest income (same period in 2024: HK\$30 million). Playmates Toys group’s net loss during the first half of 2025 was HK\$25.6 million (same period in 2024: net profit of HK\$91.5 million).

Although we expected 2025 to be a transition year for us, the first half of 2025 proved to be exceptionally challenging in large part due to global trade dynamics. As trade negotiations continue, tariff rates may be further adjusted in the second half of 2025, which would reintroduce uncertainty in our operating environment. The currently effective tariffs will continue to negatively pressure our profitability, partially offset by selective pricing adjustments that will become effective in Q3 2025. We are carefully assessing sourcing alternatives as the global trade situation develops. We are also closely monitoring consumer spending patterns as the overall toy industry adapts to the latest trade dynamics.

Brand Overview

***Teenage Mutant Ninja Turtles* (“TMNT”)**

Paramount Pictures and Nickelodeon Movies are developing a 4-season series that will serve as a “bridge” between *Teenage Mutant Ninja Turtles: Mutant Mayhem* and its sequel, slated to release in 2027. Season 1 of the spinoff series, titled *Tales of The Teenage Mutant Ninja Turtles*, was released on Paramount+ in August 2024, followed by Netflix in January 2025 in the U.S. and other major markets around the world throughout 2025. Seasons 2 to 4 of the series are scheduled to debut on Paramount+ this Fall and run through Spring 2027. 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.

Power Rangers

We have recently entered into a global license agreement with Hasbro, a leading toy and game company, to produce and distribute ***Power Rangers*** toys. We are developing an extensive kid-targeted ***Mighty Morphin Power Rangers: Re-Ignition*** toy line, including action figures, collectibles, combinable Zords and roleplay accessories. This debut will be supported by new and enhanced content on YouTube, Netflix and other entertainment channels, all designed to engage a new generation of kids in the ***Power Rangers*** story. We have begun initial shipments and are seeing encouraging early consumer feedback. Distribution will continue to expand throughout the Fall.

Godzilla x Kong

The ***Godzilla x Kong Monsterverse*** franchise continues to sustain consumer engagement in a non-movie year, following the successful release of ***Godzilla x Kong: The New Empire*** in March 2024. As the global master toy licensee, we continue to develop extensions to our product line to include characters from across the ***MonsterVerse*** movies and TV shows.

Winx

Following the celebration of its 20th anniversary last year, Italian entertainment group Rainbow has announced the highly anticipated CGI reboot, ***Winx Club: The Magic Is Back***, set to premiere on Netflix in October 2025. We will debut an all-new fashion doll and role-play toy line in the U.S. and select international markets this Fall, with distribution expanding in Spring 2026.

Portfolio Investments

The Group engages in portfolio investments which involve investing in listed equity shares. 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 2025, fair market value of the Group's investment portfolio was HK\$98.9 million (31 December 2024: HK\$109.1 million) representing 1.7% of the total assets of the Group (31 December 2024: 1.8%). This comprised of HK\$23.6 million of equities listed in Hong Kong (31 December 2024: HK\$32.4 million) and HK\$75.3 million of equities listed overseas (31 December 2024: HK\$76.7 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 1.6% of the total assets of the Group, and included NVIDIA Corporation (NVDA.US), Amazon.com, Inc. (AMZN.US), The Walt Disney Company (DIS.US), Netflix, Inc. (NFLX.US), Tencent Holdings Limited (700.HK), Microsoft Corporation (MSFT.US), Alphabet Inc. (GOOG.US), Sun Hung Kai Properties Limited (16.HK), The Goldman Sachs Group, Inc (GS.US) and Apple Inc. (AAPL.US).

The Group reported a net gain from investments of HK\$11.5 million in the first half of 2025 (same period in 2024: HK\$18.5 million). During the first half of 2025, dividend and interest income generated from the portfolio were HK\$22.2 million (same period in 2024: HK\$32.2 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 2025

	Note	Unaudited Six months ended 30 June		
		2025 US\$'000 (Note 11)	2025 HK\$'000	2024 HK\$'000
Revenue	3	33,477	261,116	526,666
Cost of sales		(14,651)	(114,281)	(202,529)
Gross profit		18,826	146,835	324,137
Marketing and licensing expenses		(6,104)	(47,609)	(91,651)
Selling and distribution expenses		(2,004)	(15,629)	(31,725)
Administration expenses		(9,784)	(76,312)	(72,313)
Net revaluation deficit on investment properties		(30,119)	(234,926)	(249,529)
Operating loss		(29,185)	(227,641)	(121,081)
Other net income	4	4,262	33,242	48,651
Finance costs		(582)	(4,541)	(7,984)
Loss before income tax	5	(25,505)	(198,940)	(80,414)
Income tax expense	6	(2,464)	(19,218)	(34,485)
Loss for the period		(27,969)	(218,158)	(114,899)
(Loss)/Profit for the period attributable to:				
Owners of the Company		(26,355)	(205,570)	(159,880)
Non-controlling interests		(1,614)	(12,588)	44,981
		(27,969)	(218,158)	(114,899)
Loss per share	8	US cents	HK cents	HK cents
Basic		(1.27)	(9.94)	(7.72)
Diluted		(1.27)	(9.94)	(7.72)

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2025

	Unaudited		
	Six months ended 30 June		
	2025	2025	2024
	US\$'000	HK\$'000	HK\$'000
	<i>(Note 11)</i>		
Loss for the period	(27,969)	(218,158)	(114,899)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
- Exchange differences arising on translation of foreign subsidiaries	3,424	26,710	(10,936)
Total comprehensive income for the period	(24,545)	(191,448)	(125,835)
Total comprehensive income attributable to:			
Owners of the Company	(22,931)	(178,860)	(170,816)
Non-controlling interests	(1,614)	(12,588)	44,981
	(24,545)	(191,448)	(125,835)

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

		Unaudited 30 June 2025 US\$'000 (Note 11)	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Non-current assets				
Fixed assets				
- Investment properties		539,494	4,208,052	4,416,969
- Other property, plant and equipment		17,460	136,193	133,551
		556,954	4,344,245	4,550,520
Right-of-use assets		427	3,334	5,152
Goodwill		766	5,976	5,976
Prepayments		359	2,798	-
Deferred tax assets		4,679	36,494	37,665
		563,185	4,392,847	4,599,313
Current assets				
Inventories		4,437	34,608	27,654
Trade receivables	9	5,859	45,697	138,475
Deposits paid, other receivables and prepayments		8,606	67,136	68,155
Taxation recoverable		2,827	22,050	22,324
Financial assets at fair value through profit or loss		12,683	98,924	109,116
Cash and deposits with banks		138,626	1,081,282	1,102,889
		173,038	1,349,697	1,468,613
Current liabilities				
Bank loans		17,538	136,800	172,200
Trade payables	10	5,945	46,373	23,274
Deposits received, other payables and accrued charges		16,773	130,817	156,375
Provisions		5,488	42,805	55,074
Lease liabilities		527	4,114	4,326
Taxation payable		4,675	36,468	17,890
		50,946	397,377	429,139
Net current assets		122,092	952,320	1,039,474
Total assets less current liabilities		685,277	5,345,167	5,638,787

	Unaudited	Unaudited	Audited
	30 June	30 June	31 December
	2025	2025	2024
<i>Note</i>	<i>US\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 11)</i>		
Non-current liabilities			
Bank loans	-	-	3,200
Lease liabilities	-	-	1,924
Long service payment liabilities	258	2,016	1,889
Deferred tax liabilities	4,617	36,015	36,410
	4,875	38,031	43,423
Net assets	680,402	5,307,136	5,595,364
Equity			
Share capital	2,651	20,680	20,680
Reserves	608,133	4,743,433	4,984,302
Equity attributable to owners			
of the Company	610,784	4,764,113	5,004,982
Non-controlling interests	69,618	543,023	590,382
Total equity	680,402	5,307,136	5,595,364

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 2024 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 2024.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period. 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 management 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 equities 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	
	2025	2024
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
- Sale of toys	185,514	445,141
- Property management income	9,754	10,804
	195,268	455,945
Revenue from other sources:		
- Rental income from investment properties	65,046	68,535
- Dividend income	188	507
- Interest income	614	1,679
	65,848	70,721
Total revenue	261,116	526,666

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 2025 are as follows:

	Property investments and management businesses	Investment business	Toy business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross revenue from contracts with customers by timing of revenue recognition				
- Point in time	-	-	185,514	185,514
- Over time	10,142	-	-	10,142
Gross revenue from other sources	67,705	802	-	68,507
<u>Inter-segment revenue</u>	<u>(3,047)</u>	<u>-</u>	<u>-</u>	<u>(3,047)</u>
<u>Revenue from external customers</u>	<u>74,800</u>	<u>802</u>	<u>185,514</u>	<u>261,116</u>
Segment (loss)/profit before depreciation	(179,175)	777	(43,283)	(221,681)
<u>Depreciation</u>	<u>(3,910)</u>	<u>-</u>	<u>(2,112)</u>	<u>(6,022)</u>
<u>Segment operating (loss)/profit</u>	<u>(183,085)</u>	<u>777</u>	<u>(45,395)</u>	<u>(227,703)</u>
Other net income	30	2,472	30,718	33,220
<u>Finance costs</u>	<u>(3,665)</u>	<u>(19)</u>	<u>(840)</u>	<u>(4,524)</u>
	<u>(3,635)</u>	<u>2,453</u>	<u>29,878</u>	<u>28,696</u>
Segment (loss)/profit before income tax	(186,720)	3,230	(15,517)	(199,007)
Unallocated corporate income				<u>67</u>
Loss before income tax				<u>(198,940)</u>

The segment results for the six months ended 30 June 2024 are as follows:

	Property investments and management 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	-	-	445,141	445,141
- Over time	11,192	-	-	11,192
Gross revenue from other sources	71,163	2,186	-	73,349
<u>Inter-segment revenue</u>	<u>(3,016)</u>	<u>-</u>	<u>-</u>	<u>(3,016)</u>
<u>Revenue from external customers</u>	<u>79,339</u>	<u>2,186</u>	<u>445,141</u>	<u>526,666</u>
Segment (loss)/profit before depreciation	(186,254)	2,161	70,284	(113,809)
<u>Depreciation</u>	<u>(4,066)</u>	<u>-</u>	<u>(2,074)</u>	<u>(6,140)</u>
<u>Segment operating (loss)/profit</u>	<u>(190,320)</u>	<u>2,161</u>	<u>68,210</u>	<u>(119,949)</u>
Other net income/(loss)	19	(2,227)	50,822	48,614
<u>Finance costs</u>	<u>(6,336)</u>	<u>(21)</u>	<u>(1,612)</u>	<u>(7,969)</u>
	<u>(6,317)</u>	<u>(2,248)</u>	<u>49,210</u>	<u>40,645</u>
Segment (loss)/profit before <u>income tax</u>	<u>(196,637)</u>	<u>(87)</u>	<u>117,420</u>	<u>(79,304)</u>
Unallocated corporate expenses				<u>(1,110)</u>
Loss before income tax				<u>(80,414)</u>

The segment assets and liabilities as at 30 June 2025 are as follows:

	Property investments and management businesses	Investment business	Toy business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets (including <u>cash and deposits with banks)</u>	4,359,795	56,962	1,267,866	5,684,623
Inter-segment elimination	(41)	-	(3,951)	(3,992)
Deferred tax assets				36,494
Taxation recoverable				22,050
Unallocated assets				<u>3,369</u>
Total assets				<u>5,742,544</u>
 <u>Reportable segment liabilities</u>	 173,039	 -	 193,006	 366,045
Inter-segment elimination	(1,528)	-	(2,464)	(3,992)
Deferred tax liabilities				36,015
Taxation payable				36,468
Unallocated liabilities				<u>872</u>
Total liabilities				<u>435,408</u>

The segment assets and liabilities as at 31 December 2024 are as follows:

	Property investments and management 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 deposits with banks)	4,565,614	74,191	1,370,418	6,010,223
Inter-segment elimination	(44)	-	(6,355)	(6,399)
Deferred tax assets				37,665
Taxation recoverable				22,324
Unallocated assets				<u>4,113</u>
Total assets				<u>6,067,926</u>
Reportable segment liabilities	214,595	-	209,200	423,795
Inter-segment elimination	(1,511)	-	(4,888)	(6,399)
Deferred tax liabilities				36,410
Taxation payable				17,890
Unallocated liabilities				<u>866</u>
Total liabilities				<u>472,562</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
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	75,602	81,629	3,894,867	4,125,229
Americas				
- U.S.A.	131,459	309,462	179,785	181,226
- Others	20,217	25,826	-	-
Europe	31,351	90,536	199,560	181,703
Asia Pacific other than Hong Kong	2,487	18,825	82,141	73,490
Others	-	388	-	-
	185,514	445,037	461,486	436,419
	261,116	526,666	4,356,353	4,561,648

3.3 Major customers

The Group's customer base includes three (2024: two) 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\$56,572,000, HK\$51,054,000 and HK\$50,122,000 (2024: HK\$157,994,000 and HK\$102,552,000) respectively.

4. Other net income

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Net gain/(loss) on financial assets at fair value through profit or loss (<i>Note</i>):		
- unrealised	12,325	14,005
- realised	(845)	4,511
From Playmates Toys' treasury:		
- Interest income	21,149	29,811
- Dividend income	237	240
Others	376	84
	33,242	48,651

Note:

In the net gain/(loss) on financial assets at fair value through profit or loss, unrealised gain of HK\$10,148,000 (2024: unrealised gain of HK\$17,303,000) and realised loss of HK\$1,139,000 (2024 : realised gain of HK\$3,439,000) was attributable to Playmates Toys' treasury investment.

5. (Loss)/Profit before income tax

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Cost of inventories sold	90,999	184,619
Product development and tooling costs	14,946	10,638
Royalties expenses	25,849	58,936
Directors' and staff remunerations	41,926	39,857
Depreciation		
- other property, plant and equipment	4,384	4,518
- right-of-use assets	1,818	1,818
Interest expenses		
- on bank loans	3,632	6,323
- on lease liabilities	134	242
Net foreign exchange gain	(1,075)	(315)

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 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	
	2025	2024
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	11,273	15,565
Overseas taxation	7,578	12,897
	18,851	28,462
Deferred taxation		
Origination and reversal of temporary differences	367	6,023
Income tax expense	19,218	34,485

The Group's cumulative unrecognised tax losses as of 30 June 2025 amounted to HK\$66,159,000 (31 December 2024: HK\$11,071,000). 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	
	2025	2024
	HK\$'000	HK\$'000
Interim dividend of HK cents 1.5 per share (2024: HK cents 1.5 per share)	31,020	31,045

At a meeting held on 15 August 2025, the board of directors has resolved to pay an interim dividend of HK cents 1.5 per share to be paid on 19 September 2025 to shareholders whose names appear on the Company's Register of Members on 2 September 2025.

The interim dividends 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 2025.

The Company does not hold any treasury shares (whether in its own name or which is deposited with CCASS) and no interim dividends will be received in relation thereto.

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

	Six months ended 30 June	
	2025	2024
	<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 (2024: HK cents 1.5 per share)	31,020	31,046
Special interim dividend of HK cents 1.5 per share (2024: HK cents 1.5 per share)	31,020	31,045
	62,040	62,091

8. Loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$205,570,000 (2024: HK\$159,880,000) and the weighted average number of ordinary shares of 2,068,000,000 shares (2024: 2,069,760,000 shares) in issue during the period.

Diluted loss per share for the six months ended 30 June 2025 and 2024 equals to the basic loss per share as there were no potential ordinary shares.

The dilutive effect of the share options and share awards issued by the Group's listed subsidiary, Playmates Toys Limited was insignificant for the six months ended 30 June 2025 and 2024.

9. Trade receivables

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Trade receivables	84,950	177,322
<u>Less: Allowance for customer concession</u>	<u>(39,253)</u>	<u>(38,847)</u>
	45,697	138,475

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 (2024: 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 2025 HK\$'000	31 December 2024 HK\$'000
0 – 60 days	39,035	90,810
61 – 90 days	5,360	35,870
91 – 180 days	684	8,368
<u>Over 180 days</u>	<u>618</u>	<u>3,427</u>
	45,697	138,475

10. 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 2025 HK\$'000	31 December 2024 HK\$'000
0 – 30 days	42,550	21,851
31 – 60 days	1,758	1,389
<u>Over 60 days</u>	<u>2,065</u>	<u>34</u>
	46,373	23,274

11. 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 2025.

FINANCIAL ANALYSIS

The property investments and management businesses generated a relatively steady income stream throughout the period. Overall occupancy rate was 58.8% as at 30 June 2025 (31 December 2024: 60.3%).

Financial assets at fair value through profit or loss include investment in listed equities. As at 30 June 2025, the Group's financial assets at fair value through profit or loss amounted to HK\$98,924,000 (31 December 2024: HK\$109,116,000).

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 2025, trade receivables related to toy business were HK\$44,435,000 (31 December 2024: HK\$136,670,000) and inventories were HK\$34,608,000 (31 December 2024: HK\$27,654,000).

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2025 was 2.4% compared to 2.9% at 31 December 2024. The current ratio, calculated as the ratio of current assets to current liabilities, was 3.4 at 30 June 2025 (31 December 2024: 3.4).

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 2025, the Group's cash and deposits with banks were HK\$1,081,282,000 (31 December 2024: HK\$1,102,889,000), of which HK\$1,012,254,000 (31 December 2024: HK\$990,191,000) was denominated in United States dollar, HK\$14,916,000 (31 December 2024: HK\$21,672,000) in British pound, HK\$4,163,000 (31 December 2024: HK\$4,159,000) in Euro and the remaining balance was mainly denominated in Hong Kong dollar.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company's shares and the Company did not have any treasury shares during the period.

CORPORATE GOVERNANCE

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 C1 of the Listing Rules throughout the six months ended 30 June 2025, 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 2025. 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 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 1 September 2025 to 2 September 2025, 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 registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 29 August 2025. The interim dividend will be paid on 19 September 2025 to the shareholders on the Register of Members of the Company on 2 September 2025.

On behalf of the Board
Chan Kwong Fai, Michael
Chairman

Hong Kong, 15 August 2025

As at the date hereof, the board of directors of the Company comprises the following directors:

Mr. Chan Kwong Fai, Michael (*Chairman*), Ms. Chan, Helen (*Executive Director*), Mr. Chan Kong Keung, Stephen (*Executive Director*), Mr. Lee Ka Sze, Carmelo (*Non-executive Director*), Mr. Lo Kai Yiu, Anthony (*Independent Non-executive Director*), Dr. Or Ching Fai, Raymond (*Independent Non-executive Director*) and Mr. Tsim Tak Chee (*Independent Non-executive Director*)