

Playmates[®]

Interim Report
2014

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MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2014 HK\$'000	2013 HK\$'000
Group revenue	953,144	701,852
– from toy business	835,235	596,185
– from property investments and associated businesses	116,976	104,985
– from investment business	933	682
Gross profit	625,312	469,157
Revaluation surplus on investment properties	188,484	514,786
Operating profit	530,559	764,295
Profit before income tax	536,164	740,861
Profit attributable to equity holders of the Company	347,230	661,386
Earnings per share	HK\$	HK\$
– Basic	1.51	2.80
– Diluted	1.51	2.80
Interim dividend per share	0.075	0.05

Property Investments and Associated Businesses

The property investments and associated businesses recorded a 11.4% growth in revenue to about HK\$117.0 million (same period in 2013: HK\$105.0 million) during the first half of 2014 compared to the same period last year. Revenue from the property investments and property management businesses increased by 13.4% to approximately HK\$99.6 million (same period in 2013: HK\$87.8 million), while revenue from the food and beverage business increased by 1.3% to about HK\$17.4 million (same period in 2013: HK\$17.1 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of about HK\$5.1 billion (fair value as at 31 December 2013: about HK\$4.9 billion). A revaluation surplus of HK\$188.5 million was reported in the consolidated income statement of the Group. Segment operating profit was HK\$260.2 million including revaluation surplus, compared to HK\$570.4 million (including revaluation surplus of HK\$514.8 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 96% as of 30 June 2014 and 31 December 2013 (30 June 2013: 94%). 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 increased by 15.8% to HK\$75.3 million as compared to HK\$65.0 million during the same period last year, driven by rental increases on existing leases and a higher occupancy rate. With a significant lease in place on the commercial podium floors of the building since 2013, and as Canton Road continues to develop as a luxury shopping, entertainment and dining destination, we are optimistic that the value and recurring rental income of The Toy House will remain strong over the long term.

(ii) *Hillview*

Rental income generated by the residential properties at Hillview was approximately \$7.9 million, an increase of 5.7% as compared to HK\$7.4 million during the same period last year. The negative impact on leasing activity due to nearby construction works continued to alleviate since early 2013, although the demand for luxury residential units in Mid-Levels has softened recently with the contraction in the financial services sector. Over the long term, we are optimistic that this investment will benefit from resilient 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 6.6% to about HK\$8.1 million as compared to HK\$7.6 million during the same period last year, driven by rental increases from lease renewals during the past year, and high occupancy rate of close to 100%. We are optimistic that the investment will benefit from continual developments in Tuen Mun.

(b) Property Management

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

Income generated from the property management business segment increased by 7.9% to HK\$8.0 million as compared to HK\$7.4 million of the same period last year, driven by higher occupancy rate.

(c) Food & Beverage Business

Revenue generated from the food and beverage business during the first half of 2014 was around HK\$17.4 million, an increase of 1.3% as compared to HK\$17.1 million of the same period last year.

While management continues to hold a favorable long term view of our property investments and associated businesses, we will continue to adjust the balance of our property portfolio to achieve our strategic objective of seeking investment returns through capital appreciation and growth in recurring income.

Playmates Toys

Playmates Toys group worldwide turnover during the first half of 2014 was HK\$835 million (same period in 2013: HK\$596 million), an increase of 40.1% compared to the prior year period. The increase in turnover was driven mainly by the initial shipments of products related to the *Teenage Mutant Ninja Turtles ("TMNT")* movie, as well as expanded *TMNT* product line and distribution territories compared to the prior year period. Since the initial shipments of *TMNT* movie products during the period were intended for sales by customers in the second half of 2014, they may have skewed the seasonality pattern in favor of our turnovers in the first half of the year.

Gross profit ratio on toy sales was 62.0% (same period in 2013: 62.6%). The decrease in gross profit ratio was attributable to additional tooling expenses related to new product segments. Recurring operating expenses increased by 44.5% compared to the prior year period, reflecting higher marketing and promotional expenses, and increased overhead expenses.

Playmates Toys reported an operating profit for the period of HK\$267 million (same period in 2013: HK\$200 million).

Playmates Toys group income tax expense during the first half of 2014 was HK\$88 million (same period in 2013: income tax credit of HK\$15 million), reflecting the impact of a normalized tax rate in 2014 as tax credits due to accumulated losses in prior years were substantially utilized during 2013.

During the period, the key markets in North America continued their recovery. Consumer confidence in the US continued to improve with strengthening employment, rising home prices, easier access to credit and stock market gains. According to NPD, the leading provider of toys point-of-sale market research data, overall US retail toy industry retail sales in the first six months of 2014 were up in dollar terms by about 1% compared to the same period last year. In Europe however, economic conditions, in particular retail and distribution activities, were dampened by the uncertainties generated by the political crisis in the Crimean Peninsula.

While uncertainties and risks remain in the operating environment, Playmates Toys expects that sales of *TMNT* products, driven by sustained popularity of the Nickelodeon TV show, the release of the summer blockbuster movie from Paramount Pictures, and introduction of innovative new products, will continue to be strong in the second half of 2014. Playmates Toys expects its performance in terms of turnover and operating profit for the whole year will be better than 2013, although the year-on-year growth may not reflect the magnitude reported for the first half of the year.

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 2014, fair market value of the Group's investment portfolio was HK\$51.5 million (HK\$29.4 million as at 31 December 2013). The Group reported a net gain from investments of approximately HK\$3.6 million during the first half of 2014. In comparison, a net loss from investments of approximately HK\$4.5 million was recorded for the same period last year. During the first half of 2014, dividend and interest income generated from portfolio investments were HK\$0.9 million (HK\$0.7 million in the first half of 2013) and have been included in the revenue of the Group.

In light of continued uncertainties in the securities 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 2014

	Note	Unaudited		
		Six months ended 30 June		
		2014	2014	2013
		US\$'000	HK\$'000	HK\$'000
		(Note 20)		
Revenue	3	122,986	953,144	701,852
Cost of sales		(42,301)	(327,832)	(232,695)
Gross profit		80,685	625,312	469,157
Marketing expenses		(19,620)	(152,057)	(104,962)
Selling and distribution expenses		(4,984)	(38,623)	(19,546)
Administration expenses		(12,409)	(96,176)	(90,597)
Net gain/(loss) on financial assets at fair value through profit or loss		467	3,619	(4,543)
Revaluation surplus on investment properties		24,320	188,484	514,786
Operating profit		68,459	530,559	764,295
Other net income/(loss)		2,018	15,642	(13,340)
Finance costs		(1,082)	(8,385)	(8,369)
Share of loss of an associated company		(213)	(1,652)	(1,725)
Profit before income tax	4	69,182	536,164	740,861
Income tax (expense)/credit	5	(12,185)	(94,439)	10,570
Profit for the period		56,997	441,725	751,431
Profit for the period attributable to:				
Equity holders of the Company		44,804	347,230	661,386
Non-controlling interests		12,193	94,495	90,045
		56,997	441,725	751,431
		US\$	HK\$	HK\$
Earnings per share	7			
Basic		0.19	1.51	2.80
Diluted		0.19	1.51	2.80

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Unaudited		
	Six months ended 30 June		
	2014	2014	2013
	US\$'000	HK\$'000	HK\$'000
	(Note 20)		
Profit for the period	56,997	441,725	751,431
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u>(660)</u>	<u>(5,113)</u>	<u>7,203</u>
Total comprehensive income for the period	<u>56,337</u>	<u>436,612</u>	<u>758,634</u>
Total comprehensive income attributable to:			
Equity holders of the Company	<u>44,144</u>	<u>342,117</u>	668,520
Non-controlling interests	<u>12,193</u>	<u>94,495</u>	90,114
	<u>56,337</u>	<u>436,612</u>	<u>758,634</u>

Condensed Consolidated Balance Sheet

As at 30 June 2014

		Unaudited 30 June 2014 US\$'000 (Note 20)	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Non-current assets				
Fixed assets				
– Investment properties	8	657,861	5,098,420	4,889,650
– Other property, plant and equipment	8	<u>25,130</u>	<u>194,762</u>	<u>192,668</u>
		682,991	5,293,182	5,082,318
Goodwill		771	5,976	5,976
Interest in an associated company		1,180	9,143	10,795
Deferred tax assets		<u>3,764</u>	<u>29,169</u>	<u>44,944</u>
		688,706	5,337,470	5,144,033
Current assets				
Inventories		10,064	77,998	37,389
Trade receivables	9	40,827	316,410	412,063
Deposits paid, other receivables and prepayments	10	9,943	77,056	44,190
Taxation recoverable		4,383	33,966	360
Financial assets at fair value through profit or loss		6,640	51,458	29,434
Cash and bank balances		<u>139,650</u>	<u>1,082,290</u>	<u>739,098</u>
		211,507	1,639,178	1,262,534
Current liabilities				
Bank loans	11	47,910	371,300	363,800
Trade payables	12	15,156	117,460	61,550
Deposits received, other payables and accrued charges	13	25,317	196,203	239,468
Provisions		2,608	20,213	35,329
Taxation payable		<u>8,988</u>	<u>69,659</u>	<u>16,863</u>
		99,979	774,835	717,010
Net current assets		111,528	864,343	545,524
Total assets less current liabilities		800,234	6,201,813	5,689,557

		Unaudited 30 June 2014 <i>US\$'000</i> <i>(Note 20)</i>	Unaudited 30 June 2014 <i>HK\$'000</i>	Audited 31 December 2013 <i>HK\$'000</i>
Non-current liabilities				
Bank loans	<i>11</i>	11,200	86,800	107,200
Deferred tax liabilities		2,904	22,507	23,014
		14,104	109,307	130,214
Net assets		<u>786,130</u>	<u>6,092,506</u>	<u>5,559,343</u>
Equity				
Share capital	<i>14</i>	2,952	22,880	23,200
Reserves		730,452	5,661,001	5,204,562
Declared dividends	<i>6</i>	2,214	17,160	11,550
Equity attributable to the equity holders of the Company		735,618	5,701,041	5,239,312
Non-controlling interests		50,512	391,465	320,031
Total equity		<u>786,130</u>	<u>6,092,506</u>	<u>5,559,343</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2014

	Unaudited		
	Six months ended 30 June		
	2014	2014	2013
	US\$'000	HK\$'000	HK\$'000
	(Note 20)		
Net cash generated from operating activities	38,033	294,754	239,936
Net cash used in investing activities	(2,366)	(18,335)	(55,513)
Net cash generated from/(used in) financing activities	8,517	66,005	(44,222)
Net increase in cash and cash equivalents	44,184	342,424	140,201
Cash and cash equivalents at 1 January	95,367	739,098	465,772
Effect of foreign exchange rate changes	99	768	(214)
Cash and cash equivalents at 30 June	<u>139,650</u>	<u>1,082,290</u>	<u>605,759</u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u>139,650</u>	<u>1,082,290</u>	<u>605,759</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	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
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2013	23,699	1,236,026	3,995	-	(62,185)	(2,607)	18,764	2,900,083	4,117,775	79,191	4,196,966
Profit for the period	-	-	-	-	-	-	-	661,386	661,386	90,045	751,431
Other comprehensive income:											
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	7,134	-	-	7,134	69	7,203
Total comprehensive income for the period	-	-	-	-	-	7,134	-	661,386	668,520	90,114	758,634
Repurchase of shares of the Company	(174)	(11,164)	174	(1,962)	-	-	-	(174)	(13,300)	-	(13,300)
2012 second interim dividend paid	-	-	-	-	-	-	-	(11,803)	(11,803)	-	(11,803)
Share option scheme											
- value of services	-	-	-	-	-	-	3,816	-	3,816	2,763	6,579
- shares issued	-	-	-	-	9,205	-	(4,112)	-	5,093	3,688	8,781
Transactions with owners	(174)	(11,164)	174	(1,962)	9,205	-	(296)	(11,977)	(16,194)	6,451	(9,743)
At 30 June 2013	23,525	1,224,862	4,169	(1,962)	(52,980)	4,527	18,468	3,549,492	4,770,101	175,756	4,945,857

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 2014	23,200	1,196,115	4,499	(5,106)	(46,038)	(5,228)	18,033	4,053,837	5,239,312	320,031	5,559,343
Profit for the period	-	-	-	-	-	-	-	347,230	347,230	94,495	441,725
Other comprehensive income:											
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	(5,113)	-	-	(5,113)	-	(5,113)
Total comprehensive income for the period	-	-	-	-	-	(5,113)	-	347,230	342,117	94,495	436,612
Repurchase of shares of the Company	(321)	(33,999)	321	5,106	-	-	-	(321)	(29,214)	-	(29,214)
Disposal of shares of a listed subsidiary	-	-	-	-	-	-	-	236,673	236,673	52,284	288,957
Share option scheme											
- value of services	-	-	-	-	-	-	1,903	-	1,903	1,927	3,830
- shares issued	1	126	-	-	11,002	-	(4,782)	-	6,347	6,324	12,671
- share options lapsed	-	-	-	-	-	-	(261)	261	-	-	-
Share premium reduction (Note 15)	-	(1,160,386)	-	-	1,160,386	-	-	-	-	-	-
2013 second interim dividend paid	-	-	-	-	(11,440)	-	-	-	(11,440)	-	(11,440)
2013 special dividend paid	-	-	-	-	(91,520)	-	-	-	(91,520)	-	(91,520)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(90,549)	(90,549)
Tax benefits arising from share option scheme in overseas tax jurisdiction	-	-	-	-	6,863	-	-	-	6,863	6,953	13,816
Transactions with owners	(320)	(1,194,259)	321	5,106	1,075,291	-	(3,140)	236,613	119,612	(23,061)	96,551
At 30 June 2014	22,880	1,856	4,820	-	1,029,253	(10,341)	14,893	4,637,680	5,701,041	391,465	6,092,506

Notes to the Condensed Consolidated Financial Information

1. Basis of preparation and accounting policies

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

This condensed consolidated financial information should be read in conjunction with the 2013 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 2013, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of any changes in accounting policies are set out in note 2.

2. Changes in accounting policies

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and one new interpretation that are first effective for the current accounting period of the Group and the Company:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) 21	Levies

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Segment information

3.1 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 2014 are as follows:

	Property investments and associated businesses HK\$'000	Investment business HK\$'000	Toy business HK\$'000	Total HK\$'000
Gross segment revenue	122,923	933	835,235	959,091
Inter-segment revenue	(5,947)	–	–	(5,947)
	<u>116,976</u>	<u>933</u>	<u>835,235</u>	<u>953,144</u>
Revenue from external customers				
Segment profit before depreciation	265,687	4,552	267,252	537,491
Depreciation	(5,486)	–	(370)	(5,856)
	<u>260,201</u>	<u>4,552</u>	<u>266,882</u>	<u>531,635</u>
Segment operating profit				
Other net income/(loss)	–	–	2,081	2,081
Finance costs	(4,852)	(29)	(3,397)	(8,278)
Share of loss of an associated company	–	–	(1,652)	(1,652)
	<u>(4,852)</u>	<u>(29)</u>	<u>(2,968)</u>	<u>(7,849)</u>
Segment profit before income tax	<u>255,349</u>	<u>4,523</u>	<u>263,914</u>	523,786
Unallocated corporate income				<u>12,378</u>
Profit before income tax				<u>536,164</u>

The segment results for the six months ended 30 June 2013 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	108,755	682	596,185	705,622
Inter-segment revenue	<u>(3,770)</u>	<u>–</u>	<u>–</u>	<u>(3,770)</u>
Revenue from external customers	<u>104,985</u>	<u>682</u>	<u>596,185</u>	<u>701,852</u>
Segment profit/(loss) before depreciation	575,866	(3,861)	200,388	772,393
Depreciation	<u>(5,440)</u>	<u>–</u>	<u>(352)</u>	<u>(5,792)</u>
Segment operating profit/(loss)	<u>570,426</u>	<u>(3,861)</u>	<u>200,036</u>	<u>766,601</u>
Other net income/(loss)	6,255	–	409	6,664
Finance costs	(5,203)	(36)	(3,073)	(8,312)
Share of loss of an associated company	<u>–</u>	<u>–</u>	<u>(1,725)</u>	<u>(1,725)</u>
	<u>1,052</u>	<u>(36)</u>	<u>(4,389)</u>	<u>(3,373)</u>
Segment profit/(loss) before income tax	<u>571,478</u>	<u>(3,897)</u>	<u>195,647</u>	763,228
Unallocated corporate expenses				<u>(22,367)</u>
Profit before income tax				<u>740,861</u>

The segment assets and liabilities as at 30 June 2014 are as follows:

	Property investments and associated businesses HK\$'000	Investment business HK\$'000	Toy business HK\$'000	Total HK\$'000
Reportable segment assets (including cash and bank balances)	5,370,511	486,902	1,045,676	6,903,089
Interest in an associated company	–	–	9,143	9,143
	<hr/>	<hr/>	<hr/>	<hr/>
Total reportable segment assets	<u>5,370,511</u>	<u>486,902</u>	<u>1,054,819</u>	6,912,232
Inter-segment elimination	–	–	(1,570)	(1,570)
Deferred tax assets				29,169
Taxation recoverable				33,966
Unallocated assets				<u>2,851</u>
Total assets				<u><u>6,976,648</u></u>
Reportable segment liabilities	<u>501,211</u>	<u>–</u>	<u>290,753</u>	791,964
Inter-segment elimination	(1,570)	–	–	(1,570)
Deferred tax liabilities				22,507
Taxation payable				69,659
Unallocated liabilities				<u>1,582</u>
Total liabilities				<u><u>884,142</u></u>

The segment assets and liabilities as at 31 December 2013 are as follows:

	Property investments and associated businesses <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets (including cash and bank balances)	5,126,830	233,580	990,510	6,350,920
Interest in an associated company	–	–	10,795	10,795
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total reportable segment assets	<u>5,126,830</u>	<u>233,580</u>	<u>1,001,305</u>	6,361,715
Inter-segment elimination	–	–	(2,490)	(2,490)
Deferred tax assets				44,944
Taxation recoverable				360
Unallocated assets				<u>2,038</u>
Total assets				<u>6,406,567</u>
Reportable segment liabilities	<u>515,102</u>	<u>–</u>	<u>291,434</u>	806,536
Inter-segment elimination	(2,490)	–	–	(2,490)
Deferred tax liabilities				23,014
Taxation payable				16,863
Unallocated liabilities				<u>3,301</u>
Total liabilities				<u>847,224</u>

3.2 Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, 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 external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>119,155</u>	<u>106,108</u>	<u>5,038,091</u>	<u>4,848,253</u>
Americas				
– U.S.A.	561,944	369,181	978	635
– Others	65,006	40,337	–	–
Europe	151,341	133,180	269,232	250,201
Asia Pacific other than Hong Kong	51,873	50,442	–	–
Others	<u>3,825</u>	<u>2,604</u>	<u>–</u>	<u>–</u>
	<u>833,989</u>	<u>595,744</u>	<u>270,210</u>	<u>250,836</u>
	<u>953,144</u>	<u>701,852</u>	<u>5,308,301</u>	<u>5,099,089</u>

3.3 Major customers

The Group's customer base is diversified and includes three (2013: four) customers with each of whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to each of these customers amounted to approximately HK\$254.6 million, HK\$131.8 million and HK\$95.4 million (2013: HK\$156.1 million, HK\$102.5 million, HK\$73.1 million and HK\$70.9 million) respectively.

4. Profit before income tax

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Cost of inventories sold	301,851	219,218
Product development costs	3,466	3,185
Royalties paid	113,961	75,396
Directors' and staff remunerations	53,666	43,921
Depreciation of other property, plant and equipment	6,064	6,154
Interest on borrowings	4,470	4,852
Net foreign exchange (gain)/loss	(14,099)	20,975
Compensation received from a tenant	–	(6,255)
	<u>301,851</u>	<u>219,218</u>

5. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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	
	2014	2013
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	54,569	5,713
Overseas taxation	31,554	16,411
Under provision in prior years – overseas	2,585	–
Over provision in prior years – Hong Kong	–	(49)
	<u>88,708</u>	<u>22,075</u>
Deferred taxation		
Origination and reversal of temporary differences	5,731	(32,645)
Income tax expense/(credit)	<u>94,439</u>	<u>(10,570)</u>

6. Dividends

6.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared after the interim period of HK\$0.075 (2013: HK\$0.05) per share	<u>17,160</u>	<u>11,679</u>

At a meeting held on 29 August 2014, the board of directors declared an interim dividend of HK\$0.075 per share to be paid on 7 October 2014 to shareholders on the Company's Register of Members on 24 September 2014. This interim dividend declared after the balance sheet date has not been recognised as liabilities in this condensed consolidated financial information for the six months ended 30 June 2014.

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

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends in respect of the previous financial year and paid during the interim period:		
Second interim dividend of HK\$0.05 (2013: HK\$0.05) per share	11,440	11,803
Special dividend of HK\$0.40 (2013: HK\$nil) per share (<i>Note</i>)	<u>91,520</u>	<u>–</u>
	<u>102,960</u>	<u>11,803</u>

Note:

A special dividend of HK\$0.40 per share was approved at the Annual General Meeting on 19 May 2014 and was paid during the interim period.

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$347,230,000 (2013: HK\$661,386,000) and the weighted average number of ordinary shares of 229,686,000 shares (2013: 236,017,000 shares) in issue during the period.

The calculation of diluted earnings per share for the period ended 30 June 2014 is based on the profit attributable to equity holders of the Company of HK\$347,230,000 and the weighted average number of ordinary shares of 229,760,000 shares in issue during the period, adjusted for the effects of 74,000 dilutive potential shares on exercise of share options.

Diluted earnings per share for the period ended 30 June 2013 equals to the basic earnings per share as the potential ordinary shares on exercise of share options were not included in the calculation of diluted earnings per share because they are anti-dilutive.

8. Fixed assets

	Investment properties <i>HK\$'000</i>	Other property, plant and equipment <i>HK\$'000</i>
Opening net book amount as at 1 January 2014	4,889,650	192,668
Exchange fluctuation	7,175	852
Additions	–	7,306
Capitalised subsequent expenditure	13,111	–
Revaluation surplus	188,484	–
Depreciation	–	(6,064)
Closing net book amount as at 30 June 2014	5,098,420	194,762
Opening net book amount as at 1 January 2013	4,098,998	140,024
Exchange fluctuation	(12,075)	(414)
Additions	33,899	8,429
Capitalised subsequent expenditure	14,363	–
Revaluation surplus	514,786	–
Reclassification	(45,296)	45,296
Disposals	–	(912)
Depreciation	–	(6,154)
Closing net book amount as at 30 June 2013	4,604,675	186,269
Exchange fluctuation	16,733	574
Additions	55	9,640
Capitalised subsequent expenditure	17,637	–
Revaluation surplus	252,052	–
Reclassification	(1,502)	1,502
Disposals	–	(102)
Depreciation	–	(5,215)
Closing net book amount as at 31 December 2013	4,889,650	192,668

9. Trade receivables

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Trade receivables	316,410	412,063
Less: Allowance for customer concession	–	–
	<u>316,410</u>	<u>412,063</u>

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

The normal trade terms with toy business customers are letters of credit at sight or usance or on open accounts with credit term in the range of 60 to 90 days. For property investments and management business, 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:

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
0 – 30 days	307,158	406,286
31 – 60 days	2,345	3,434
Over 60 days	6,907	2,343
	<u>316,410</u>	<u>412,063</u>

10. Deposits paid, other receivables and prepayments

Deposits paid, other receivables and prepayments include receivables related to rent free periods given to tenants of HK\$57,875,000 (31 December 2013: HK\$24,300,000), which are amortised over the respective lease terms.

11. Bank loans

	30 June 2014	31 December 2013
	HK\$'000	HK\$'000
Secured bank loans repayable		
Within one year	371,300	363,800
In the second year	37,800	40,800
In the third to fifth years	49,000	66,400
	458,100	471,000
Current portion included in current liabilities	(371,300)	(363,800)
Non-current portion	86,800	107,200

All bank loans were denominated in HK dollar and on a floating interest rate basis. The effective interest rate at the balance sheet date was 1.92% p.a. (31 December 2013: 1.90% p.a.).

As at 30 June 2014, the Group has banking facilities amounting to HK\$780 million (31 December 2013: HK\$903 million), of which HK\$458 million (31 December 2013: HK\$471 million) were utilised.

The banking facilities of certain subsidiaries are secured by investment properties and land and buildings with net book value of HK\$4,689 million and HK\$156 million (31 December 2013: HK\$4,494 million and HK\$159 million) respectively of the Group at 30 June 2014.

12. Trade payables

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

	30 June 2014	31 December 2013
	HK\$'000	HK\$'000
0 – 30 days	114,314	58,446
31 – 60 days	1,868	2,682
Over 60 days	1,278	422
	117,460	61,550

13. Deposits received, other payables and accrued charges

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Deposits from customers, distributors and tenants	91,514	89,592
Accrued product development, sales, marketing and distribution expenses	17,279	22,839
Accrued royalties	71,479	73,892
Accrued directors' and staff remunerations	4,786	38,451
Other accrued expenses	11,145	14,694
	<u>196,203</u>	<u>239,468</u>

14. Share capital

	Authorised Ordinary shares of HK\$0.10 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31 December 2013 and 30 June 2014	<u>3,000,000,000</u>	<u>300,000</u>
	Issued and fully paid Ordinary shares of HK\$0.10 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2013	236,989,000	23,699
Exercise of share options	53,400	5
Repurchase of shares	(5,037,900)	(504)
At 31 December 2013 and 1 January 2014	232,004,500	23,200
Exercise of share options	11,450	1
Repurchase of shares (<i>Note</i>)	(3,215,950)	(321)
At 30 June 2014	<u>228,800,000</u>	<u>22,880</u>

Note:

Those 3,215,950 shares comprised (i) 504,500 shares which were repurchased by the Company on the Stock Exchange at prices ranging from HK\$10.00 to HK\$10.30 in December 2013 and were cancelled and redeemed on 14 January 2014; and (ii) 2,711,450 shares which were purchased by the Company on the Stock Exchange at prices ranging from HK\$9.55 to HK\$11.30 each during the period as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
January 2014	500,000	10.50	10.30	5,217
March 2014	465,500	10.60	9.92	4,814
April 2014	1,538,000	11.30	10.60	17,168
May 2014	207,950	9.70	9.55	2,015

504,500 shares, 500,000 shares, 295,500 shares, 1,708,000 shares and 207,950 shares were redeemed and cancelled on 14 January 2014, 27 January 2014, 8 April 2014, 25 April 2014 and 16 May 2014 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.

15. Share premium reduction

At the Annual General Meeting of the Company held on 19 May 2014, the shareholders of the Company approved that HK\$1,160,386,000 being the entire amount standing to the credit of the share premium account of the Company as at the date of the meeting be reduced to nil and the credit arising therefrom be transferred to the contributed surplus account of the Company.

16. Disposal of shares of a listed subsidiary

On 23 January 2014, the Group disposed of 82,000,000 shares of its listed subsidiary, Playmates Toys Limited (“PTL”) at HK\$3.60 per share to third parties. The net proceeds were HK\$288,957,000. As the disposal did not result in PTL ceasing to be a subsidiary of the Company, the financial results of PTL continues to be consolidated in the accounts of the Company.

17. Fair value measurement of financial instruments

17.1 Financial assets and liabilities measured at fair value

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

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

	At 30 June 2014			
	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Listed equity investment in Hong Kong	35,392	–	–	35,392
Listed equity investment outside Hong Kong	5,707	–	–	5,707
Unlisted managed funds	–	10,359	–	10,359
	<u>41,099</u>	<u>10,359</u>	<u>–</u>	<u>51,458</u>

At 31 December 2013

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Listed equity investment in Hong Kong	13,835	–	–	13,835
Listed equity investment outside Hong Kong	5,543	–	–	5,543
Unlisted managed funds	–	10,056	–	10,056
	<u>19,378</u>	<u>10,056</u>	<u>–</u>	<u>29,434</u>

The fair values of unlisted managed funds in Level 2 have been determined by reference to the market prices at the balance sheet date.

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

17.2 Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2014 and 31 December 2013.

18. Commitments

18.1 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 2014 were payable as follows:

	30 June 2014 <i>HK\$'000</i>	31 December 2013 <i>HK\$'000</i>
Within one year	11,118	22,743
In the second to fifth years	40,687	52,312
	<u>51,805</u>	<u>75,055</u>

18.2 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:

18.2.1 As lessee

At 30 June 2014, the future aggregate minimum lease payments under non-cancellable operating leases for office and warehouse facilities payable by the Group were as follows:

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Within one year	2,382	2,347
In the second to fifth years	203	1,403
	<u>2,585</u>	<u>3,750</u>

18.2.2 As lessor

At 30 June 2014, the future aggregate minimum lease payments under non-cancellable operating leases for office, industrial and residential premises receivable by the Group were as follows:

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Within one year	175,730	146,992
In the second to fifth years	619,724	615,167
After five years	593,790	674,388
	<u>1,389,244</u>	<u>1,436,547</u>

19. 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).

20. 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 2014.

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 96% of the total gross floor area of the Group's investment properties in Hong Kong were leased out as at 30 June 2014. Accounts receivables were minimal as at the period end.

The investment portfolio includes listed equity and managed funds. As at 30 June 2014, the Group's investment portfolio amounts to HK\$51,458,000 (31 December 2013: HK\$29,434,000) of which approximately 80% (31 December 2013: 66%) are listed equity.

The toy business is inherently seasonal in nature. In general, sales in the second half-year are 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 2014, trade receivables related to toy business were HK\$315,809,000 (31 December 2013: HK\$411,831,000) and inventories were HK\$77,636,000 (31 December 2013: HK\$36,959,000). The higher inventories at interim period end resulted from a continued strong pickup in customer orders during the period, including those related to the launch of the *TMNT* movie.

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2014 was 6.6% compared to 7.4% at 31 December 2013. The current ratio, calculated as the ratio of current assets to current liabilities, was 2.1 at 30 June 2014 compared to 1.8 at 31 December 2013.

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 2014, the Group's cash and bank balances were HK\$1,082,290,000 (31 December 2013: HK\$739,098,000), of which HK\$708,280,000 was denominated in United States dollar (31 December 2013: HK\$476,250,000 and HK\$23,187,000 was denominated in United States dollar and in British pound respectively) and the remaining balance was mainly denominated in Hong Kong dollar.

Charges on Group Assets

Details of charges on Group assets are set out in note 11 to the condensed consolidated financial information.

Employees

As at 30 June 2014, the Group had a total of 125 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 2014	Exercised during the period (Note)	Lapsed during the period	Balance at 30 June 2014
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>	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>	7 January 2004	13.60	201,060	–	201,060	–
	22 September 2005	12.06	271,620	–	–	271,620
	4 May 2006	9.10	130,200	11,450	–	118,750

Note: The weighted average closing price of the ordinary shares of the Company immediately before the dates on which the share options were exercised by continuous contract employees (excluding directors) during the period was HK\$9.84.

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 1 January 2014	Exercised during the period (Notes (1) & (2))	Lapsed during the period	Balance at 30 June 2014
CHENG Bing Kin, Alain <i>Director of the Company and PTL</i>	20 January 2010	0.828	487,000	487,000	–	–
	18 April 2011	0.315	250,000	250,000	–	–
	13 April 2012	0.415	500,000	250,000	–	250,000
	15 May 2013	0.930	1,800,000	900,000	–	900,000
TO Shu Sing, Sidney <i>Director of the Company and PTL</i>	20 January 2010	0.828	1,671,000	1,671,000	–	–
	18 April 2011	0.315	300,000	300,000	–	–
	13 April 2012	0.415	600,000	300,000	–	300,000
	15 May 2013	0.930	1,800,000	229,000	–	1,571,000
<i>Other directors of PTL</i>	31 March 2008	0.316	886,000	886,000	–	–
	20 January 2010	0.828	444,000	444,000	–	–
	13 April 2012	0.415	1,250,000	625,000	–	625,000
	15 May 2013	0.930	1,925,000	350,000	–	1,575,000
<i>Continuous Contract Employees of PTL Group, excluding directors of PTL</i>	31 March 2008	0.316	859,000	832,000	–	27,000
	20 January 2010	0.828	3,896,000	2,257,000	–	1,639,000
	18 April 2011	0.315	3,223,500	2,572,000	–	651,500
	24 May 2011	0.428	100,000	100,000	–	–
	13 April 2012	0.415	6,235,000	2,631,500	–	3,603,500
	15 May 2013	0.930	11,900,000	3,000,500	–	8,899,500
<i>Other Participants</i>	20 January 2010	0.828	665,000	222,000	–	443,000
	30 March 2010	0.673	3,326,000	–	–	3,326,000
	18 April 2011	0.315	2,496,000	446,000	–	2,050,000
	13 April 2012	0.415	4,094,000	609,000	–	3,485,000
	15 May 2013	0.930	5,441,000	701,000	–	4,740,000

Notes:

- (1) The weighted average closing prices of the ordinary shares of PTL immediately before the dates on which the share options were exercised by continuous contract employees of PTL group (excluding directors of PTL) and other participants during the period were HK\$4.00 and HK\$3.78 respectively.
- (2) The weighted average closing prices of the ordinary shares of PTL immediately before the dates on which the share options were exercised by the directors of PTL, namely Mr. Cheng Bing Kin, Alain, Mr. Lee Ching Kwok, Rin, Mr. To Shu Sing, Sidney and Mr. Yang, Victor during the period were HK\$3.37, HK\$3.59, HK\$2.90 and HK\$2.90 respectively.

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 2014, 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	12,000,000 ordinary shares	5.24%
	Corporate <i>(Note (a))</i>	92,000,000 ordinary shares	40.21%
	Associate <i>(Note (e))</i>	10,600,000 ordinary shares	4.63%
CHENG Bing Kin, Alain	Personal	228,000 ordinary shares	0.10%
IP Shu Wing, Charles	Personal	294,480 ordinary shares	0.13%
LEE Peng Fei, Allen	Personal	72,000 ordinary shares	0.03%
LO Kai Yiu, Anthony	Personal	369,160 ordinary shares	0.16%
TO Shu Sing, Sidney	Personal	2,000,000 ordinary shares	0.87%
TSIM Tak Lung	Personal	110,016 ordinary shares	0.05%
YU Hon To, David	Personal	132,000 ordinary shares	0.06%
	Corporate <i>(Note (b))</i>	547,200 ordinary shares	0.24%

Long positions in underlying shares of the Company

Name of Director	Nature of interest	Number of equity derivatives held	Number of underlying shares (ordinary shares)	Percentage interest held
CHENG Bing Kin, Alain	Personal	100,000 share options	100,000 shares	0.04%
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	0.08%
LO Kai Yiu, Anthony	Personal	175,000 share options	175,000 shares	0.08%
TO Shu Sing, Sidney	Personal	187,500 share options	187,500 shares	0.08%
TSIM Tak Lung	Personal	175,000 share options	175,000 shares	0.08%
YU Hon To, David	Personal	175,000 share options	175,000 shares	0.08%

Long positions in shares of PTL

Name of Director	Nature of interest	Number of shares held	Percentage interest held
CHAN Chun Hoo, Thomas	Corporate <i>(Note (c))</i>	596,000,000 ordinary shares	49.67%
CHENG Bing Kin, Alain	Personal	1,887,000 ordinary shares	0.16%
IP Shu Wing, Charles	Personal	2,487,026 ordinary shares	0.21%
LEE Peng Fei, Allen	Personal	244,000 ordinary shares	0.02%
LO Kai Yiu, Anthony	Personal	1,653,801 ordinary shares	0.14%
TO Shu Sing, Sidney	Personal	8,000,000 ordinary shares	0.67%
TSIM Tak Lung	Personal	587,632 ordinary shares	0.05%
YU Hon To, David	Personal	176,000 ordinary shares	0.01%
	Corporate <i>(Note (d))</i>	1,065,600 ordinary shares	0.09%

Long positions in underlying shares and debentures of PTL

Name of Director	Nature of interest	Number of equity derivatives held	Number of underlying shares (ordinary shares)	Percentage interest held
CHENG Bing Kin, Alain	Personal	1,150,000 share options	1,150,000 shares	0.10%
TO Shu Sing, Sidney	Personal	1,871,000 share options	1,871,000 shares	0.16%

Notes:

- (a) 92,000,000 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. Since TGC directly owns approximately 40.21% of the shareholding of the Company and is deemed to be interested in the 596,000,000 shares of PTL in aggregate which the Company is interested in, Mr. Chan is also deemed to be interested in the 596,000,000 shares of PTL in aggregate which the Company is interested in.
- (d) 1,065,600 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) 10,600,000 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 2014.

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 2014, 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 2014, 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, 2,711,450 shares of HK\$0.10 each were repurchased by the Company at prices ranging from HK\$9.55 to HK\$11.30 per share through the Stock Exchange. The particulars of the repurchases are set out in note 14 to the condensed consolidated financial information.

Compliance with the Corporate Governance Code

The Company has applied the principles and complied with all the applicable code provisions ("Code Provisions") of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, 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 segregation of the roles of the chairman and chief executive officer, the Group's practice is that the Chairman also acts as chief executive officer. This allows him to focus on Group strategy and at the same time ensure that all key issues are considered by the board in a timely manner. The executive directors supported by the senior executives are delegated with the responsibilities of running the business operations and making operational and business decisions of the Group. The board considers that this structure is suitable and 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 2014.

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 2014.

Closure of Register of Members

The Register of Members of the Company will be closed from 23 September 2014 to 24 September 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 22 September 2014. The interim dividend will be paid on 7 October 2014 to the shareholders on the Register of Members of the Company on 24 September 2014.

On behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

Hong Kong, 29 August 2014

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
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
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Stock Code

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

Website

www.playmates.net



Playmates Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock code 635)
www.playmates.net