



# 2012 Interim Report

# CONTENTS

## Management Discussion and Analysis

<b>Highlights</b>	2
<b>Property Investments and Associated Businesses</b>	2
<b>Playmates Toys</b>	4
<b>Portfolio Investments</b>	5

## Condensed Consolidated Financial Information

<b>Condensed Consolidated Income Statement</b>	6
<b>Condensed Consolidated Statement of Comprehensive Income</b>	7
<b>Condensed Consolidated Balance Sheet</b>	8
<b>Condensed Consolidated Cash Flow Statement</b>	10
<b>Condensed Consolidated Statement of Changes in Equity</b>	11
<b>Notes to the Condensed Consolidated Financial Information</b>	13

<b>Information Provided in Accordance with the Listing Rules</b>	26
--	----

<b>Corporate Information</b>	36
------------------------------	----

The following copyright is used in the context of this report:

**Teenage Mutant Ninja Turtles**© 2012 Viacom International Inc. All rights reserved.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Highlights

<b>For the six months ended 30 June</b>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Group revenue	<b>84,926</b>	75,552
– from property investments and associated businesses	<b>58,428</b>	55,109
– from investment business	<b>2,037</b>	2,725
– from toy business	<b>24,461</b>	17,718
Gross profit	<b>58,498</b>	53,502
Revaluation surplus on investment properties	<b>474,673</b>	363,208
Operating profit	<b>499,014</b>	349,438
Profit before income tax	<b>491,117</b>	342,353
Profit attributable to equity holders of the Company	<b>504,262</b>	365,053
	<i>HK\$</i>	<i>HK\$</i>
Earnings per share		
– Basic	<b>2.05</b>	1.43
– Diluted	<b>2.05</b>	1.43
Interim dividend per share	<b>0.05</b>	0.05

### Property Investments and Associated Businesses

The property investments and associated businesses recorded a 6.0% growth in revenue to about HK\$58.4 million (2011: HK\$55.1 million) in 2012 compared to the same period last year. Revenue from the property investments and property management businesses increased by 2.5% to approximately HK\$40.8 million (2011: HK\$39.8 million), while revenue from the food and beverage business increased by 15.3% to about HK\$17.6 million (2011: HK\$15.3 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of about HK\$3.5 billion (fair value as at 31 December 2011: about HK\$3.0 billion). A revaluation surplus of HK\$474.7 million was reported in the consolidated income statement of the Group. Segment operating profit was HK\$500.3 million including revaluation surplus, compared to HK\$395.2 million (including revaluation surplus of HK\$363.2 million) for the same period last year.

**(a) Property Investments**

The Group's major investment properties include (i) a commercial building, The Toy House, at 100 Canton Road; (ii) a number of residential units at Hillview, 21-23A MacDonnell Road, and (iii) Playmates Factory Building at 1 Tin Hau Road, Tuen Mun. Overall occupancy rate of the investment properties in Hong Kong was about 92% as of 30 June 2012 as compared to 94% as of 31 December 2011. The Group's property portfolio also includes two investment properties in the United Kingdom.

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

Rental income generated by The Toy House remained around HK\$21.3 million. With the implementation of the longer term development plans in the West Kowloon waterfront area, Canton Road has been firmly established as a luxury shopping, entertainment and dining destination. More and more prominent global brands have opened flagship stores in the area which have continued to attract affluent shoppers. We have entered into a long term lease agreement with a leading global brand to operate a flagship retail store in the building starting from 2013. We are optimistic that the value and recurring rental income of The Toy House will benefit from these developments over the next few years.

**(ii) *Hillview***

Rental income generated by the residential properties at Hillview was about HK\$7.0 million, a decrease of 7.3%, as compared to HK\$7.6 million of the same period last year. Ongoing construction works on two adjoining sites had a negative impact on leasing activity and occupancy rate of this property during the first half of 2012. We expect the impact will be temporary and, over the long-term, this investment will benefit from growing demand for and limited supply of up-market residential properties in Mid-Levels.

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

Rental income generated by Playmates Factory Building increased by 25.1% to about HK\$5.9 million as compared to HK\$4.7 million of the same period last year. Rental increases from lease renewals during 2012 reflect the strong demand for industrial space in Tuen Mun. The occupancy rate of the property is close to 100% and we expect recurring rental income will further improve from renewing leases.

## **(b) Property Management**

The Group engaged Savills Property Management Limited to manage The Toy House and Playmates Factory Building since 2010. Savills provides comprehensive property management services, including repair and maintenance, building security, general cleaning for common areas, hand-over and take-over of premises, and the monitoring of reinstatement and refurbishment works.

Income generated from the property management business segment remained slightly above HK\$6.2 million.

## **(c) Food & Beverage Business**

Revenue generated from the food and beverage business for the first half of 2012 increased by 15.3% to about HK\$17.6 million (same period in 2011: HK\$15.3 million). During the period under review, each of the three restaurants recorded a similar percentage increase in turnover, reflecting an increase in local consumer spending and a growing customer base.

Despite an uncertain external economic environment, management maintains a favorable long term view of the real estate market and retail sector in Hong Kong, and a positive outlook for our property investments and associated businesses. We will maintain 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 2012 were HK\$24.5 million (same period in 2011: HK\$17.7 million). Sales comparison versus prior year reflected the combined result of continuing brand performing better than same period last year and initial shipments of new brands planned for launch in the second half of the year.

Gross profit ratio on toy sales was 32.5% (same period in 2011: 26.9%). The higher gross profit ratio was mainly the result of relatively lower level of expenses incurred on development of new products, offset by higher level of tooling expenses recognised for new products commencing shipment during the period, compared to same period last year.

Consistent with Playmates Toys' stated operating priority to control and reduce costs, operating expenses were lower by 15.1% when compared to the same period last year. Playmates Toys reported a net loss after tax for the period of HK\$40.6 million (same period in 2011: net loss after tax of HK\$53.0 million) as a combined result of higher sales, higher gross profit ratio and lower operating expenses.

In the first half of 2012, Playmates Toys' key markets in North America and Europe continued to struggle in a fragile and uncertain recovery from the 2008 recession. The lack of a resolution for the Euro zone debt crisis remained a serious threat to the global economy. In the US, consumer confidence languished at historically low levels as unemployment rate stayed high and manufacturing activities slowed. In China, where Playmates Toys sourced its finished products, manufacturing costs were kept high despite slower growth as a result of tight labor supply and the impact of increasingly stringent consumer safety standards on design and material requirement. Market reports indicated that retail sales in the US for the toy industry in the first half of 2012 were down in dollar terms by about 7% compared to the same period last year. The difficult macro operating environment is expected to persist in the second half of 2012.

While significant uncertainties and challenges remain in its operating environment, Playmates Toys maintains the cautiously optimistic outlook that new product launches in the second half of the year, notably *Teenage Mutant Ninja Turtles*, are expected to begin to make noticeable and positive contributions to the performance of the group. Playmates Toys will continue to prudently invest in and manage the portfolio of new and continuing brands.

### **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.

Faced with an uncertain global economic outlook, management substantially reduced the Group's exposure to equities during the first half of 2012. As at 30 June 2012, fair market value of the Group's investment portfolio was HK\$25.9 million (HK\$156.3 million as at 31 December 2011). The Group reported a net gain from investments of approximately HK\$28.0 million. In comparison, a net loss from investments of approximately HK\$8.3 million was recorded for the same period in 2011. In the first half of 2012, dividend and interest income generated from portfolio investments were HK\$2.0 million (HK\$2.7 million in the first half of 2011) and has been included in the revenue of the Group.

In light of 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 2012

	Note	Unaudited		
		Six months ended 30 June		
		2012	2012	2011
		US\$'000	HK\$'000	HK\$'000
		(Note 14)		
<b>Revenue</b>	2	<b>10,888</b>	<b>84,926</b>	75,552
Cost of sales		<u>(3,388)</u>	<u>(26,428)</u>	<u>(22,050)</u>
<b>Gross profit</b>		<b>7,500</b>	<b>58,498</b>	53,502
Marketing expenses		(504)	(3,935)	(9,858)
Selling and distribution expenses		(165)	(1,290)	(697)
Administration expenses		(7,301)	(56,945)	(48,441)
Net gain/(loss) on financial assets at fair value through profit or loss		3,591	28,013	(8,276)
Revaluation surplus on investment properties		<u>60,855</u>	<u>474,673</u>	<u>363,208</u>
<b>Operating profit</b>		<b>63,976</b>	<b>499,014</b>	349,438
Other income		129	1,009	348
Finance costs		(684)	(5,342)	(4,051)
Share of loss of an associated company		<u>(457)</u>	<u>(3,564)</u>	<u>(3,382)</u>
<b>Profit before income tax</b>	3	<b>62,964</b>	<b>491,117</b>	342,353
<b>Income tax expense</b>	4	<b>(523)</b>	<b>(4,080)</b>	(3,562)
<b>Profit for the period</b>		<u><b>62,441</b></u>	<u><b>487,037</b></u>	<u>338,791</u>
<b>Profit for the period attributable to:</b>				
Equity holders of the Company		64,649	504,262	365,053
Non-controlling interests		<u>(2,208)</u>	<u>(17,225)</u>	<u>(26,262)</u>
		<u><b>62,441</b></u>	<u><b>487,037</b></u>	<u>338,791</u>
		US\$	HK\$	HK\$
<b>Earnings per share</b>	6			
Basic		<u>0.26</u>	<u>2.05</u>	<u>1.43</u>
Diluted		<u>0.26</u>	<u>2.05</u>	<u>1.43</u>

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Unaudited		
	Six months ended 30 June		
	2012	2012	2011
	US\$'000	HK\$'000	HK\$'000
	(Note 14)		
<b>Profit for the period</b>	<b>62,441</b>	<b>487,037</b>	338,791
<b>Other comprehensive income:</b>			
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u>(99)</u>	<u>(772)</u>	<u>(961)</u>
<b>Total comprehensive income for the period</b>	<b><u>62,342</u></b>	<b><u>486,265</u></b>	<b><u>337,830</u></b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	<b>64,550</b>	<b>503,490</b>	364,092
Non-controlling interests	<b><u>(2,208)</u></b>	<b><u>(17,225)</u></b>	<u>(26,262)</u>
	<b><u>62,342</u></b>	<b><u>486,265</u></b>	<b><u>337,830</u></b>



## Condensed Consolidated Balance Sheet

As at 30 June 2012

		Unaudited 30 June 2012 US\$'000 (Note 14)	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
<b>Non-current assets</b>				
Fixed assets				
– Investment properties	7	446,035	3,479,069	2,972,369
– Other property, plant and equipment	7	<u>18,121</u>	<u>141,344</u>	<u>144,710</u>
		464,156	3,620,413	3,117,079
Goodwill		766	5,976	5,976
Interest in an associated company		1,748	13,634	17,198
Deferred tax assets		<u>146</u>	<u>1,140</u>	<u>1,053</u>
		<u>466,816</u>	<u>3,641,163</u>	<u>3,141,306</u>
<b>Current assets</b>				
Inventories		2,093	16,328	2,717
Trade receivables	8	2,582	20,138	8,319
Deposits paid, other receivables and prepayments		2,142	16,710	11,818
Taxation recoverable		20	155	400
Financial assets at fair value through profit or loss		3,314	25,851	156,261
Cash and bank balances		<u>67,953</u>	<u>530,031</u>	<u>466,521</u>
		<u>78,104</u>	<u>609,213</u>	<u>646,036</u>
<b>Current liabilities</b>				
Bank loans	9	46,641	363,800	345,571
Trade payables	10	2,598	20,263	8,599
Deposits received, other payables and accrued charges		16,020	124,953	97,030
Provisions		448	3,498	5,147
Taxation payable		<u>519</u>	<u>4,048</u>	<u>1,193</u>
		<u>66,226</u>	<u>516,562</u>	<u>457,540</u>
<b>Net current assets</b>		<u>11,878</u>	<u>92,651</u>	<u>188,496</u>
<b>Total assets less current liabilities</b>		<u>478,694</u>	<u>3,733,814</u>	<u>3,329,802</u>

		<b>Unaudited</b> <b>30 June</b> <b>2012</b> <i>US\$'000</i> <i>(Note 14)</i>	<b>Unaudited</b> <b>30 June</b> <b>2012</b> <i>HK\$'000</i>	Audited 31 December 2011 <i>HK\$'000</i>
<b>Non-current liabilities</b>				
Bank loans	9	24,474	190,900	219,000
Deferred tax liabilities		<u>3,503</u>	<u>27,323</u>	<u>26,256</u>
		<u>27,977</u>	<u>218,223</u>	<u>245,256</u>
<b>Net assets</b>		<u><b>450,717</b></u>	<u><b>3,515,591</b></u>	<u><b>3,084,546</b></u>
<b>Equity</b>				
Share capital	11	3,109	24,250	24,730
Reserves		441,195	3,441,322	3,000,699
Declared dividends		<u>1,526</u>	<u>11,901</u>	<u>12,335</u>
<b>Equity attributable to the equity holders of the Company</b>		<u><b>445,830</b></u>	<u><b>3,477,473</b></u>	<u><b>3,037,764</b></u>
<b>Non-controlling interests</b>		<u><b>4,887</b></u>	<u><b>38,118</b></u>	<u><b>46,782</b></u>
<b>Total equity</b>		<u><b>450,717</b></u>	<u><b>3,515,591</b></u>	<u><b>3,084,546</b></u>

## Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2012

	Unaudited		
	Six months ended 30 June		
	2012	2012	2011
	US\$'000	HK\$'000	HK\$'000
	(Note 14)		
Net cash generated from/(used in) operating activities	20,775	162,045	(30,799)
Net cash used in investing activities	(3,895)	(30,384)	(13,246)
Net cash (used in)/generated from financing activities	<u>(8,768)</u>	<u>(68,391)</u>	<u>34,612</u>
Net increase/(decrease) in cash and cash equivalents	8,112	63,270	(9,433)
Cash and cash equivalents at 1 January	59,810	466,521	430,878
Effect of foreign exchange rate changes	<u>31</u>	<u>240</u>	<u>4,473</u>
Cash and cash equivalents at 30 June	<u><u>67,953</u></u>	<u><u>530,031</u></u>	<u><u>425,918</u></u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u><u>67,953</u></u>	<u><u>530,031</u></u>	<u><u>425,918</u></u>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital redemption reserve	Reserve on consolidation	Exchange reserve	Share-based compensation reserve	Retained profits	Total	Non-controlling interests	Total equity
<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>	<i>HKS '000</i>
At 1 January 2011	25,800	1,298,156	1,891	(28,580)	79	31,668	1,036,975	2,365,989	90,573	2,456,562
Profit/(loss) for the period	-	-	-	-	-	-	365,053	365,053	(26,262)	338,791
Other comprehensive income:										
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	(961)	-	-	(961)	-	(961)
Total comprehensive income for the period	-	-	-	-	(961)	-	365,053	364,092	(26,262)	337,830
Repurchase of shares of the Company	(940)	(25,556)	940	-	-	-	(940)	(26,496)	-	(26,496)
Issue of shares of a listed subsidiary	-	-	-	1	-	-	-	1	1	2
2010 second interim dividend paid	-	-	-	-	-	-	(20,600)	(20,600)	-	(20,600)
Dividend paid	-	-	-	-	-	-	-	-	(660)	(660)
Share option scheme										
- value of services	-	-	-	-	-	1,377	-	1,377	1,376	2,753
- shares issued	-	-	-	5	-	(3)	-	2	7	9
Transactions with owners	(940)	(25,556)	940	6	-	1,374	(21,540)	(45,716)	724	(44,992)
Share options lapsed	-	-	-	-	-	(194)	194	-	-	-
At 30 June 2011	24,860	1,272,600	2,831	(28,574)	(882)	32,848	1,380,682	2,684,365	65,035	2,749,400

Unaudited  
Attributable to equity holders of the Company

	Share capital	Share premium	Capital redemption reserve	Share repurchase reserve	Reserve on consolidation	Exchange reserve	Share-based compensation reserve	Retained profits	Total	Non-controlling interests	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 January 2012	24,730	1,268,960	2,961	(880)	(29,164)	(125)	33,075	1,738,207	3,037,764	46,782	3,084,546
Profit/(loss) for the period	-	-	-	-	-	-	-	504,262	504,262	(17,225)	487,037
Other comprehensive income:											
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	(772)	-	-	(772)	-	(772)
Total comprehensive income for the period	-	-	-	-	-	(772)	-	504,262	503,490	(17,225)	486,265
Issue of shares of a listed subsidiary	-	-	-	-	(11,006)	-	-	-	(11,006)	11,008	2
Repurchase of shares of the Company	(480)	(13,813)	480	(13,639)	-	-	-	(480)	(27,932)	-	(27,932)
Repurchase of shares of a listed subsidiary	-	-	-	-	(15,042)	-	-	-	(15,042)	(4,989)	(20,031)
2011 second interim dividend paid	-	-	-	-	-	-	-	(12,293)	(12,293)	-	(12,293)
Share option scheme											
- value of services	-	-	-	-	-	-	1,874	-	1,874	1,426	3,300
- shares issued	-	-	-	-	1,052	-	(434)	-	618	1,116	1,734
Transactions with owners	(480)	(13,813)	480	(13,639)	(24,996)	-	1,440	(12,773)	(63,781)	8,561	(55,220)
Share options lapsed	-	-	-	-	-	-	(16,743)	16,743	-	-	-
At 30 June 2012	24,250	1,255,147	3,441	(14,519)	(54,160)	(897)	17,772	2,246,439	3,477,473	38,118	3,515,591

## **Notes to the Condensed Consolidated Financial Information**

### **1. Basis of preparation and accounting policies**

This condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants 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 2011 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 2011, except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2012.

The adoption of the new or amended HKFRSs had no impact on how the results and financial position for the current and prior periods have been prepared and presented.

### **2. Segment information**

#### **2.1 Segment results, assets and liabilities**

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

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

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

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

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

Inter-segment revenue represents inter-company rental and property management fee charged on properties owned by the Group. Inter-segment transactions are conducted at arm’s length.

The segment results for the six months ended 30 June 2012 are as follows:

	<b>Property investments and associated businesses</b> <i>HK\$'000</i>	<b>Investment business</b> <i>HK\$'000</i>	<b>Toy business</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Gross segment revenue	62,080	2,037	24,461	88,578
Inter-segment revenue	(3,652)	–	–	(3,652)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from external customers	<b>58,428</b>	<b>2,037</b>	<b>24,461</b>	<b>84,926</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment profit/(loss) before depreciation	504,221	30,050	(32,740)	501,531
Depreciation	(3,925)	–	(417)	(4,342)
	<hr/>	<hr/>	<hr/>	<hr/>
Segment operating profit/(loss)	<b>500,296</b>	<b>30,050</b>	<b>(33,157)</b>	<b>497,189</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Other income	–	–	1,009	1,009
Finance costs	(4,906)	(56)	(215)	(5,177)
Share of loss of an associated company	–	–	(3,564)	(3,564)
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>(4,906)</b>	<b>(56)</b>	<b>(2,770)</b>	<b>(7,732)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit/(loss) before income tax	<b>495,390</b>	<b>29,994</b>	<b>(35,927)</b>	<b>489,457</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Unallocated corporate expenses				1,660
				<hr/>
Profit before income tax				<b>491,117</b>
				<hr/> <hr/>

The segment results for the six months ended 30 June 2011 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	58,766	2,725	17,718	79,209
Inter-segment revenue	<u>(3,657)</u>	<u>–</u>	<u>–</u>	<u>(3,657)</u>
Revenue from external customers	<u>55,109</u>	<u>2,725</u>	<u>17,718</u>	<u>75,552</u>
Segment profit/(loss) before depreciation	399,123	(1,649)	(42,766)	354,708
Depreciation	<u>(3,927)</u>	<u>–</u>	<u>(932)</u>	<u>(4,859)</u>
Segment operating profit/(loss)	<u>395,196</u>	<u>(1,649)</u>	<u>(43,698)</u>	<u>349,849</u>
Other income	–	–	348	348
Finance costs	(3,006)	(108)	(807)	(3,921)
Share of loss of an associated company	<u>–</u>	<u>–</u>	<u>(3,382)</u>	<u>(3,382)</u>
	<u>(3,006)</u>	<u>(108)</u>	<u>(3,841)</u>	<u>(6,955)</u>
Segment profit/(loss) before income tax	<u>392,190</u>	<u>(1,757)</u>	<u>(47,539)</u>	342,894
Unallocated corporate expenses				<u>(541)</u>
Profit before income tax				<u>342,353</u>



The segment assets and liabilities as at 30 June 2012 are as follows:

	<b>Property investments and associated businesses <i>HK\$'000</i></b>	<b>Investment business <i>HK\$'000</i></b>	<b>Toy business <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Reportable segment assets	3,636,858	360,335	235,195	4,232,388
Interest in an associated company	–	–	13,634	13,634
	<hr/>	<hr/>	<hr/>	<hr/>
Total reportable segment assets	<u>3,636,858</u>	<u>360,335</u>	<u>248,829</u>	4,246,022
Inter-segment elimination	–	–	(475)	(475)
Deferred tax assets				1,140
Taxation recoverable				155
Unallocated assets				<u>3,534</u>
Total assets				<u>4,250,376</u>
Reportable segment liabilities	<u>583,947</u>	<u>–</u>	<u>118,538</u>	702,485
Inter-segment elimination	(475)	–	–	(475)
Deferred tax liabilities				27,323
Taxation payable				4,048
Unallocated liabilities				<u>1,404</u>
Total liabilities				<u>734,785</u>

The segment assets and liabilities as at 31 December 2011 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	3,137,330	398,725	226,869	3,762,924
Interest in an associated company	—	—	17,198	17,198
Total reportable segment assets	<u>3,137,330</u>	<u>398,725</u>	<u>244,067</u>	3,780,122
Inter-segment elimination	—	—	(489)	(489)
Deferred tax assets				1,053
Taxation recoverable				400
Unallocated assets				<u>6,256</u>
Total assets				<u>3,787,342</u>
Reportable segment liabilities	<u>598,649</u>	<u>2,112</u>	<u>72,240</u>	673,001
Inter-segment elimination	(489)	—	—	(489)
Deferred tax liabilities				26,256
Taxation payable				1,193
Unallocated liabilities				<u>2,835</u>
Total liabilities				<u>702,796</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 revenue is based on the country in which the customer is located. The geographical location of the specified non-current assets is based on the physical location of the assets in case of fixed assets, 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.

	Revenue from		Specified	
	external customers		non-current assets	
	Six months ended 30 June		30 June	31 December
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>60,300</u>	<u>57,109</u>	<u>3,426,772</u>	<u>2,940,846</u>
Americas				
– U.S.A.	20,494	10,618	955	1,129
– Others	3,562	56	–	–
Europe	206	6,114	212,296	198,278
Asia Pacific other than Hong Kong	354	752	–	–
Others	<u>10</u>	<u>903</u>	<u>–</u>	<u>–</u>
	<u>24,626</u>	<u>18,443</u>	<u>213,251</u>	<u>199,407</u>
	<u>84,926</u>	<u>75,552</u>	<u>3,640,023</u>	<u>3,140,253</u>

## 2.3 Major customers

The Group's customer base is diversified. For the period ended 30 June 2012, there was one 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\$14 million. For the period ended 30 June 2011, there was no customer with whom transactions have exceeded 10% of the Group's total revenue.

### 3. Profit before income tax

Profit before income tax is stated after charging the following:

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	14,481	12,495
Product development costs	2,122	4,179
Royalties paid	1,544	5,647
Employee benefit expenses	32,578	32,333
Depreciation of other property, plant and equipment	4,705	5,222
Loss on disposal of other property, plant and equipment	–	50
	<u>          </u>	<u>          </u>

### 4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the period. Overseas taxation is provided on the estimated assessable profits of the overseas subsidiaries in accordance with the tax laws of the countries in which these entities operate.

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	3,100	3,400
Under provision in prior years		
– Hong Kong	–	10
	<u>          </u>	<u>          </u>
	3,100	3,410
	<u>          </u>	<u>          </u>
Deferred taxation		
Origination and reversal of temporary differences	980	152
	<u>          </u>	<u>          </u>
Income tax expense	<u>4,080</u>	<u>3,562</u>

## **5. Dividends**

At a meeting held on 23 March 2012, the directors declared a second interim dividend of HK\$0.05 per share, which was paid on 27 April 2012.

At a meeting held on 31 August 2012, the directors declared an interim dividend of HK\$0.05 (2011: HK\$0.05) per share to be paid on 3 October 2012 to shareholders on the Company's Register of Members on 21 September 2012. This declared dividend declared after balance sheet date has not been recognised as liabilities in this condensed consolidated financial information, but reflected as an appropriation of retained profits for the six months ended 30 June 2012.

## **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\$504,262,000 (2011: HK\$365,053,000) and the weighted average number of ordinary shares of 245,560,000 (2011: 255,792,000) 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\$504,262,000 (2011: HK\$365,053,000) and the weighted average number of ordinary shares of 245,578,000 (2011: 255,808,000) in issue during the period, adjusted for the effects of 18,000 (2011: 16,000) dilutive potential shares on exercise of share options.

## 7. Fixed assets

	<b>Investment properties</b> <i>HK\$'000</i>	<b>Other property, plant and equipment</b> <i>HK\$'000</i>
Opening net book amount as at		
1 January 2012	2,972,369	144,710
Exchange fluctuation	1,938	35
Additions	–	1,304
Capitalised subsequent expenditure	30,089	–
Revaluation surplus	474,673	–
Depreciation	–	(4,705)
	<hr/>	<hr/>
<b>Closing net book amount as at</b>		
<b>30 June 2012</b>	<b>3,479,069</b>	<b>141,344</b>
	<hr/> <hr/>	<hr/> <hr/>
Opening net book amount as at		
1 January 2011	2,117,856	150,749
Exchange fluctuation	7,872	–
Additions	–	346
Capitalised subsequent expenditure	13,248	–
Revaluation surplus	363,208	–
Depreciation	–	(5,222)
Disposals	–	(50)
	<hr/>	<hr/>
Closing net book amount as at		
30 June 2011	2,502,184	145,823
Exchange fluctuation	(7,544)	10
Additions	21,583	3,785
Capitalised subsequent expenditure	34,249	–
Revaluation surplus	421,897	–
Depreciation	–	(4,892)
Disposals	–	(16)
	<hr/>	<hr/>
Closing net book amount as at		
31 December 2011	2,972,369	144,710
	<hr/> <hr/>	<hr/> <hr/>

## 8. Trade receivables

	<b>30 June 2012 HK\$'000</b>	31 December 2011 HK\$'000
Trade receivables	<b>20,191</b>	8,379
Less: Allowance for customer concession	<b>(53)</b>	(60)
	<b><u>20,138</u></b>	<b><u>8,319</u></b>

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

The normal trade terms with toy business customers are letters of credit at sight or usance or on open accounts with credit term 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 aging analysis of trade receivables at the balance sheet date:

	<b>30 June 2012 HK\$'000</b>	31 December 2011 HK\$'000
0 – 30 days	<b>19,490</b>	7,819
31 – 60 days	<b>286</b>	293
Over 60 days	<b>362</b>	207
	<b><u>20,138</u></b>	<b><u>8,319</u></b>

## 9. Bank loans

	<b>30 June 2012 HK\$'000</b>	31 December 2011 HK\$'000
Secured bank loans repayable		
Within one year	<b>363,800</b>	345,571
In the second year	<b>55,800</b>	55,571
In the third to fifth years	<b>114,900</b>	127,714
After five years	<b>20,200</b>	35,715
	<b>554,700</b>	564,571
Current portion included in current liabilities	<b>(363,800)</b>	(345,571)
Non-current portion	<b>190,900</b>	219,000

All bank loans were denominated in HK dollar and the effective interest rate at the balance sheet date was 1.96% p.a. (31 December 2011: 1.51% p.a.).

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

As at 30 June 2012, the Group has banking facilities amounting to HK\$903 million (31 December 2011: HK\$725 million), of which HK\$555 million (31 December 2011: HK\$565 million) were utilised.

The banking facilities of certain subsidiaries are secured by investment properties and land and buildings with net book value of HK\$3,128 million and HK\$132 million (31 December 2011: HK\$2,642 million and HK\$135 million) respectively of the Group at 30 June 2012.

## 10. Trade payables

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

	<b>30 June 2012 HK\$'000</b>	31 December 2011 HK\$'000
0 – 30 days	<b>19,795</b>	6,869
31 – 60 days	<b>70</b>	1,202
Over 60 days	<b>398</b>	528
	<b>20,263</b>	8,599



## 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 2011 and 30 June 2012</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 2011	258,000,000	25,800
Repurchase of shares	<u>(10,700,000)</u>	<u>(1,070)</u>
At 31 December 2011 and 1 January 2012	<b><u>247,300,000</u></b>	<b><u>24,730</u></b>
Repurchase of shares ( <i>Note</i> )	<b><u>(4,798,000)</u></b>	<b><u>(480)</u></b>
<b>At 30 June 2012</b>	<b><u>242,502,000</u></b>	<b><u>24,250</u></b>

*Note:*

During the period, 8,630,000 shares were repurchased by the Company on the Stock Exchange at prices ranging from HK\$2.66 to HK\$3.60 each as follows:

Month/year	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$'000</i>
January 2012	240,000	2.80	2.66	652
March 2012	690,000	3.00	2.94	2,063
April 2012	560,000	3.00	2.95	1,670
May 2012	1,254,000	3.20	3.00	3,860
June 2012	5,886,000	3.60	2.99	19,687

240,000 shares, 1,690,000 shares, 2,498,000 shares and 4,202,000 shares were redeemed and cancelled on 15 February 2012, 17 May 2012, 28 June 2012 and 8 August 2012 respectively and accordingly the issued capital of the Company diminished by the nominal value of these shares. The premium paid on repurchase was charged against the share premium account. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to capital redemption reserve.

## 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 2012 were payable as follows:

	<b>30 June 2012 <i>HK\$'000</i></b>	31 December 2011 <i>HK\$'000</i>
Within one year	<b>24,508</b>	22,079
In the second to fifth years	<b>98,222</b>	104,676
	<b><u>122,730</u></b>	<u>126,755</u>

### 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 leasee

At 30 June 2012, 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 2012 <i>HK\$'000</i></b>	31 December 2011 <i>HK\$'000</i>
Within one year	<b>2,264</b>	2,231
In the second to fifth years	<b>4,928</b>	6,068
	<b><u>7,192</u></b>	<u>8,299</u>

### 12.2.2 As lessor

At 30 June 2012, 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 2012</b>	31 December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>65,843</b>	57,385
In the second to fifth years	<b>489,812</b>	450,326
After five years	<b>773,856</b>	838,685
	<b><u>1,329,511</u></b>	<u>1,346,396</u>

### 13. Related party transactions

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

### 14. US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.8 to US\$1 ruling at 30 June 2012.

## 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 92% of the total gross floor area of the Group's investment properties in Hong Kong were leased out as at 30 June 2012. Accounts receivables were minimal as at the period end.

The investment portfolio includes listed equity and managed funds. As at 30 June 2012, the Group's investment portfolio amounts to HK\$25,851,000 (31 December 2011: HK\$156,261,000) of which approximately 61% (31 December 2011: 94%) 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 2012, trade receivables related to toy business were HK\$19,168,000 (31 December 2011: HK\$7,144,000) and inventories were HK\$15,800,000 (31 December 2011: HK\$2,127,000). The higher trade receivables and inventories at interim period end resulted from a pickup in customer orders and shipments starting in the second quarter of 2012.

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2012 was 13.1% compared to 14.9% at 31 December 2011. The current ratio, calculated as the ratio of current assets to current liabilities, was 1.2 at 30 June 2012 compared to 1.4 at 31 December 2011.

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 2012, the Group's cash and bank balances were HK\$530,031,000 (31 December 2011: HK\$466,521,000).

### **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 2012, the Group had a total of 108 employees in Hong Kong, the United States of America and the United Kingdom.

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

### **Share 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 Scheme (“Scheme”) adopted on 28 June 2002 were as follows:

Participant	Date of grant	Exercise price HK\$	Number of share options		
			Balance at 1 January 2012	Lapsed during the period	Balance at 30 June 2012
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
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	27,700	–	27,700
	10 March 2003	5.50	102,420	–	102,420
	7 January 2004	13.60	607,060	400,000	207,060
	19 March 2004	12.40	1,100,000	1,100,000	–
	22 September 2005	12.06	1,388,120	1,100,000	288,120
	4 May 2006	9.10	891,300	700,000	191,300

The above share options are exercisable in stages in accordance with the terms of 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 30 June 2012
			Balance at 1 January 2012	Granted during the period (Note (1))	Exercised during the period (Note (2))	Lapsed during the period	
CHENG Bing Kin,	31 March 2008	0.316	554,000	–	–	–	554,000
Alain	20 January 2010	0.828	1,663,000	–	–	–	1,663,000
Director of the	18 April 2011	0.315	1,000,000	–	–	–	1,000,000
Company & PTL	13 April 2012	0.415	–	1,000,000	–	–	1,000,000
TO Shu Sing, Sidney	31 March 2008	0.316	554,000	–	–	–	554,000
Director of the	20 January 2010	0.828	2,217,000	–	–	–	2,217,000
Company & PTL	18 April 2011	0.315	1,200,000	–	–	–	1,200,000
	13 April 2012	0.415	–	1,200,000	–	–	1,200,000
Other directors of PTL	31 March 2008	0.316	1,329,000	–	–	–	1,329,000
	20 January 2010	0.828	666,000	–	–	–	666,000
	13 April 2012	0.415	–	1,500,000	–	–	1,500,000
Continuous Contract	31 March 2008	0.316	7,075,000	–	5,488,000	–	1,587,000
Employees of PTL	20 January 2010	0.828	12,418,000	–	–	2,328,000	10,090,000
group, excluding	18 April 2011	0.315	7,000,000	–	–	210,000	6,790,000
directors of PTL	24 May 2011	0.428	400,000	–	–	–	400,000
	13 April 2012	0.415	–	9,800,000	–	–	9,800,000
Other Participants	31 March 2008	0.316	499,000	–	–	–	499,000
	20 January 2010	0.828	2,384,000	–	–	–	2,384,000
	30 March 2010	0.673	3,326,000	–	–	–	3,326,000
	18 April 2011	0.315	4,140,000	–	–	–	4,140,000
	13 April 2012	0.415	–	5,780,000	–	–	5,780,000

#### *Notes:*

- (1) The closing price of the ordinary shares of PTL on 12 April 2012, being the trading day immediately before the date on which the share options were granted during the period, was HK\$0.410.
- (2) The closing price of the ordinary shares of PTL immediately before the date on which the share options were exercised by continuous contract employees of PTL group, excluding directors of PTL, during the period was HK\$0.405.

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 2012, 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***

<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	Personal	12,000,000 ordinary shares	4.95%
	Corporate ( <i>Note (a)</i> )	91,500,000 ordinary shares	37.73%
	Associate ( <i>Note (e)</i> )	10,000,000 ordinary shares	4.12%
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	0.82%
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	0.23%

***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>
CHENG Bing Kin, Alain	Personal	159,000 share options	159,000 shares	0.07%
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	0.13%
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 <i>(Note (c))</i>	696,544,350 ordinary shares	62.37%
	Personal	6,442,650 ordinary shares	0.58%
CHENG Bing Kin, Alain	Personal	5,500,000 ordinary shares	0.49%
IP Shu Wing, Charles	Personal	2,368,960 ordinary shares	0.21%
LEE Peng Fei, Allen	Personal	244,000 ordinary shares	0.02%
LO Kai Yiu, Anthony	Personal	688,320 ordinary shares	0.06%
TO Shu Sing, Sidney	Personal	10,400,000 ordinary shares	0.93%
TSIM Tak Lung	Personal	692,832 ordinary shares	0.06%
YU Hon To, David	Personal	176,000 ordinary shares	0.02%
	Corporate <i>(Note (d))</i>	1,065,600 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))	57,142,857 conversion shares	57,142,857 shares	5.12%
CHENG Bing Kin, Alain	Personal	4,217,000 share options	4,217,000 shares	0.38%
		520,000 warrants	520,000 shares	0.05%
IP Shu Wing, Charles	Personal	118,066 warrants	118,066 shares	0.01%
LEE Peng Fei, Allen	Personal	31,720 warrants	31,720 shares	0.003%
LO Kai Yiu, Anthony	Personal	89,481 warrants	89,481 shares	0.01%
TO Shu Sing, Sidney	Personal	5,171,000 share options	5,171,000 shares	0.46%
		1,040,000 warrants	1,040,000 shares	0.09%
TSIM Tak Lung	Personal	90,064 warrants	90,064 shares	0.01%
YU Hon To, David	Personal	22,880 warrants	22,880 shares	0.002%
	Corporate (Note (d))	138,528 warrants	138,528 shares	0.01%

*Notes:*

- (a) Mr. Chan Chun Hoo, Thomas (“Mr. Chan”) is the beneficial owner of all of the issued share capital of TGC Assets Limited (“TGC”) and is therefore deemed to be interested in the 91,500,000 shares of the Company in aggregate which TGC is interested in.
- (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 62,544,350 shares of PTL in aggregate which TGC is interested in. Since TGC directly owns approximately 37.73% of the shareholding of the Company and is deemed to be interested in the 634,000,000 shares and 57,142,857 conversion shares of PTL (which would fall to be issued by PTL upon full exercise of the conversion rights attached to the convertible bonds by the Company pursuant to a subscription agreement dated 29 October 2009) in aggregate which the Company is interested in, Mr. Chan is also deemed to be interested in the 634,000,000 shares and 57,142,857 conversion shares of PTL in aggregate which the Company is interested in.
- (d) 1,065,600 ordinary shares and 138,528 warrants 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 2012.

The warrants of PTL were exercisable at any time from 4 August 2010 to 3 August 2012, both days inclusive, at an initial subscription price of HK\$0.45 per share (subject to adjustment) and subject to the terms and conditions under the Warrant Instrument dated 27 July 2010.

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 2012, none of the directors and chief executive of the Company were interested or deemed to be interested in short positions in the shares, underlying shares of equity derivatives and debentures 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 2012, 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, 8,630,000 shares of HK\$0.10 each were repurchased by the Company at prices ranging from HK\$2.66 to HK\$3.60 per share through the Stock Exchange. The particulars of the repurchases are set out in note 11 to the condensed consolidated financial information.

## **Compliance with the Corporate Governance Code**

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2012 except in respect of one code provision providing for the roles of the chairman and the chief executive officer to be performed by different individuals.

In respect of the roles of the chairman and chief executive officer should be separate, the Chairman focuses on Group strategy and is responsible for ensuring all key issues are considered by the Board in a timely manner; whereas the executive directors supported by the senior executives are responsible for running the business operations of the Group. The Board considers that this structure is effective in facilitating the operations and business development of the Company and maintaining the checks and balances between the Board and the management of the business of the Group. The structure outlined above will be reviewed regularly to ensure that sound corporate governance is in place.

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 2012.

## **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 2012.

## **Closure of Register of Members**

The Register of Members of the Company will be closed from 20 September 2012 to 21 September 2012, 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 19 September 2012.

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

Hong Kong, 31 August 2012

## CORPORATE INFORMATION

### Directors

CHAN Chun Hoo, Thomas  
*(Chairman)*

CHENG Bing Kin, Alain  
*(Executive Director)*

IP Shu Wing, Charles  
*(Independent 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

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

### Auditors

Grant Thornton Hong Kong Limited  
*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

Codan Services Limited  
Clarendon House  
2 Church 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)