



*Playmates*

**2010**  
Interim Report

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## MANAGEMENT DISCUSSION AND ANALYSIS

### Highlights

<b>For the six months ended 30 June</b>	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Group revenue	<b>130,879</b>	386,109
– from property investments and associated businesses	<b>53,552</b>	47,338
– from investment business	<b>3,863</b>	3,133
– from toy business	<b>73,464</b>	335,638
Gross profit	<b>77,619</b>	213,372
Revaluation surplus on investment properties	<b>115,589</b>	92,237
Operating profit	<b>81,960</b>	153,319
Profit before income tax	<b>74,792</b>	143,590
Profit attributable to equity holders of the Company	<b>70,912</b>	120,647
	<i>HK\$</i>	<i>HK\$</i>
Earnings per share		
– Basic	<b>0.30</b>	0.55
– Diluted	<b>0.28</b>	0.54
Interim dividend per share	<b>0.05</b>	0.05

### Property Investments and Associated Businesses

The property investments and associated businesses recorded moderate growth in the first half of 2010 compared to the same period last year. Turnover from the property investments and property management businesses increased by 6.0% to approximately HK\$41.0 million (same period in 2009: HK\$38.6 million), while revenue from the food and beverage business increased by 45.0% to about HK\$12.6 million (same period in 2009: HK\$8.7 million). Aggregate turnover increased by approximately 13.1% to about HK\$53.6 million (same period in 2009: about HK\$47.3 million). The Group's investment properties were revalued by an independent professional surveyor at the fair value of about HK\$1.9 billion (fair value as at 31 December 2009: about HK\$1.8 billion). A revaluation surplus of HK\$115.6 million was reported in the consolidated income statement of the Group. Segment operating profit was HK\$143.1 million including revaluation surplus, compared to HK\$121.8 million (including revaluation surplus of HK\$92.2 million) during the same period last year.

**(a) Property Investments**

The Group's major investment properties include (i) The Toy House at 100 Canton Road; (ii) a number of properties at Hillview, 21-23A MacDonnell Road, and (iii) Playmates Factory Building at 1 Tin Hau Road, Tuen Mun. Overall occupancy rate of the property investment portfolio was about 97% as at 30 June 2010 as compared to 87% as at 30 June 2009.

**(i) *The Toy House***

Rental income generated by The Toy House was about HK\$22.8 million, an increase of 8.8% over that of the same period last year, driven by new leases entered during the second half of 2009. The tenants of the new leases were from the retail and food and beverage sectors. With the completion of the Austin MTR station and the implementation of the longer term development plans in the West Kowloon waterfront area, including the West Kowloon Cultural District and the Hong Kong terminus of the national express rail system, Canton Road has been firmly established as a luxury shopping, entertainment and dining destination. The opening of a number of flagship stores of global luxury brands in the area has attracted an increasing number of affluent tourists from around the world. We are optimistic that the value and recurring rental income of The Toy House will continue to benefit from the positive developments in the area.

**(ii) *Hillview***

Rental income generated by the residential properties at Hillview remained steady at about HK\$6.9 million as compared to the same period last year. Our proactive measures in finding replacement tenants during the economic downturn proved to be successful. As economic conditions have begun to stabilise, demand for luxury residential properties in Mid-Levels, Hong Kong has recovered, and we expect the outlook for the luxury residential market will remain positive.

**(iii) *Playmates Factory Building***

Rental income generated by Playmates Factory Building remained steady at about HK\$4.7 million as compared to the same period last year. The property was fully occupied as at 30 June 2010.

## (b) Property Management

During the first half of 2010, the Group engaged Savills Property Management Limited, a renowned property management company in Hong Kong, to manage The Toy House and Playmates Factory Building. Savills provides comprehensive property management services which include 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 for the first half of 2010 was about HK\$6.3 million, an increase of 15.0% over the same period last year (same period in 2009: HK\$5.5 million).

## (c) Food & Beverage Business

Income generated from the food and beverage business for the first half of 2010 increased significantly by 45.0% to about HK\$12.6 million (same period in 2009: about HK\$8.7 million). This increase was attributable to a number of factors, including (i) the positive developments in the Canton Road area discussed above; (ii) improved local consumer sentiment as the economy in the region continued to stabilise; (iii) the opening of an authentic Spanish restaurant as previously reported, which broadened the customer base; and (iv) further improvements in menu, quality and reputation of the up-market Japanese restaurants.

Barring any significant increase in economic uncertainty, management expects steady growth for the property investments and associated businesses in the medium to long term as consumer sentiments and the retail market continue to improve. We will continue to pursue our strategic objective of seeking investment returns through capital appreciation and growth in recurring income.

## Playmates Toys

Playmates Toys worldwide sales during the first half of 2010 were HK\$73.5 million (same period in 2009: HK\$335.6 million). U.S. sales decreased by 81.7% and international sales were down 71.5% over the same period last year. Sales comparison versus prior year was impacted by the strong initial retail support in the first half of 2009 for *Star Trek* and *Terminator* products due to the release of the two major movies.

Gross profit ratio on toy sales was 38.8% (same period in 2009: 50.6%). The lower gross profit ratio for the period was the result of a higher percentage of sales going to the lower priced international markets, and a higher ratio of new product development expenses to sales.

Consistent with Playmates Toys' stated operating priority to continue with the efforts to control and reduce costs, operating expenses were lower by 58.6% when compared to the same period last year. Playmates Toys reported a net loss after tax for the period of HK\$41.1 million (same period in 2009: net profit after tax of HK\$1.6 million) as a combined result of lower sales and lower gross margin, offset to some extent by lower operating expenses.

Early trade estimates suggested that U.S. retail toy sales for the industry as a whole showed no growth in the first half of 2010. Consumer confidence remained weak as the economic recovery reported to be underway had yet to gain sustainable momentum and unemployment remained high. Retailers continued to tightly control inventory levels and limit product selections.

Playmates Toys expects the challenging operating environment to persist in the second half of 2010 as its key markets in the developed economies keep on steering a slow and yet uncertain course to recovery. While its business in the second half of the year may benefit from the introduction of new brands, Playmates Toys does not currently expect the market to support a level of sales comparable to last year. Cognizant of the persistent challenges in the near term, Playmates Toys will maintain prudent management of the portfolio of continuing brands. At the same time, investments are made in new opportunities it believes can have significant upside potential in order to position itself for longer term growth as the global economy makes the transition to full recovery.

### **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 2010, fair market value of the Group's investment portfolio was HK\$198.7 million (HK\$250.6 million as at 31 December 2009). The Group reported a net loss from investments of approximately HK\$24.7 million. In comparison, a net gain from investments of approximately HK\$18.8 million was recorded for the same period in 2009. In the first half of 2010, dividend and interest income generated from portfolio investments were HK\$3.9 million (HK\$3.1 million in the first half of 2009) and has been included in the revenue of the Group.

Going forward, contributions from investments will remain volatile amid continued uncertainties in the global capital markets. The Group will remain vigilant in monitoring and adjusting the investment portfolio.

## CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### Condensed Consolidated Income Statement

For the six months ended 30 June 2010

		Unaudited		
		Six months ended 30 June		
	Note	2010 US\$'000 (Note 14)	2010 HK\$'000	2009 HK\$'000
<b>Revenue</b>	2	<b>16,888</b>	<b>130,879</b>	386,109
Cost of sales		<u>(6,873)</u>	<u>(53,260)</u>	<u>(172,737)</u>
<b>Gross profit</b>		<b>10,015</b>	<b>77,619</b>	213,372
Marketing expenses		(2,334)	(18,090)	(81,971)
Selling and distribution expenses		(435)	(3,369)	(29,877)
Administration expenses		(8,399)	(65,093)	(59,223)
Net (loss)/gain on financial assets at fair value through profit or loss		(3,186)	(24,696)	18,781
Revaluation surplus on investment properties		<u>14,915</u>	<u>115,589</u>	<u>92,237</u>
<b>Operating profit</b>		<b>10,576</b>	<b>81,960</b>	153,319
Other income		11	89	94
Finance costs		(440)	(3,410)	(4,537)
Share of loss of an associated company		(496)	(3,847)	(1,927)
Share of loss of a jointly controlled entity		<u>–</u>	<u>–</u>	<u>(3,359)</u>
<b>Profit before income tax</b>	3	<b>9,651</b>	<b>74,792</b>	143,590
<b>Income tax expense</b>	4	<u>(3,139)</u>	<u>(24,327)</u>	<u>(22,482)</u>
<b>Profit for the period</b>		<u><b>6,512</b></u>	<u><b>50,465</b></u>	<u>121,108</u>
<b>Profit for the period attributable to:</b>				
Equity holders of the Company		9,150	70,912	120,647
Minority interests		<u>(2,638)</u>	<u>(20,447)</u>	<u>461</u>
		<u><b>6,512</b></u>	<u><b>50,465</b></u>	<u>121,108</u>
		<i>US\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Earnings per share</b>	6			
Basic		<u><b>0.04</b></u>	<u><b>0.30</b></u>	<u>0.55</u>
Diluted		<u><b>0.04</b></u>	<u><b>0.28</b></u>	<u>0.54</u>

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	Unaudited		
	Six months ended 30 June		
	2010	2010	2009
	US\$'000	HK\$'000	HK\$'000
	(Note 14)		
<b>Profit for the period</b>	<u>6,512</u>	<u>50,465</u>	<u>121,108</u>
<b>Other comprehensive income:</b>			
Exchange difference arising on translation of the financial statements of foreign subsidiaries	<u>-</u>	<u>-</u>	<u>(533)</u>
<b>Total comprehensive income for the period</b>	<u>6,512</u>	<u>50,465</u>	<u>120,575</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	<u>9,150</u>	<u>70,912</u>	<u>120,355</u>
Minority interests	<u>(2,638)</u>	<u>(20,447)</u>	<u>220</u>
	<u>6,512</u>	<u>50,465</u>	<u>120,575</u>

## Condensed Consolidated Balance Sheet

As at 30 June 2010

		Unaudited 30 June 2010 US\$'000 (Note 14)	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000 (Restated)
<b>Non-current assets</b>				
Fixed assets				
– Investment properties	7	245,049	1,899,125	1,808,250
– Other property, plant and equipment	7	<u>21,974</u>	<u>170,298</u>	<u>140,379</u>
		267,023	2,069,423	1,948,629
Goodwill		771	5,976	5,976
Interest in an associated company		2,823	21,882	25,729
Deferred tax assets		<u>87</u>	<u>678</u>	<u>678</u>
		<u>270,704</u>	<u>2,097,959</u>	<u>1,981,012</u>
<b>Current assets</b>				
Inventories		771	5,974	10,835
Trade receivables	8	2,315	17,944	77,964
Other receivables, deposits and prepayments		3,868	29,974	29,243
Taxation recoverable		272	2,107	6,320
Financial assets at fair value through profit or loss		25,634	198,665	250,621
Interest in a jointly controlled entity		–	–	3,162
Cash and bank balances		<u>45,936</u>	<u>356,004</u>	<u>306,764</u>
		<u>78,796</u>	<u>610,668</u>	<u>684,909</u>

		Unaudited 30 June 2010 US\$'000 (Note 14)	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000 (Restated)
<b>Current liabilities</b>				
Bank loans	9	45,806	355,000	335,000
Trade payables	10	1,224	9,485	22,434
Other payables and accrued charges		6,959	53,932	87,991
Provisions		1,575	12,206	24,904
Taxation payables		733	5,682	2,637
		<u>56,297</u>	<u>436,305</u>	<u>472,966</u>
<b>Net current assets</b>		<u>22,499</u>	<u>174,363</u>	<u>211,943</u>
<b>Total assets less current liabilities</b>		<b>293,203</b>	<b>2,272,322</b>	2,192,955
<b>Non-current liabilities</b>				
Bank loans	9	6,774	52,500	60,000
Deferred tax liabilities		24,293	188,266	167,909
		<u>31,067</u>	<u>240,766</u>	<u>227,909</u>
<b>Net assets</b>		<u>262,136</u>	<u>2,031,556</u>	<u>1,965,046</u>
<b>Equity</b>				
Share capital	11	3,207	24,857	22,462
Reserves		249,032	1,929,996	1,844,155
Declared dividends		1,614	12,513	95,262
		<u>253,853</u>	<u>1,967,366</u>	<u>1,961,879</u>
<b>Minority interests</b>		<u>8,283</u>	<u>64,190</u>	<u>3,167</u>
<b>Total equity</b>		<u>262,136</u>	<u>2,031,556</u>	<u>1,965,046</u>

## Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2010

	Unaudited		
	Six months ended 30 June		
	2010 US\$'000 (Note 14)	2010 HK\$'000	2009 HK\$'000
Net cash generated from operating activities	4,505	34,916	32,434
Net cash (used in)/generated from investing activities	(942)	(7,302)	41,020
Net cash generated from/(used in) financing activities	<u>2,791</u>	<u>21,626</u>	<u>(62,839)</u>
Net increase in cash and cash equivalents	6,354	49,240	10,615
Cash and cash equivalents at 1 January	39,582	306,764	303,316
Effect of foreign exchange rate changes	<u>-</u>	<u>-</u>	<u>(139)</u>
Cash and cash equivalents at 30 June	<u>45,936</u>	<u>356,004</u>	<u>313,792</u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u>45,936</u>	<u>356,004</u>	<u>313,792</u>

**Condensed Consolidated Statement of Changes in Equity**  
*For the six months ended 30 June 2010*

	Unaudited										
	Attributable to 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 income:											
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
Repurchase of shares of the Company	-	-	-	-	(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
Transactions with owners	205	1,640	-	-	(2,087)	-	379	(4,376)	(4,239)	(1,349)	(5,588)
Share options lapsed	-	-	-	-	-	-	(1,942)	1,942	-	-	-
At 30 June 2009	22,085	1,272,008	1,608	21,082	(2,087)	(292)	27,966	509,402	1,851,772	42,732	1,894,504

Unaudited  
Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Reserve on consolidation 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 2010	22,462	1,271,883	1,864	21,196	(292)	26,202	618,564	1,961,879	3,167	1,965,046
Total comprehensive income for the period	-	-	-	-	-	-	70,912	70,912	(20,447)	50,465
Issue of shares	2,395	19,157	-	-	-	-	-	21,552	-	21,552
Repurchase of shares of a listed subsidiary	-	-	-	(353)	-	-	-	(353)	(182)	(535)
2009 second interim dividend paid	-	-	-	-	-	-	(12,426)	(12,426)	-	(12,426)
Gain on disposal of partial interest of a subsidiary (Note 5.1 (ii))	-	-	-	-	-	-	48,392	48,392	-	48,392
2009 special interim dividend in specie	-	-	-	-	-	-	(77,045)	(77,045)	28,653	(48,392)
Conversion of convertible bond of a listed subsidiary	-	-	-	(49,273)	-	-	-	(49,273)	49,273	-
Share option scheme – value of services	-	-	-	-	-	3,728	-	3,728	3,726	7,454
Transactions with owners	2,395	19,157	-	(49,626)	-	3,728	(41,079)	(65,425)	81,470	16,045
Share options lapsed	-	-	-	-	-	(348)	348	-	-	-
At 30 June 2010	24,857	1,291,040	1,864	(28,430)	(292)	29,582	648,745	1,967,366	64,190	2,031,556

## 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 2009 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 2009, except that the Group has applied for the first time the following revised Hong Kong Financial Reporting Standards (the “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 2010:

HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements

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

#### ***Improvements to HKFRSs 2009***

The improvements to HKFRSs 2009 consist of amendments to various existing standards, including an improvement to HKAS 17 Leases. The amendment to HKAS 17 relates to the classification of leasehold land. Before the amendment, the Group classifies leasehold land as operating lease and presented as prepaid premium on leasehold land in the consolidated balance sheet. On the adoption of the amendment, the Group assessed its leases and has reclassified the leasehold land from operating lease to finance lease. The effect of the adoption of the amendment on the consolidated balance sheet at 1 January 2010 is to increase other property, plant and equipment by HK\$89,114,000 with a corresponding reduction in prepaid premium on leasehold land. The accumulated depreciation for other property, plant and equipment has increased by HK\$5,363,000 with a corresponding reduction in accumulated amortisation for prepaid premium on leasehold land. The consolidated balance sheet at 31 December 2009 has been restated to reflect the reclassifications.

## 2. Segment information

### 2.1 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 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 2010 are as follows:

	<b>Property investments and associated businesses HK\$'000</b>	<b>Investment business HK\$'000</b>	<b>Toy business HK\$'000</b>	<b>Total HK\$'000</b>
Gross segment revenue	57,757	3,863	73,464	135,084
Inter-segment revenue	<u>(4,205)</u>	<u>-</u>	<u>-</u>	<u>(4,205)</u>
Revenue from external customers	<u>53,552</u>	<u>3,863</u>	<u>73,464</u>	<u>130,879</u>
Segment profit/(loss) before depreciation	146,391	(20,833)	(35,368)	90,190
Depreciation	<u>(3,321)</u>	<u>-</u>	<u>(1,070)</u>	<u>(4,391)</u>
Segment operating profit/(loss)	<u>143,070</u>	<u>(20,833)</u>	<u>(36,438)</u>	<u>85,799</u>
Other income	-	-	89	89
Finance costs	(2,525)	(117)	(751)	(3,393)
Share of loss of an associated company	<u>-</u>	<u>-</u>	<u>(3,847)</u>	<u>(3,847)</u>
	<u>(2,525)</u>	<u>(117)</u>	<u>(4,509)</u>	<u>(7,151)</u>
Segment profit/(loss) before income tax	<u>140,545</u>	<u>(20,950)</u>	<u>(40,947)</u>	<u>78,648</u>
Unallocated corporate expenses				<u>(3,856)</u>
Profit before income tax				<u>74,792</u>

The segment results for the six months ended 30 June 2009 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	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 income tax	<u>120,558</u>	<u>21,871</u>	<u>4,428</u>	146,857
Unallocated corporate expenses				<u>(3,267)</u>
Profit before income tax				<u>143,590</u>

The segment assets and liabilities as at 30 June 2010 are as follows:

	<b>Property investments and associated businesses</b>	<b>Investment business</b>	<b>Toy business</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	2,082,332	443,216	150,826	2,676,374
Interest in an associated company	<u>–</u>	<u>–</u>	<u>21,882</u>	<u>21,882</u>
Total reportable segment assets	<u>2,082,332</u>	<u>443,216</u>	<u>172,708</u>	2,698,256
Inter-segment elimination	–	–	(489)	(489)
Deferred tax assets				678
Taxation recoverable				2,107
Unallocated assets				<u>8,075</u>
Total assets				<u>2,708,627</u>
Reportable segment liabilities	<u>434,863</u>	<u>–</u>	<u>47,858</u>	482,721
Inter-segment elimination	(489)	–	–	(489)
Deferred tax liabilities				188,266
Taxation payable				5,682
Unallocated liabilities				<u>891</u>
Total liabilities				<u>677,071</u>

The segment assets and liabilities as at 31 December 2009 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	1,961,415	430,491	229,695	2,621,601
Interest in an associated company	–	–	25,729	25,729
Interest in a jointly controlled entity	–	–	3,162	3,162
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total reportable segment assets	<u>1,961,415</u>	<u>430,491</u>	<u>258,586</u>	2,650,492
Inter-segment elimination	–	–	(489)	(489)
Deferred tax assets				678
Taxation recoverable				6,320
Unallocated assets				<u>8,920</u>
Total assets				<u>2,665,921</u>
Reportable segment liabilities	<u>424,095</u>	<u>–</u>	<u>103,773</u>	527,868
Inter-segment elimination	(489)	–	–	(489)
Deferred tax liabilities				167,909
Taxation payable				2,637
Unallocated liabilities				<u>2,950</u>
Total liabilities				<u>700,875</u>

## 2.2 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, goodwill and interest in an associated company ("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 located in case of goodwill, and the location of operation in case of interest in an associated company.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>55,747</u>	<u>48,852</u>	<u>2,094,540</u>	<u>1,977,535</u>
Americas				
– U.S.A.	41,301	219,317	2,741	2,799
– Others	6,433	21,226	–	–
Europe	24,776	75,729	–	–
Asia Pacific other than Hong Kong	1,862	19,379	–	–
Others	<u>760</u>	<u>1,606</u>	<u>–</u>	<u>–</u>
	<u>75,132</u>	<u>337,257</u>	<u>2,741</u>	<u>2,799</u>
	<u>130,879</u>	<u>386,109</u>	<u>2,097,281</u>	<u>1,980,334</u>

## 2.3 Major customer

The Group's customer base is diversified and includes one (2009: three) customer of the toy business with whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to this customer amounted to approximately HK\$13 million (2009: HK\$176 million).

### 3. Profit before income tax

Profit before income tax is stated after charging the following:

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Cost of inventories sold	40,215	148,488
Product development costs	881	4,994
Royalties paid	8,940	46,994
Provision for customer concession	1,808	4,946
Employee benefit expenses	43,050	44,488
Depreciation of other property, plant and equipment	4,758	3,563
Loss on disposal of other property, plant and equipment	54	43
	<u>          </u>	<u>          </u>

### 4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	4,092	3,610
Overseas taxation	–	478
Over provision in prior years	(122)	(166)
	<u>          </u>	<u>          </u>
	3,970	3,922
Deferred taxation		
Origination and reversal of temporary differences	20,357	18,560
	<u>          </u>	<u>          </u>
Income tax expense	<u>24,327</u>	<u>22,482</u>

## 5. Dividends

5.1 At a meeting held on 26 March 2010, the directors declared:

- (i) a second interim dividend of HK\$0.05 per share, which was paid on 28 April 2010.
  
- (ii) a special interim dividend in specie of the shares of Playmates Toys Limited (“PTL Shares”), in the proportion of one PTL Share for every two shares of the Company held by the shareholders of the Company. Playmates Toys Limited is a subsidiary of the Company and the holding company of the Group’s toy business. On 28 April 2010, 124,265,799 PTL Shares were distributed on the basis of 248,531,599 shares of the Company in issue as at 27 April 2010, and based on the closing price per PTL Share as traded on the Stock Exchange on 27 April 2010 of HK\$0.62, the total amount of the distribution is HK\$77,045,000, which represents a distribution of approximately HK\$0.31 per share. A gain on disposal of partial interest of a subsidiary of approximately HK\$48,392,000 is recognised directly in equity. The gain represents the difference between the fair value and the carrying amount of the PTL Shares distributed on the settlement date.

The second and special interim dividends have been reflected as an appropriation of retained profits for the six months ended 30 June 2010.

5.2 At a meeting held on 27 August 2010, the directors declared an interim dividend of HK\$0.05 (2009: HK\$0.05) per share to be paid on 28 September 2010 to the shareholders on the Company’s Register of Members on 21 September 2010. 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 2010.

## 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\$70,912,000 (2009: HK\$120,647,000) and the weighted average number of ordinary shares of 235,592,000 (2009: 219,080,000) 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\$70,912,000 (2009: HK\$120,647,000) and the weighted average number of ordinary shares of 251,516,000 (2009: 223,539,000) shares in issue during the period, adjusted for the effects of 15,924,000 (2009: 4,459,000) dilutive potential shares.

## 7. Fixed assets

	<b>Investment properties</b> <i>HK\$'000</i>	<b>Other property, plant and equipment</b> <i>HK\$'000</i>	<b>Prepaid premium on leasehold land held for own use under an operating lease</b> <i>HK\$'000</i>
Opening net book amount as at 1 January 2010			
as originally stated	1,808,250	56,628	83,751
adjustment on adoption of amendment to HKAS 17	—	83,751	(83,751)
as restated	1,808,250	140,379	—
Additions	9,086	934	—
Revaluation surplus	115,589	—	—
Reclassification	(33,800)	33,800	—
Depreciation	—	(4,758)	—
Disposals	—	(57)	—
<b>Closing net book amount as at 30 June 2010</b>	<b><u>1,899,125</u></b>	<b><u>170,298</u></b>	<b><u>—</u></b>
Opening net book amount as at 1 January 2009			
as originally stated	1,426,100	48,848	64,267
adjustment on adoption of amendment to HKAS 17	—	64,267	(64,267)
as restated	1,426,100	113,115	—
Additions	963	1,189	—
Revaluation surplus	92,237	—	—
Depreciation	—	(3,563)	—
Disposals	—	(42)	—
Exchange differences	—	(36)	—
Closing net book amount as at 30 June 2009	1,519,300	110,663	—
Additions	206,099	4,730	—
Revaluation surplus	138,251	—	—
Reclassification	(32,400)	32,400	—
Depreciation	—	(4,008)	—
Disposals	(23,000)	(3,406)	—
Closing net book amount as at 31 December 2009 as restated	<b><u>1,808,250</u></b>	<b><u>140,379</u></b>	<b><u>—</u></b>

## 8. Trade receivables

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Trade receivables	21,075	84,763
Less: Allowance for customer concession	<u>(3,131)</u>	<u>(6,799)</u>
	<b><u>17,944</u></b>	<b><u>77,964</u></b>

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 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 investment and management business, and restaurant operations, no credit term is granted to tenants and customers. The following is an aging analysis of trade receivables at the balance sheet date:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
0 – 30 days	16,877	75,937
31 – 60 days	503	632
Over 60 days	<u>564</u>	<u>1,395</u>
	<b><u>17,944</u></b>	<b><u>77,964</u></b>

## 9. Bank loans

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Secured bank loans repayable		
Within one year	355,000	335,000
In the second year	15,000	15,000
In the third to fifth year	<u>37,500</u>	<u>45,000</u>
	<b>407,500</b>	395,000
Current portion included in current liabilities	<u>(355,000)</u>	<u>(335,000)</u>
Non-current portion	<b><u>52,500</u></b>	<b><u>60,000</u></b>

All bank loans were denominated in HK dollars and the effective interest rate at the balance sheet date was 1.24% p.a. (31 December 2009: 1.06% p.a.).

The fair value of non-current bank loans with a carrying amount of HK\$52,500,000 was HK\$51,047,000 as at 30 June 2010. The fair value has been calculated by discounting the expected future cash flow at prevailing interest rate.

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

As at 30 June 2010, the Group has banking facilities amounting to HK\$745 million (31 December 2009: HK\$715 million), of which HK\$408 million (31 December 2009: HK\$395 million) were utilised.

The banking facilities of certain subsidiaries are secured by investment properties and land and buildings with net book value of HK\$1,603 million and HK\$158 million (31 December 2009: HK\$1,526 million and HK\$127 million) respectively of the Group at 30 June 2010.

## 10. Trade payables

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

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
0 – 30 days	<b>8,425</b>	18,334
31 – 60 days	<b>39</b>	2,083
Over 60 days	<b>1,021</b>	2,017
	<hr/> <b>9,485</b> <hr/>	<hr/> 22,434 <hr/>

## 11. Share capital

	<b>Authorised Ordinary shares of HK\$0.10 each</b>	
	<i>No. of shares</i>	<i>HK\$'000</i>
<b>At 31 December 2009 and 30 June 2010</b>	<b><u>3,000,000,000</u></b>	<b><u>300,000</u></b>
	<b>Issued and fully paid Ordinary shares of HK\$0.10 each</b>	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2009	218,800,000	21,880
Exercise of warrants 2010	8,381,637	838
Repurchase of shares	<u>(2,560,000)</u>	<u>(256)</u>
At 1 January 2010	<b>224,621,637</b>	<b>22,462</b>
Exercise of warrants 2010 ( <i>Note</i> )	<b><u>23,946,090</u></b>	<b><u>2,395</u></b>
<b>At 30 June 2010</b>	<b><u>248,567,727</u></b>	<b><u>24,857</u></b>

*Note:* The 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 2010, 11,432,273 warrants remained unexercised.

## 12. Commitments

### 12.1 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 2010 were payable as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Within one year	<b>22,263</b>	28,323
In the second to fifth years	<b>96,487</b>	78,275
After five years	<b><u>23,250</u></b>	<u>46,500</u>
	<b><u>142,000</u></b>	<b><u>153,098</u></b>

## 12.2 Operating lease commitments

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:

### 12.2.1 As lessee

At 30 June 2010, the future aggregate minimum lease payments under non-cancellable operating leases for office and warehouse facilities payable by the Group were as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Within one year	<b>4,015</b>	4,699
In the second to fifth years	<b>14,379</b>	6,719
After five years	<b>203</b>	–
	<b><u>18,597</u></b>	<b><u>11,418</u></b>

### 12.2.2 As lessor

At 30 June 2010, the future aggregate minimum lease payments under non-cancellable operating leases for office, industrial and residential premises receivable by the Group were as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Within one year	<b>53,916</b>	65,334
In the second to fifth years	<b>21,654</b>	39,721
	<b><u>75,570</u></b>	<b><u>105,055</u></b>

### 13. Related party transactions

13.1 Apart from those balances with related parties disclosed elsewhere in this condensed financial information, the Group entered into the following significant transactions with related parties:

	Six months ended 30 June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
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>–</u>	<u>5,519</u>

13.2 Compensation for key management personnel of the Group

	Six months ended 30 June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Salaries and other short-term employee benefits	2,219	7,149
Employer's contributions to provident fund	15	186
Share-based compensation	1,256	292
	<u>3,490</u>	<u>7,627</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 2010.

## **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 97% of the total gross floor area of the Group's investment properties were leased out as at 30 June 2010. Accounts receivables were minimal as at the period end.

The investment portfolio includes listed equity and managed funds. As at 30 June 2010, the Group's investment portfolio amounts to HK\$198,665,000 (31 December 2009: HK\$250,621,000) of which approximately 95% (31 December 2009: 95%) 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 2010, trade receivables related to toy business were HK\$16,035,000 (31 December 2009: HK\$76,562,000) and inventories were HK\$5,363,000 (31 December 2009: HK\$10,181,000).

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2010 was 15.1% compared to 14.8% at 31 December 2009. The current ratio, calculated as the ratio of current assets to current liabilities, was 1.4 at 30 June 2010 compared to 1.4 at 31 December 2009.

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 2010, the Group's cash and bank balances were HK\$356,004,000 (31 December 2009: HK\$306,764,000).

### **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 2010, the Group had a total of 114 employees in Hong Kong 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 1 January 2010	Lapsed during the period	Balance at 30 June 2010
<b>Plan</b>					
<i>Continuous Contract Employees, excluding Directors</i>	22 July 2000	6.26	46,500	–	46,500
	21 May 2001	2.97	18,500	7,400	11,100
<b>Scheme</b>					
CHENG Bing Kin, Alain <i>Director</i>	7 January 2004	13.60	59,000	–	59,000
	22 September 2005	12.06	62,500	–	62,500
	4 May 2006	9.10	37,500	–	37,500
IP Shu Wing, Charles <i>Director</i>	22 September 2005	12.06	100,000	–	100,000
	4 May 2006	9.10	37,600	–	37,600
LEE Peng Fei, Allen <i>Director</i>	22 September 2005	12.06	100,000	–	100,000
	4 May 2006	9.10	75,000	–	75,000

Participant	Date of grant	Exercise price HK\$	Number of share options		
			Balance at 1 January 2010	Lapsed during the period	Balance at 30 June 2010
LO Kai Yiu, Anthony <i>Director</i>	9 August 2002	1.99	25,000	–	25,000
	22 September 2005	12.06	100,000	–	100,000
	4 May 2006	9.10	75,000	–	75,000
TO Shu Sing, Sidney <i>Director</i>	7 January 2004	13.60	120,000	–	120,000
	22 September 2005	12.06	150,000	–	150,000
	4 May 2006	9.10	37,500	–	37,500
TSIM Tak Lung <i>Director</i>	22 September 2005	12.06	100,000	–	100,000
	4 May 2006	9.10	75,000	–	75,000
YU Hon To, David <i>Director</i>	22 September 2005	12.06	100,000	–	100,000
	4 May 2006	9.10	75,000	–	75,000
<i>Continuous Contract Employees, excluding Directors</i>	9 August 2002	1.99	31,900	4,200	27,700
	10 March 2003	5.50	122,620	7,600	115,020
	7 January 2004	13.60	676,360	11,300	665,060
	19 March 2004	12.40	1,100,000	–	1,100,000
	22 September 2005	12.06	1,459,520	21,400	1,438,120
	4 May 2006	9.10	953,500	26,100	927,400

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 2010	Granted during the period (Note (1))	Lapsed during the period	Balance at 30 June 2010
CHENG Bing Kin, Alain <i>Director of the Company &amp; PTL (Note (2))</i>	31 March 2008	0.350	500,000	–	–	500,000
	20 January 2010	0.918	–	1,500,000	–	1,500,000
TO Shu Sing, Sidney <i>Director of the Company &amp; PTL</i>	31 March 2008	0.350	500,000	–	–	500,000
	20 January 2010	0.918	–	2,000,000	–	2,000,000
<i>Other directors of PTL (Note (3))</i>	31 March 2008	0.350	6,150,000	–	–	6,150,000
	20 January 2010	0.918	–	2,600,000	–	2,600,000
<i>Continuous Contract Employees of PTL group, excluding directors of PTL</i>	31 March 2008	0.350	2,562,000	–	220,000	2,342,000
	20 January 2010	0.918	–	11,750,000	600,000	11,150,000
<i>Other Participants</i>	31 March 2008	0.350	450,000	–	–	450,000
	20 January 2010	0.918	–	2,150,000	–	2,150,000
	30 March 2010	0.746	–	5,500,000	–	5,500,000

#### *Notes:*

- (1) The closing prices of the ordinary shares of PTL on 19 January 2010 and 29 March 2010, being the trading days immediately before the dates on which the share options were granted during the period, were HK\$0.89 and HK\$0.73 respectively.
- (2) Mr. Cheng Bing Kin, Alain was appointed as a director of PTL on 26 March 2010.
- (3) These include share options granted to Mr. Novak, Lou Robert who ceased to be a director of PTL from 28 May 2010.

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 cancelled during the period.

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 June 2010, the interests of each director and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures 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	8,540,000 ordinary shares	3.44%
	Corporate ( <i>Note (a)</i> )	91,500,000 ordinary shares	36.81%
	Associate ( <i>Note (e)</i> )	10,000,000 ordinary shares	4.02%
CHENG Bing Kin, Alain	Personal	228,000 ordinary shares	0.09%
IP Shu Wing, Charles	Personal	294,480 ordinary shares	0.12%
LEE Peng Fei, Allen	Personal	72,000 ordinary shares	0.03%
LO Kai Yiu, Anthony	Personal	344,160 ordinary shares	0.14%
TO Shu Sing, Sidney	Personal	2,000,000 ordinary shares	0.80%
TSIM Tak Lung	Personal	196,416 ordinary shares	0.08%
YU Hon To, David	Personal	132,000 ordinary shares	0.05%
	Corporate ( <i>Note (b)</i> )	547,200 ordinary shares	0.22%

***Long positions in underlying shares of the Company***

<b>Name of director</b>	<b>Nature of interest</b>	<b>Number of equity derivatives held</b>	<b>Number of underlying shares (ordinary shares)</b>	<b>Percentage interest held</b>
CHAN Chun Hoo, Thomas	Personal	3,360,000 warrants	3,360,000 shares	1.35%
CHENG Bing Kin, Alain	Personal	159,000 share options	159,000 shares	0.06%
IP Shu Wing, Charles	Personal	137,600 share options	137,600 shares	0.06%
LEE Peng Fei, Allen	Personal	175,000 share options	175,000 shares	0.07%
LO Kai Yiu, Anthony	Personal	200,000 share options	200,000 shares	0.08%
TO Shu Sing, Sidney	Personal	307,500 share options	307,500 shares	0.12%
TSIM Tak Lung	Personal	175,000 share options	175,000 shares	0.07%
YU Hon To, David	Personal	175,000 share options	175,000 shares	0.07%

***Long positions in shares of PTL***

<b>Name of director</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Percentage interest held</b>
CHAN Chun Hoo, Thomas	Corporate (Note (c))	402,150,000 ordinary shares	57.82%
	Personal	9,270,000 ordinary shares	1.33%
CHENG Bing Kin, Alain	Personal	2,888,000 ordinary shares	0.42%
IP Shu Wing, Charles	Personal	592,640 ordinary shares	0.09%
LEE Peng Fei, Allen	Personal	296,000 ordinary shares	0.04%
LO Kai Yiu, Anthony	Personal	458,880 ordinary shares	0.07%
TO Shu Sing, Sidney	Personal	7,130,000 ordinary shares	1.03%
TSIM Tak Lung	Personal	461,888 ordinary shares	0.07%
YU Hon To, David	Personal	176,000 ordinary shares	0.03%
	Corporate (Note (d))	729,600 ordinary shares	0.10%

***Long positions in underlying shares and debentures of PTL***

<b>Name of director</b>	<b>Nature of interest</b>	<b>Number of equity derivatives held</b>	<b>Number of underlying shares (ordinary shares)</b>	<b>Percentage interest held</b>
CHAN Chun Hoo, Thomas	Corporate (Note (c))	100,000,000 conversion shares	100,000,000 shares	14.38%
CHENG Bing Kin, Alain	Personal	2,000,000 share options	2,000,000 shares	0.29%
TO Shu Sing, Sidney	Personal	2,500,000 share options	2,500,000 shares	0.36%

*Notes:*

- (a) 91,500,000 ordinary shares of the Company were beneficially owned by TGC Assets Limited (“TGC”). All the issued share capital of TGC is wholly-owned by Mr. Chan Chun Hoo, Thomas (“Mr. Chan”).
- (b) 547,200 ordinary shares 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 is the beneficial owner of all of the issued share capital of TGC and is therefore deemed to be interested in the 54,350,000 shares of PTL in aggregate which TGC is interested in. Since TGC directly owns approximately 36.81% of the shareholding of the Company and is deemed to be interested in the 347,800,000 shares and up to 100,000,000 conversion shares (which would fall to be issued by the Company upon full exercise of the conversion rights attached to the convertible bonds by the Company pursuant to a subscription agreement dated 29 October 2010) of PTL in aggregate which the Company is interested in, Mr. Chan is also deemed to be interested in the 347,800,000 shares and 100,000,000 conversion shares of PTL in aggregate which the Company is interested in.
- (d) 729,600 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.
- (e) 10,000,000 shares of the Company were owned by Mr. Chan’s wife and Mr. Chan is therefore deemed to be interested in those shares.

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 2010.

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 2010, 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 2010, 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**

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### **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 2010, 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 matters including a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2010.

### **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 2010.

### **Closure of Register of Members**

The Register of Members of the Company will be closed from 20 September 2010 to 21 September 2010, 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 17 September 2010.

In the case of holders of warrants of the Company, in order to be qualified for the declared dividend, all subscription forms accompanied by the relevant warrant certificates and the exercise money 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 17 September 2010.

On behalf of the Board  
**CHAN Chun Hoo, Thomas**  
*Chairman*

Hong Kong, 27 August 2010

## CORPORATE INFORMATION

### Directors

CHAN Chun Hoo, Thomas

*(Chairman)*

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

Citigroup

Credit Suisse

Goldman Sachs (Asia) L.L.C.

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](http://www.playmates.net)



**Playmates Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock code 635)

**[www.playmates.net](http://www.playmates.net)**