



Playmates

2009
Interim Report

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MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

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

Property Investments and Associated Businesses

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

(a) Property Investments

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

(i) *The Toy House*

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

(ii) *Hillview*

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

(iii) *Playmates Factory Building*

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

(b) Property Management Business

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

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

(c) Food & Beverage Business

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

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

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

Playmates Toys

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

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

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

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

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

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

Portfolio Investments

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

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

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

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

For the six months ended 30 June 2009

		Unaudited		
		Six months ended 30 June		
Note	2009	2009	2008	
	US\$'000	HK\$'000	HK\$'000	
	(Note 14)			
Revenue	2	49,821	386,109	286,499
Cost of sales		<u>(22,289)</u>	<u>(172,737)</u>	<u>(150,771)</u>
Gross profit		27,532	213,372	135,728
Marketing expenses		(10,577)	(81,971)	(75,492)
Selling and distribution expenses		(3,855)	(29,877)	(17,438)
Administration expenses		(7,642)	(59,223)	(78,464)
Net gain/(loss) on financial assets at fair value through profit or loss		2,423	18,781	(95,826)
Revaluation surplus on investment properties		<u>11,902</u>	<u>92,237</u>	<u>151,243</u>
Operating profit		19,783	153,319	19,751
Other income		12	94	676
Finance costs		(585)	(4,537)	(4,551)
Share of loss of an associated company		(249)	(1,927)	(2,132)
Share of loss of a jointly controlled entity		<u>(433)</u>	<u>(3,359)</u>	<u>–</u>
Profit before taxation	3	18,528	143,590	13,744
Taxation (charge)/credit	4	<u>(2,901)</u>	<u>(22,482)</u>	<u>9,976</u>
Profit for the period		<u>15,627</u>	<u>121,108</u>	<u>23,720</u>
Profit attributable to:				
Equity holders of the Company		15,567	120,647	43,896
Minority interests		<u>60</u>	<u>461</u>	<u>(20,176)</u>
		<u>15,627</u>	<u>121,108</u>	<u>23,720</u>
Dividends	5	<u>1,422</u>	<u>11,022</u>	<u>22,372</u>
		<i>US\$</i>	<i>HK\$</i>	<i>HK\$</i>
Earnings per share	6			
Basic		<u>0.07</u>	<u>0.55</u>	<u>0.20</u>
Diluted		<u>0.07</u>	<u>0.54</u>	<u>0.20</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Unaudited		
	Six months ended 30 June		
	2009	2009	2008
	US\$'000	HK\$'000	HK\$'000
	(Note 14)		
Profit for the period	<u>15,627</u>	<u>121,108</u>	<u>23,720</u>
Other comprehensive expense:			
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u>(69)</u>	<u>(533)</u>	<u>–</u>
Total comprehensive income for the period	<u>15,558</u>	<u>120,575</u>	<u>23,720</u>
Total comprehensive income attributable to:			
Equity holders of the Company	15,530	120,355	43,896
Minority interests	<u>28</u>	<u>220</u>	<u>(20,176)</u>
	<u>15,558</u>	<u>120,575</u>	<u>23,720</u>

Condensed Consolidated Balance Sheet

As at 30 June 2009

		Unaudited 30 June 2009 US\$'000 (Note 14)	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Non-current assets				
Fixed assets				
– Investment properties	7	196,039	1,519,300	1,426,100
– Other property, plant and equipment	7	6,069	47,037	48,848
– Prepaid premium on leasehold land held for own use under an operating lease	7	8,210	63,626	64,267
		<u>210,318</u>	<u>1,629,963</u>	1,539,215
Goodwill		771	5,976	5,976
Interest in an associated company		3,056	23,686	25,613
Interest in a jointly controlled entity		716	5,551	8,534
Deferred tax assets		<u>5,601</u>	<u>43,407</u>	46,202
		<u>220,462</u>	<u>1,708,583</u>	<u>1,625,540</u>
Current assets				
Inventories		3,535	27,398	19,647
Trade receivables	8	5,086	39,413	78,900
Other receivables, deposits and prepayments		7,306	56,623	108,808
Taxation recoverable		438	3,391	4,011
Financial assets at fair value through profit or loss		24,706	191,475	185,012
Cash and bank balances		<u>40,489</u>	<u>313,792</u>	<u>303,316</u>
		<u>81,560</u>	<u>632,092</u>	<u>699,694</u>

		Unaudited 30 June 2009 US\$'000 (Note 14)	Unaudited 30 June 2009 HK\$'000	Audited 31 December 2008 HK\$'000
Current liabilities				
Bank loans	9	18,710	145,000	201,721
Trade payables	10	5,336	41,353	97,709
Other payables and accrued charges		11,241	87,120	84,331
Provisions		2,723	21,101	29,520
Taxation payable		871	6,755	3,651
		<u>38,881</u>	<u>301,329</u>	<u>416,932</u>
Net current assets		<u>42,679</u>	<u>330,763</u>	<u>282,762</u>
Total assets less current liabilities		<u>263,141</u>	<u>2,039,346</u>	<u>1,908,302</u>
Non-current liabilities				
Deferred tax liabilities		<u>18,689</u>	<u>144,842</u>	<u>128,785</u>
Net assets		<u>244,452</u>	<u>1,894,504</u>	<u>1,779,517</u>
Capital and reserves				
Share capital	11	2,850	22,085	21,880
Reserves		234,666	1,818,665	1,709,400
Declared dividends	5	1,422	11,022	4,376
Equity attributable to the Company's equity holders		<u>238,938</u>	<u>1,851,772</u>	<u>1,735,656</u>
Minority interests		<u>5,514</u>	<u>42,732</u>	<u>43,861</u>
Total equity		<u>244,452</u>	<u>1,894,504</u>	<u>1,779,517</u>

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2009

	Unaudited								
	Equity Holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Reserve on consolidation HK\$'000	Share-based compensation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2008	222,523	1,069,283	1,116	21,082	28,746	1,052,055	2,394,805	1,970	2,396,775
Profit for the period	-	-	-	-	-	43,896	43,896	(20,176)	23,720
Total comprehensive income for the period	-	-	-	-	-	43,896	43,896	(20,176)	23,720
Capital reorganisation	(201,353)	201,353	-	-	-	-	-	-	-
2007 final dividend paid	-	-	-	-	-	(55,931)	(55,931)	-	(55,931)
2007 special dividend paid	-	-	-	-	-	(128,571)	(128,571)	128,571	-
Share option scheme									
- value of services	-	-	-	-	1,515	-	1,515	393	1,908
- shares issued	1,202	3,021	-	-	(259)	-	3,964	-	3,964
- options lapsed	-	-	-	-	(241)	241	-	-	-
	(200,151)	204,374	-	-	1,015	(184,261)	(179,023)	128,964	(50,059)
At 30 June 2008	<u>22,372</u>	<u>1,273,657</u>	<u>1,116</u>	<u>21,082</u>	<u>29,761</u>	<u>911,690</u>	<u>2,259,678</u>	<u>110,758</u>	<u>2,370,436</u>

	Unaudited										
	Equity Holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Reserve on consolidation HK\$'000	Share repurchase reserve HK\$'000	Exchange reserve HK\$'000	Share-based compensation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2009	21,880	1,270,368	1,608	21,082	-	-	29,529	391,189	1,735,656	43,861	1,779,517
Profit for the period	-	-	-	-	-	-	-	120,647	120,647	461	121,108
Other comprehensive expenses:											
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	(292)	-	-	(292)	(241)	(533)
Total comprehensive income for the period	-	-	-	-	-	(292)	-	120,647	120,355	220	120,575
Issue of shares	205	1,640	-	-	-	-	-	1,845	-	-	1,845
Repurchased of shares	-	-	-	-	(2,087)	-	-	(2,087)	-	-	(2,087)
2008 second interim dividend paid	-	-	-	-	-	-	-	(4,376)	(4,376)	-	(4,376)
Dividend paid	-	-	-	-	-	-	-	-	-	(1,500)	(1,500)
Share option scheme											
- value of services	-	-	-	-	-	-	379	-	379	151	530
- options lapsed	-	-	-	-	-	-	(1,942)	1,942	-	-	-
	205	1,640	-	-	(2,087)	-	(1,563)	(2,434)	(4,239)	(1,349)	(5,588)
At 30 June 2009	<u>22,085</u>	<u>1,272,008</u>	<u>1,608</u>	<u>21,082</u>	<u>(2,087)</u>	<u>(292)</u>	<u>27,966</u>	<u>509,402</u>	<u>1,851,772</u>	<u>42,732</u>	<u>1,894,504</u>

Condensed Consolidated Cash Flow Statement*For the six months ended 30 June 2009*

	Unaudited		
	Six months ended 30 June		
	2009	2009	2008
	US\$'000	HK\$'000	HK\$'000
	<i>(Note 14)</i>		
Net cash generated from/(used in) operating activities	4,185	32,434	(81,700)
Net cash generated from/(used in) investing activities	5,293	41,020	(104,268)
Net cash (used in)/generated from financing activities	(8,108)	(62,839)	31,147
Net increase/(decrease) in cash and cash equivalents	1,370	10,615	(154,821)
Cash and cash equivalents at 1 January	39,137	303,316	375,215
Effect of foreign exchange rate changes	(18)	(139)	–
Cash and cash equivalents at 30 June	<u>40,489</u>	<u>313,792</u>	<u>220,394</u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u>40,489</u>	<u>313,792</u>	<u>220,394</u>

Notes to the Condensed Consolidated Financial Information

1 Basis of preparation and accounting policies

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

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

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

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

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

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

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

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

2 Segment information

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

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

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

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

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

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

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

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

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

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

(b) Geographical information

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

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

(c) Major customer

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

3 Profit before taxation

Profit before taxation is stated after charging the following:

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

4 Taxation (charge)/credit

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

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

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

5 Dividends

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

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

6 Earnings per share

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

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

7 Fixed assets

	Investment properties <i>HK\$'000</i>	Other property, plant and equipment <i>HK\$'000</i>	Prepaid premium on leasehold land held for own use under an operating lease <i>HK\$'000</i>
Opening net book amount as at 1 January 2009	1,426,100	48,848	64,267
Additions	963	1,189	–
Revaluation surplus	92,237	–	–
Depreciation/amortisation	–	(2,922)	(641)
Disposals	–	(43)	–
Exchange differences	–	(35)	–
	<hr/>	<hr/>	<hr/>
Closing net book amount as at 30 June 2009	<u>1,519,300</u>	<u>47,037</u>	<u>63,626</u>
Opening net book amount as at 1 January 2008	1,539,800	38,149	48,597
Additions	57	3,414	–
Revaluation surplus	151,243	–	–
Depreciation/amortisation	–	(3,466)	(586)
Disposals	–	(1,014)	–
	<hr/>	<hr/>	<hr/>
Closing net book amount as at 30 June 2008	1,691,100	37,083	48,011
Additions	29,930	6,182	–
Revaluation deficit	(268,930)	–	–
Reclassification	(26,000)	9,020	16,980
Depreciation/amortisation	–	(3,436)	(724)
Disposals	–	(1)	–
	<hr/>	<hr/>	<hr/>
Closing net book amount as at 31 December 2008	<u>1,426,100</u>	<u>48,848</u>	<u>64,267</u>

8 Trade receivables

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Trade receivables	46,282	84,700
Less: Allowance for customer concession	(6,869)	(5,800)
	<u>39,413</u>	<u>78,900</u>

The Group grants credits to retail customers 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 of 60 days on average. For property investments and management business, and restaurant operations, no credit term is granted to tenants and customers. The following is an ageing analysis of trade receivables at the balance sheet date:

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

9 Bank loans

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Secured bank loans repayable within one year	110,000	160,000
Unsecured bank loans repayable within one year	35,000	41,721
	<u>145,000</u>	<u>201,721</u>

All bank loans were denominated in HK dollar and the effective interest rate at the balance sheet date was 1.57% (31 December 2008: 1.41%) per annum.

The carrying amounts of short term bank loans approximate their fair value.

As at 30 June 2009, the Group had banking facilities amounting to approximately HK\$595 million (31 December 2008: HK\$615 million), of which HK\$145 million (31 December 2008: HK\$201 million) 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\$1,153 million and HK\$96 million (31 December 2008: HK\$1,088 million and HK\$97 million) respectively as at 30 June 2009.

10 Trade payables

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

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

11 Share capital

	Authorised Ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 31 December 2008 and 30 June 2009	<u>3,000,000,000</u>	<u>300,000</u>
	Issued and fully paid Ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 1 January 2008	2,225,232,569	222,523
Exercise of share options	12,017,000	1,202
Capital reorganisation	(2,013,524,613)	(201,353)
Repurchase of shares	<u>(4,924,956)</u>	<u>(492)</u>
At 1 January 2009	218,800,000	21,880
Exercise of warrants 2010 (<i>Note</i>)	<u>2,049,395</u>	<u>205</u>
At 30 June 2009	<u>220,849,395</u>	<u>22,085</u>

Note: On 9 April 2009, 43,760,000 warrants were issued pursuant to the board resolution passed at the board meeting of the Company held on 13 March 2009 on the basis of a bonus issue of one warrant for every five shares held by the shareholders. These warrants are exercisable from 15 April 2009 to 14 October 2010 at an initial subscription price of HK\$0.9 per share (subject to adjustment). As at 30 June 2009, 41,710,605 warrants issued on 9 April 2009 remained unexercised.

In June 2009, 1,126,000 shares were repurchased by the Company on the Stock Exchange at prices ranging from HK\$1.80 to HK\$1.96 per share at an aggregate consideration of HK\$2,087,220. These shares were subsequently cancelled on 29 July 2009.

12 Commitments

(a) 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 2009 were payable as follows:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Within one year	21,141	16,414
In the second to fifth years inclusive	12,400	16,731
	<u>33,541</u>	<u>33,145</u>

(b) Operating lease arrangements

The Group acts as lessee and lessor under operating leases. Details of the Group's commitments under non-cancellable operating leases are set out as follows:

(i) As lessee

At 30 June 2009, the future aggregate minimum lease payments under non-cancellable operating leases for office and warehouse facilities payable by the Group were as follows:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Within one year	7,441	9,761
In the second to fifth years inclusive	8,338	13,748
	15,779	23,509

(ii) As lessor

At 30 June 2009, the future aggregate minimum lease payments under non-cancellable operating leases for office, industrial and residential premises receivable by the Group were as follows:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Within one year	58,495	58,023
In the second to fifth years inclusive	40,998	50,939
	99,493	108,962

13 Related party transactions

The Group entered into the following significant transactions with related parties:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Service fee received from a jointly controlled entity, Playmates GP, LLC	5,487	–
Interest income received from a jointly controlled entity, Playmates GP, LLC	32	–
	<u>5,519</u>	<u>–</u>

Key management compensation

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	7,149	5,278
Employer's contribution to provident fund	186	106
Share-based compensation	292	972
	<u>7,627</u>	<u>6,356</u>

14 US dollar equivalents

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

15 Comparative figures

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

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. Approximately 87% of the total gross floor area of the Group's investment properties were leased out as at 30 June 2009. Accounts receivables were minimal as at the period end.

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

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

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

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

Charges on Group Assets

Details of charges on group assets are set out in note 9 to the condensed consolidated financial information.

Employees

As at 30 June 2009, the Group had a total of 178 employees in Hong Kong, the Mainland China and the United States of America.

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

Share Options

The following shows the particulars of the share options of the Company and of its subsidiary that are required to be disclosed under Rule 17.07 of Chapter 17 and Rule 41(2) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

Share options of the Company

Particulars of the share options of the Company granted to directors of the Company and employees of the Group pursuant to the Share Option Plan (“Plan”) and the Share Option Scheme (“Scheme”) adopted on 4 May 1998 and 28 June 2002 respectively were as follows:

Participant	Date of grant	Exercise price HK\$	Number of share options			Balance at 30 June 2009
			Balance at 1 January 2009	Exercised during the period	Lapsed during the period	
Plan						
<i>Continuous Contract</i>	27 May 1999	5.06	24,700	–	24,700	–
<i>Employees, excluding</i>	22 July 2000	6.26	79,600	–	–	79,600
<i>Directors</i>	21 May 2001	2.97	44,340	–	6,340	38,000
Scheme						
CHENG Bing Kin, Alain	7 January 2004	13.60	59,000	–	–	59,000
<i>Director</i>	22 September 2005	12.06	62,500	–	–	62,500
	4 May 2006	9.10	37,500	–	–	37,500
IP Shu Wing, Charles	22 September 2005	12.06	100,000	–	–	100,000
<i>Director</i>	4 May 2006	9.10	37,600	–	–	37,600
LEE Peng Fei, Allen	22 September 2005	12.06	100,000	–	–	100,000
<i>Director</i>	4 May 2006	9.10	75,000	–	–	75,000
LO Kai Yiu, Anthony	9 August 2002	1.99	25,000	–	–	25,000
<i>Director</i>	22 September 2005	12.06	100,000	–	–	100,000
	4 May 2006	9.10	75,000	–	–	75,000
TO Shu Sing, Sidney	7 January 2004	13.60	120,000	–	–	120,000
<i>Director</i>	22 September 2005	12.06	150,000	–	–	150,000
	4 May 2006	9.10	37,500	–	–	37,500

Participant	Date of grant	Exercise price HK\$	Number of share options			
			Balance at 1 January 2009	Exercised during the period	Lapsed during the period	Balance at 30 June 2009
TSIM Tak Lung	22 September 2005	12.06	100,000	-	-	100,000
<i>Director</i>	4 May 2006	9.10	75,000	-	-	75,000
YU Hon To, David	22 September 2005	12.06	100,000	-	-	100,000
<i>Director</i>	4 May 2006	9.10	75,000	-	-	75,000
<i>Continuous Contract</i>	9 August 2002	1.99	134,500	-	2,600	131,900
<i>Employees, excluding</i>	10 March 2003	5.50	211,820	-	2,700	209,120
<i>Directors</i>	7 January 2004	13.60	893,060	-	106,400	786,660
	19 March 2004	12.40	1,100,000	-	-	1,100,000
	22 September 2005	12.06	1,706,720	-	119,800	1,586,920
	9 January 2006	10.30	50,000	-	50,000	-
	4 May 2006	9.10	1,124,600	-	77,400	1,047,200

The above share options are exercisable in stages in accordance with the terms of the Plan and the Scheme within ten years after the date of grant. No options were granted or cancelled during the period.

Share options of Playmates Toys Limited (“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 its Share Option Scheme (“PTL Scheme”) adopted on 25 January 2008 were as follows:

Participant	Date of grant	Exercise price HK\$	Number of share options			
			Balance at 1 January 2009	Exercised during the period	Lapsed during the period	Balance at 30 June 2009
CHENG Bing Kin, Alain	31 March 2008	0.35	500,000	-	-	500,000
<i>Director of the Company</i>						
TO Shu Sing, Sidney	31 March 2008	0.35	500,000	-	-	500,000
<i>Director of the Company & PTL</i>						
<i>Other directors of PTL</i>	31 March 2008	0.35	6,525,000	-	375,000	6,150,000
<i>(Note 1)</i>						
<i>Continuous Contract</i>	31 March 2008	0.35	5,702,000	-	2,098,000	3,604,000
<i>Employees of PTL group, excluding directors of PTL</i>	23 June 2008	0.29	1,000,000	-	-	1,000,000
<i>Other Participants</i>	31 March 2008	0.35	450,000	-	-	450,000

Note:

- (1) These include the share options granted to Mr. Soong, Ronnie, a then director of PTL who passed away on 23 April 2008.

The above share options are exercisable in stages in accordance with the terms of the PTL Scheme within ten years after the date of grant. No options were granted or cancelled during the period.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company or any Associated Corporation

As at 30 June 2009, the interests of each director and chief executive of the Company in the shares and underlying shares of equity derivatives of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules were as follows:

Long positions in shares of the Company

Name of director	Nature of interest	Number of shares held	Percentage interest held
CHAN Chun Hoo, Thomas	Personal	6,892,000 ordinary shares	3.12%
	Corporate (<i>Note (a)</i>)	87,708,000 ordinary shares	39.71%
CHENG Bing Kin, Alain	Personal	190,000 ordinary shares	0.09%
IP Shu Wing, Charles	Personal	245,400 ordinary shares	0.11%
LEE Peng Fei, Allen	Personal	60,000 ordinary shares	0.03%
LO Kai Yiu, Anthony	Personal	286,800 ordinary shares	0.13%
TO Shu Sing, Sidney	Personal	1,860,000 ordinary shares	0.84%
TSIM Tak Lung	Personal	163,680 ordinary shares	0.07%
YU Hon To, David	Personal	110,000 ordinary shares	0.05%
	Corporate (<i>Note (b)</i>)	456,000 ordinary shares	0.21%

Long positions in underlying shares of the Company

Name of director	Nature of interest	Number of equity derivatives held	Number of underlying shares (ordinary shares)	Percentage interest held
CHAN Chun Hoo, Thomas	Corporate (<i>Note (a)</i>)	18,784,400 warrants	18,784,400 shares	8.51%
CHENG Bing Kin, Alain	Personal	38,000 warrants	38,000 shares	0.02%
	Personal	159,000 share options	159,000 shares	0.07%
IP Shu Wing, Charles	Personal	49,080 warrants	49,080 shares	0.02%
	Personal	137,600 share options	137,600 shares	0.06%
LEE Peng Fei, Allen	Personal	12,000 warrants	12,000 shares	0.01%
	Personal	175,000 share options	175,000 shares	0.08%
LO Kai Yiu, Anthony	Personal	57,360 warrants	57,360 shares	0.03%
	Personal	200,000 share options	200,000 shares	0.09%
TO Shu Sing, Sidney	Personal	372,000 warrants	372,000 shares	0.17%
	Personal	307,500 share options	307,500 shares	0.14%
TSIM Tak Lung	Personal	32,736 warrants	32,736 shares	0.01%
	Personal	175,000 share options	175,000 shares	0.08%
YU Hon To, David	Personal	22,000 warrants	22,000 shares	0.01%
	Corporate (<i>Note (b)</i>)	91,200 warrants	91,200 shares	0.04%
	Personal	175,000 share options	175,000 shares	0.08%

Long positions in shares of PTL

Name of director	Nature of interest	Number of shares held	Percentage interest held
CHAN Chun Hoo, Thomas	Corporate (<i>Note (c)</i>)	351,275,044 ordinary shares	70.96%
CHENG Bing Kin, Alain	Personal	474,000 ordinary shares	0.10%
IP Shu Wing, Charles	Personal	245,400 ordinary shares	0.05%
LEE Peng Fei, Allen	Personal	60,000 ordinary shares	0.01%
LO Kai Yiu, Anthony	Personal	286,800 ordinary shares	0.06%
TO Shu Sing, Sidney	Personal	3,730,000 ordinary shares	0.75%
TSIM Tak Lung	Personal	163,680 ordinary shares	0.03%
YU Hon To, David	Personal	110,000 ordinary shares	0.02%
	Corporate (<i>Note (d)</i>)	456,000 ordinary shares	0.09%

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
CHENG Bing Kin, Alain	Personal	500,000 share options	500,000 shares	0.10%
TO Shu Sing, Sidney	Personal	500,000 share options	500,000 shares	0.10%

Notes:

- (a) 87,708,000 ordinary shares and 18,784,400 warrants of the Company were beneficially owned by TGC Assets Limited (formerly known as Angers Investments Limited) (“TGC Assets”). All the issued share capital of TGC Assets is beneficially owned by a private company which is in turn wholly-owned by Mr. Chan Chun Hoo, Thomas.
- (b) 456,000 ordinary shares and 91,200 warrants of the Company were held by a private company which is 50% owned by Mr. Yu Hon To, David and 50% owned by a member of his family.
- (c) Mr. Chan Chun Hoo, Thomas is the beneficial owner of all of the issued share capital of TGC Assets and is therefore deemed to be interested in the 80,000,000 shares of PTL in aggregate which TGC Assets is interested in. Since TGC Assets directly owns approximately 39.71% of the shareholding of the Company and is deemed to be interested in the 271,275,044 shares of PTL in aggregate which the Company is interested in, Mr. Chan is also deemed to be interested in the 271,275,044 shares of PTL in aggregate which the Company is interested in.
- (d) 456,000 ordinary shares of PTL were held by a private company which is 50% owned by Mr. Yu Hon To, David and 50% owned by a member of his family.

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 2009.

The warrants are exercisable at any time from 15 April 2009 to 14 October 2010, both days inclusive, at an initial subscription price of HK\$0.90 per share (subject to adjustment) and subject to the terms and conditions under the Warrant Instrument dated 9 April 2009.

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

As at 30 June 2009, none of the directors and chief executive 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.

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 2009, no person (other than the directors and chief executive 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, as recorded in the register required to be kept under section 336 of the SFO.

Purchase, Sale or Redemption of Shares

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

Compliance with the Code on Corporate Governance Practices

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

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

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

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

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 2009.

Closure of Register of Members

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

On behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

Hong Kong, 21 August 2009

CORPORATE INFORMATION

Directors

CHAN Chun Hoo, Thomas
(Chairman and Executive Director)
CHENG Bing Kin, Alain
(Executive Director)
IP Shu Wing, Charles
(Non-executive Director)
LEE Peng Fei, Allen
(Independent Non-executive Director)
LO Kai Yiu, Anthony
(Independent Non-executive Director)
TO Shu Sing, Sidney
(Executive Director)
TSIM Tak Lung
*(Deputy Chairman and
Non-executive Director)*
YU Hon To, David
(Independent Non-executive Director)

Company Secretary

NG Ka Yan

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office

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

Auditors

Grant Thornton
Certified Public Accountants

Legal Advisors

Conyers Dill & Pearman
Deacons

Principal Bankers

The Bank of East Asia, Limited
Chong Hing Bank Limited
Citigroup
Credit Suisse
Hang Seng Bank Limited
UBS AG

Principal Share Registrars

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

Branch Share Registrars

Tricor Abacus Limited
26/F., Tesbury Centre
28 Queen's Road East
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)

www.playmates.net