



2016 INTERIM REPORT

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MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Group revenue	726,063	806,384
– from toy business	594,651	687,679
– from property investments and associated businesses	121,485	117,096
– from investment business	9,927	1,609
Gross profit	491,037	542,857
Revaluation (deficit)/surplus on investment properties	(212,299)	156,218
Operating profit	13,790	456,456
(Loss)/Profit before income tax	(9,502)	452,458
(Loss)/Profit attributable to owners of the Company	(114,905)	302,675
(Loss)/Earnings per share	HK\$	HK\$
– Basic	(0.53)	1.33
– Diluted	(0.53)	1.33
Interim dividend per share	0.075	0.075

Property Investments and Associated Businesses

The property investments and associated businesses recorded a 3.8% growth in revenue to HK\$121.5 million (same period in 2015: HK\$117.1 million) during the first half of 2016 compared to the same period last year. Revenue from the property investments and property management businesses increased by 4.5% to HK\$109.0 million (same period in 2015: HK\$104.3 million), while revenue from the food and beverage business decreased by 2.6% to HK\$12.5 million (same period in 2015: HK\$12.8 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of HK\$5.5 billion. A revaluation deficit of HK\$212.3 million was reported in the consolidated income statement of the Group, compared to a surplus of HK\$156.2 million for the same period last year. Segment operating loss was HK\$120.4 million, compared to segment operating profit of HK\$240.5 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. The Group's property portfolio also includes a number of overseas investment properties in the United Kingdom, the United States of America and Japan, which in aggregate accounted for 8.2% of the fair value of the Group's overall investment property portfolio (31 December 2015: 7.9%).

Aggregate rental income generated from the investment properties of the Group was HK\$100.4 million, an increase of 4.5% from prior period (same period in 2015: HK\$96.1 million), with an overall occupancy rate of 89% (31 December 2015: 89%).

(i) Commercial

The Group's investments in commercial properties consist of the building, The Toy House, on Canton Road in Tsimshatsui, Kowloon, Hong Kong. With the opening of the Apple flagship store on the podium floors of the building in July 2015, The Toy House reaffirmed its position as a landmark on the premier shopping destination that is Canton Road.

(ii) Residential

The Group's principal investments in residential properties include a number of units in Hillview on Macdonnell Road, Mid-Levels, Hong Kong. The demand for luxury residential units in Hong Kong Mid-Levels continued to be subdued during the first half of 2016. Over the longer term, we remain optimistic that Hillview will benefit from resilient demand for and limited supply of up-market residential properties in Mid-Levels.

We continue to explore leasing opportunities for overseas residential properties.

(iii) Industrial

The Group's investments in industrial properties consist of Playmates Factory Building in Tuen Mun, New Territories, Hong Kong. We are optimistic that this investment will benefit from further developments in Tuen Mun.

(b) Property Management

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

Income generated from the property management business segment increased by 4.9% to HK\$8.6 million as compared to HK\$8.2 million of the same period last year.

(c) Food & Beverage Business

Revenue generated from the food and beverage business during the first half of 2016 was around HK\$12.5 million, a decrease of 2.6% as compared to HK\$12.8 million during the same period last year.

While we maintain 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 2016 was HK\$595 million (same period in 2015: HK\$688 million), a decrease of 13.5% compared to the prior year period. The decrease in turnover was driven mainly by very strong competition in the boys action categories.

Gross profit ratio on toy sales was 62.1% (same period in 2015: 63.2%). The decrease in gross profit ratio was attributable to a higher percentage of overall sales generated in International markets compared to the prior year period, as well as development expenses related to new product introductions. Recurring operating expenses increased by 5.2% compared to the prior year period, driven mainly by higher promotional expenses to support new movie related products tied to Paramount's *Teenage Mutant Ninja Turtles: Out of the Shadows* ("TMNT Movie Sequel").

Playmates Toys reported an operating profit for the period of HK\$139 million (same period in 2015: HK\$215 million). Net profit attributable to shareholders during the first half of 2016 was HK\$95 million (same period in 2015: HK\$156 million).

According to The NPD Group, the leading provider of toys point-of-sale market research data, US retail sales of toys grew by about 7% year-on-year during the first half of 2016¹. Such growth was driven to a large extent by a number of major franchises including strong competing boys action brands, which negatively impacted the *Teenage Mutant Ninja Turtles* ("TMNT") business.

¹ Source: The NPD Group/Retail Tracking Services/U.S. Toys/26 weeks ending July 2, 2016.

In the second half of 2016, Playmates Toys expects increased economic uncertainties in international markets and strong competitive pressure to persist. In addition, shipments of products related to the *TMNT Movie Sequel* skewed the seasonality pattern in favour of the first half of the year. Nevertheless, Playmates Toys remains positive in its longer term outlook, due to the resilience of the *TMNT* franchise, and the launch of major new brands beginning in 2017.

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 and interest income.

As at 30 June 2016, fair market value of the Group's investment portfolio was HK\$101.8 million (31 December 2015: HK\$112.1 million). The Group reported a net loss from investments of HK\$10.5 million during the first half of 2016, compared to a net gain of HK\$2.2 million during the same period last year. During the first half of 2016, dividend and interest income generated from portfolio investments were HK\$9.9 million (HK\$1.6 million in the first half of 2015) and have been included in the revenue of the Group.

In light of continued uncertainties in the major global economies and securities markets, the Group will remain vigilant in monitoring and balancing the investment portfolio.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

For the six months ended 30 June 2016

	Note	Unaudited		
		Six months ended 30 June		
		2016	2016	2015
		US\$'000	HK\$'000	HK\$'000
		(Note 18)		
Revenue	3	93,686	726,063	806,384
Cost of sales		<u>(30,326)</u>	<u>(235,026)</u>	<u>(263,527)</u>
Gross profit		63,360	491,037	542,857
Marketing expenses		(16,657)	(129,088)	(132,161)
Selling and distribution expenses		(5,483)	(42,491)	(29,416)
Administration expenses		(10,694)	(82,868)	(83,244)
Net (loss)/gain on financial assets at fair value through profit or loss		(1,355)	(10,501)	2,202
Revaluation (deficit)/surplus on investment properties		<u>(27,393)</u>	<u>(212,299)</u>	<u>156,218</u>
Operating profit		1,778	13,790	456,456
Other net (loss)/income		(1,917)	(14,857)	2,877
Finance costs		(1,088)	(8,435)	(8,003)
Share of profit of an associated company		<u>–</u>	<u>–</u>	<u>1,128</u>
(Loss)/Profit before income tax	4	(1,227)	(9,502)	452,458
Income tax expense	5	(7,187)	(55,699)	<u>(68,100)</u>
(Loss)/Profit for the period		<u>(8,414)</u>	<u>(65,201)</u>	<u>384,358</u>
(Loss)/Profit for the period attributable to:				
Owners of the Company		(14,827)	(114,905)	302,675
Non-controlling interests		<u>6,413</u>	<u>49,704</u>	<u>81,683</u>
		<u>(8,414)</u>	<u>(65,201)</u>	<u>384,358</u>
		<i>US\$</i>	<i>HK\$</i>	<i>HK\$</i>
(Loss)/Earnings per share	7			
Basic		<u>(0.07)</u>	<u>(0.53)</u>	<u>1.33</u>
Diluted		<u>(0.07)</u>	<u>(0.53)</u>	<u>1.33</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Unaudited		
	Six months ended 30 June		
	2016	2016	2015
	US\$'000	HK\$'000	HK\$'000
	(Note 18)		
(Loss)/Profit for the period	(8,414)	(65,201)	384,358
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign subsidiaries	<u>(1,205)</u>	<u>(9,338)</u>	<u>(1,718)</u>
Total comprehensive income for the period	<u>(9,619)</u>	<u>(74,539)</u>	<u>382,640</u>
Total comprehensive income attributable to:			
Owners of the Company	<u>(16,032)</u>	<u>(124,243)</u>	300,957
Non-controlling interests	<u>6,413</u>	<u>49,704</u>	81,683
	<u>(9,619)</u>	<u>(74,539)</u>	<u>382,640</u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

		Unaudited 30 June 2016 US\$'000 (Note 18)	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Non-current assets				
Fixed assets				
– Investment properties	8	710,814	5,508,809	5,754,525
– Other property, plant and equipment	8	29,487	228,525	207,324
		<u>740,301</u>	<u>5,737,334</u>	5,961,849
Goodwill		771	5,976	5,976
Interest in an associated company		781	6,053	6,053
Deferred tax assets		5,300	41,077	35,143
		<u>747,153</u>	<u>5,790,440</u>	<u>6,009,021</u>
Current assets				
Inventories		4,919	38,120	28,443
Trade receivables	9	26,219	203,201	311,857
Deposits paid, other receivables and prepayments	10	11,080	85,869	85,843
Taxation recoverable		6,075	47,080	53,881
Financial assets at fair value through profit or loss		16,657	129,095	143,145
Cash and bank balances		177,983	1,379,366	1,160,738
		<u>242,933</u>	<u>1,882,731</u>	<u>1,783,907</u>
Current liabilities				
Bank loans	11	65,681	509,025	494,680
Trade payables	12	11,370	88,121	50,318
Deposits received, other payables and accrued charges	13	26,863	208,182	196,986
Loan from an associated company		752	5,831	5,831
Provisions		5,645	43,747	48,930
Taxation payable		2,436	18,882	3,570
		<u>112,747</u>	<u>873,788</u>	<u>800,315</u>
Net current assets		<u>130,186</u>	<u>1,008,943</u>	983,592
Total assets less current liabilities		<u>877,339</u>	<u>6,799,383</u>	<u>6,992,613</u>

		Unaudited 30 June 2016 <i>US\$'000</i> <i>(Note 18)</i>	Unaudited 30 June 2016 <i>HK\$'000</i>	Audited 31 December 2015 <i>HK\$'000</i>
Non-current liabilities				
Bank loans	<i>11</i>	2,606	20,200	34,600
Deferred tax liabilities		3,990	30,922	30,427
		6,596	51,122	65,027
Net assets		870,743	6,748,261	6,927,586
Equity				
Share capital	<i>14</i>	2,787	21,600	22,000
Reserves		791,457	6,133,794	6,333,910
Equity attributable to owners of the Company		794,244	6,155,394	6,355,910
Non-controlling interests		76,499	592,867	571,676
Total equity		870,743	6,748,261	6,927,586

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016

	Unaudited		
	Six months ended 30 June		
	2016 US\$'000 (Note 18)	2016 HK\$'000	2015 HK\$'000
Operating activities			
Cash generated from operations	47,873	371,023	392,027
Overseas tax paid	(5,000)	(38,750)	(35,518)
Other cash flows arising from operating activities	605	4,685	(3,178)
Net cash generated from operating activities	<u>43,478</u>	<u>336,958</u>	<u>353,331</u>
Investing activities			
Acquisition of investment properties	–	–	(193,054)
Purchases of other property, plant and equipment	(450)	(3,486)	(22,886)
Purchases of financial assets at fair value through profit or loss	(1)	(7)	(52,039)
Proceeds from disposal of financial assets at fair value through profit or loss	492	3,810	17,366
Other cash flows arising from investing activities	178	1,372	(2,805)
Net cash generated from/(used in) investing activities	<u>219</u>	<u>1,689</u>	<u>(253,418)</u>
Financing activities			
Dividends paid to owners of the Company	(5,714)	(44,280)	(62,706)
Dividends paid to non-controlling interests	(3,936)	(30,505)	(61,242)
New bank loans	427	3,310	192,200
Repayment of bank loans	(2,245)	(17,400)	(80,400)
Repurchase of shares of the Company	(4,511)	(34,964)	(8,687)
Other cash flows arising from financing activities	523	4,059	4,092
Net cash used in financing activities	<u>(15,456)</u>	<u>(119,780)</u>	<u>(16,743)</u>
Net increase in cash and cash equivalents	28,241	218,867	83,170
Cash and cash equivalents at 1 January	149,773	1,160,738	1,233,585
Effect of foreign exchange rate changes	<u>(31)</u>	<u>(239)</u>	<u>31</u>
Cash and cash equivalents at 30 June	<u><u>177,983</u></u>	<u><u>1,379,366</u></u>	<u><u>1,316,786</u></u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u>177,983</u>	<u>1,379,366</u>	<u>1,316,786</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Unaudited											
	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Share repurchase reserve	Reserve on consolidation	Exchange reserve	Share-based compensation reserve	Retained profits	Total			
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 2015	22,822	1,856	4,878	(1,555)	1,010,316	3,488	14,259	5,048,057	6,104,121	524,743	6,628,864	
Profit for the period	-	-	-	-	-	-	-	302,675	302,675	81,683	384,358	
Other comprehensive income:												
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	-	(1,718)	-	-	(1,718)	-	(1,718)	
Total comprehensive income for the period	-	-	-	-	-	(1,718)	-	302,675	300,957	81,683	382,640	
Repurchase of shares of the Company	(84)	-	84	(2,104)	(6,499)	-	-	(84)	(8,687)	-	(8,687)	
Share option scheme												
- value of services	-	-	-	-	-	-	777	-	777	804	1,581	
- shares issued	-	-	-	-	3,437	-	(1,425)	-	2,012	2,080	4,092	
- share options lapsed	-	-	-	-	-	-	(18)	18	-	-	-	
2014 second interim dividend paid	-	-	-	-	(17,102)	-	-	-	(17,102)	-	(17,102)	
2014 special interim dividend paid	-	-	-	-	(45,604)	-	-	-	(45,604)	-	(45,604)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(61,242)	(61,242)	
Tax benefits arising from share option scheme in overseas tax jurisdiction	-	-	-	-	172	-	-	-	172	177	349	
Transactions with owners	(84)	-	84	(2,104)	(65,596)	-	(666)	(66)	(68,432)	(58,181)	(126,613)	
At 30 June 2015	22,738	1,856	4,962	(3,659)	944,720	1,770	13,593	5,350,666	6,336,646	548,245	6,884,891	

	Unaudited										
	Attributable to owners 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
At 1 January 2016	22,000	1,856	5,700	(721)	862,679	(10,240)	13,123	5,461,513	6,355,910	571,676	6,927,586
(Loss)/Profit for the period	-	-	-	-	-	-	-	(114,905)	(114,905)	49,704	(65,201)
Other comprehensive income:											
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	-	(9,338)	-	-	(9,338)	-	(9,338)
Total comprehensive income for the period	-	-	-	-	-	(9,338)	-	(114,905)	(124,243)	49,704	(74,539)
Repurchase of shares of the Company	(411)	(1,053)	411	721	(34,221)	-	-	(411)	(34,964)	-	(34,964)
Share option scheme											
- value of services	-	-	-	-	-	-	251	-	251	257	508
- shares issued	11	1,053	-	-	2,548	-	(1,088)	-	2,524	1,535	4,059
- share options lapsed	-	-	-	-	-	-	(150)	150	-	-	-
2015 second interim dividend paid	-	-	-	-	(16,200)	-	-	-	(16,200)	-	(16,200)
2015 special interim dividend paid	-	-	-	-	(28,080)	-	-	-	(28,080)	-	(28,080)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(30,505)	(30,505)
Tax benefits arising from share option scheme in overseas tax jurisdiction	-	-	-	-	196	-	-	-	196	200	396
Transactions with owners	(400)	-	411	721	(75,757)	-	(987)	(261)	(76,273)	(28,513)	(104,786)
At 30 June 2016	21,600	1,856	6,111	-	786,922	(19,578)	12,136	5,346,347	6,155,394	592,867	6,748,261

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 2015 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 2015, except for the accounting policy changes that are expected to be reflected in the 2016 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 a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. None of these amendments are relevant to the Group’s results and financial position. 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 2016 are as follows:

	Property investments and associated businesses HK\$'000	Investment business HK\$'000	Toy business HK\$'000	Total HK\$'000
Gross segment revenue	127,535	9,927	594,651	732,113
Inter-segment revenue	<u>(6,050)</u>	–	–	<u>(6,050)</u>
Revenue from external customers	<u>121,485</u>	<u>9,927</u>	<u>594,651</u>	<u>726,063</u>
Segment (loss)/profit before depreciation	(115,407)	(956)	139,851	23,488
Depreciation	<u>(5,013)</u>	–	<u>(1,146)</u>	<u>(6,159)</u>
Segment operating (loss)/profit	<u>(120,420)</u>	<u>(956)</u>	<u>138,705</u>	<u>17,329</u>
Other net loss	(14,035)	–	(822)	(14,857)
Finance costs	<u>(5,500)</u>	<u>(16)</u>	<u>(2,807)</u>	<u>(8,323)</u>
	<u>(19,535)</u>	<u>(16)</u>	<u>(3,629)</u>	<u>(23,180)</u>
Segment (loss)/profit before income tax	<u>(139,955)</u>	<u>(972)</u>	<u>135,076</u>	(5,851)
Unallocated corporate expenses				<u>(3,651)</u>
Loss before income tax				<u>(9,502)</u>

The segment results for the six months ended 30 June 2015 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	123,059	1,609	687,679	812,347
Inter-segment revenue	(5,963)	–	–	(5,963)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from external customers	<u>117,096</u>	<u>1,609</u>	<u>687,679</u>	<u>806,384</u>
Segment profit before depreciation	246,643	3,459	215,932	466,034
Depreciation	(6,143)	–	(852)	(6,995)
	<hr/>	<hr/>	<hr/>	<hr/>
Segment operating profit	<u>240,500</u>	<u>3,459</u>	<u>215,080</u>	<u>459,039</u>
Other net income/(loss)	1,800	–	(2,806)	(1,006)
Finance costs	(5,067)	(37)	(2,857)	(7,961)
Share of profit of an associated company	–	–	1,128	1,128
	<hr/>	<hr/>	<hr/>	<hr/>
	(3,267)	(37)	(4,535)	(7,839)
	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit before income tax	<u>237,233</u>	<u>3,422</u>	<u>210,545</u>	451,200
Unallocated corporate income				<hr/> 1,258
Profit before income tax				<u><u>452,458</u></u>

The segment assets and liabilities as at 30 June 2016 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)	5,817,882	376,573	1,362,934	7,557,389
Interest in an associated company	–	–	6,053	6,053
	<u>5,817,882</u>	<u>376,573</u>	<u>1,368,987</u>	<u>7,563,442</u>
Total reportable segment assets	<u>5,817,882</u>	<u>376,573</u>	<u>1,368,987</u>	<u>7,563,442</u>
Inter-segment elimination	(5)	–	(1,591)	(1,596)
Deferred tax assets				41,077
Taxation recoverable				47,080
Unallocated assets				23,168
				<u>7,673,171</u>
Total assets				<u>7,673,171</u>
Reportable segment liabilities	<u>572,586</u>	<u>–</u>	<u>283,554</u>	856,140
Inter-segment elimination	(1,591)	–	(5)	(1,596)
Deferred tax liabilities				30,922
Taxation payable				18,882
Unallocated liabilities				20,562
				<u>924,910</u>
Total liabilities				<u>924,910</u>

The segment assets and liabilities as at 31 December 2015 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)	6,048,475	357,907	1,291,779	7,698,161
Interest in an associated company	–	–	6,053	6,053
	<u>6,048,475</u>	<u>357,907</u>	<u>1,297,832</u>	<u>7,704,214</u>
Total reportable segment assets	<u>6,048,475</u>	<u>357,907</u>	<u>1,297,832</u>	<u>7,704,214</u>
Inter-segment elimination	(53)	–	(1,578)	(1,631)
Deferred tax assets				35,143
Taxation recoverable				53,881
Unallocated assets				<u>1,321</u>
Total assets				<u><u>7,792,928</u></u>
Reportable segment liabilities	<u>579,567</u>	<u>–</u>	<u>251,761</u>	831,328
Inter-segment elimination	(1,578)	–	(53)	(1,631)
Deferred tax liabilities				30,427
Taxation payable				3,570
Unallocated liabilities				<u>1,648</u>
Total liabilities				<u><u>865,342</u></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 investment properties, other property, plant and equipment, 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 investment properties and other property, plant and equipment, 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
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	<u>122,758</u>	<u>118,232</u>	<u>5,223,273</u>	<u>5,441,354</u>
Americas				
– U.S.A.	431,570	534,378	199,147	199,233
– Others	35,759	29,224	–	–
Europe	80,055	78,445	227,560	252,469
Asia Pacific other than				
Hong Kong	50,487	41,610	99,383	80,822
Others	5,434	4,495	–	–
	<u>603,305</u>	<u>688,152</u>	<u>526,090</u>	<u>532,524</u>
	<u>726,063</u>	<u>806,384</u>	<u>5,749,363</u>	<u>5,973,878</u>

3.3 Major customers

The Group's customer base is diversified and includes three (2015: three) 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\$214,708,000, HK\$92,016,000 and HK\$74,537,000 (2015: HK\$236,697,000, HK\$142,665,000 and HK\$87,256,000) respectively.

4. (Loss)/Profit before income tax

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

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	213,916	237,703
Product development costs	7,086	4,694
Royalties paid	78,690	89,140
Directors' and staff remunerations	42,025	42,139
Depreciation of other property, plant and equipment	6,565	7,195
Interest on borrowings	5,242	4,769
Net foreign exchange loss/(gain)	14,850	(5,463)
	<u>14,850</u>	<u>(5,463)</u>

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the period. Overseas taxation of overseas subsidiaries is provided in accordance with the applicable tax laws.

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	29,680	41,224
Overseas taxation	31,579	28,986
Under provision in prior years – overseas	–	6,455
	<u>61,259</u>	<u>76,665</u>
Deferred taxation		
Origination and reversal of temporary differences	(5,560)	(8,565)
	<u>(5,560)</u>	<u>(8,565)</u>
Income tax expense	<u>55,699</u>	<u>68,100</u>

6. Dividends

6.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared after the interim period of HK\$0.075 (2015: HK\$0.075) per share	16,200	16,920

At a meeting held on 26 August 2016, the board of directors declared an interim dividend of HK\$0.075 per share to be paid on 30 September 2016 to shareholders whose names appear on the Company's Register of Members on 14 September 2016. This interim dividend declared after the end of the reporting period has not been recognised as liabilities in this condensed consolidated financial information for the six months ended 30 June 2016.

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

	Six months ended 30 June	
	2016	2015
	<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\$0.075 (2015: HK\$0.075) per share	16,200	17,102
Special interim dividend of HK\$0.13 (2015: HK\$0.20) per share	28,080	45,604
	44,280	62,706

7. (Loss)/Earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of HK\$114,905,000 (2015: profit of HK\$302,675,000) and the weighted average number of ordinary shares of 216,365,000 shares (2015: 227,672,000 shares) in issue during the period.

Diluted (loss)/earnings per share for the six months ended 30 June 2016 and 2015 equals to the basic (loss)/earnings per share as the potential ordinary shares on exercise of share options are anti-dilutive and therefore were not included in the calculation of diluted (loss)/earnings per share.

The dilutive effect of the share options issued by the Group's listed subsidiary, Playmates Toys Limited was insignificant for the six months ended 30 June 2016 and 2015.

8. Investment properties and other property, plant and equipment

	Investment properties <i>HK\$'000</i>	Other property, plant and equipment <i>HK\$'000</i>
Opening net book amount as at 1 January 2016	5,754,525	207,324
Exchange fluctuation	(4,790)	(4,719)
Additions	–	3,486
Capitalised subsequent expenditure	373	–
Revaluation deficit	(212,299)	–
Reclassification	(29,000)	29,000
Disposals	–	(1)
Depreciation	–	(6,565)
Closing net book amount as at 30 June 2016	5,508,809	228,525
Opening net book amount as at 1 January 2015	5,329,580	210,969
Exchange fluctuation	2,142	485
Additions	193,054	22,886
Capitalised subsequent expenditure	3,746	–
Revaluation surplus	156,218	–
Reclassification	24,847	(24,847)
Depreciation	–	(7,195)
Closing net book amount as at 30 June 2015	5,709,587	202,298
Exchange fluctuation	(12,440)	(2,820)
Additions	39,829	14,497
Capitalised subsequent expenditure	1,312	–
Revaluation surplus	16,237	–
Disposals	–	(2)
Depreciation	–	(6,649)
Closing net book amount as at 31 December 2015	5,754,525	207,324

9. Trade receivables

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade receivables	207,311	316,222
Less: Allowance for impairment	(2,004)	(2,004)
Less: Allowance for customer concession	(2,106)	(2,361)
	203,201	311,857

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 based on the invoice date at the end of the reporting period:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
0 – 30 days	194,005	303,296
31 – 60 days	2,388	4,585
Over 60 days	6,808	3,976
	203,201	311,857

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\$43,680,000 (31 December 2015: HK\$47,129,000), which are amortised over the respective lease terms.

11. Bank loans

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Secured bank loans repayable		
Within one year	509,025	494,680
In the second year	20,200	28,800
In the third to fifth years	–	5,800
	<hr/> 529,225	<hr/> 529,280
Current portion included in current liabilities	<hr/> (509,025)	<hr/> (494,680)
Non-current portion	<hr/> 20,200	<hr/> 34,600

Except for bank loans amounted to HK\$94,625,000 denominated in Japanese Yen, all bank loans were denominated in HK dollar. All bank loans were on a floating interest rate basis and their effective interest rate at the end of the reporting period was 1.95% p.a. (31 December 2015: 1.95% p.a.).

As at 30 June 2016, the Group has banking facilities amounting to HK\$803,400,000 (31 December 2015: HK\$954,400,000), of which HK\$529,225,000 (31 December 2015: HK\$529,280,000) were utilised.

The banking facilities of certain subsidiaries are secured by investment properties and land and buildings with net book value of HK\$4,884,200,000 and HK\$146,887,000 (31 December 2015: HK\$5,123,300,000 and HK\$120,831,000) respectively of the Group at 30 June 2016.

12. Trade payables

The following is an aging analysis of trade payables based on the invoice date at the end of the reporting period:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
0 – 30 days	72,855	42,648
31 – 60 days	1,604	2,082
Over 60 days	13,662	5,588
	<hr/> 88,121	<hr/> 50,318

13. Deposits received, other payables and accrued charges

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Deposits from customers, distributors and tenants	87,441	63,870
Accrued product development, sales, marketing and distribution expenses	14,671	15,402
Accrued royalties	49,206	49,465
Accrued directors' and staff remunerations	5,603	34,117
Withholding tax payable	23,765	22,783
Other accrued expenses	27,496	11,349
	<u>208,182</u>	<u>196,986</u>

14. Share capital

	Authorised Ordinary shares of HK\$0.10 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31 December 2015 and 30 June 2016	<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 2015	228,220,000	22,822
Cancellation of repurchased shares (<i>Note</i>)	(8,220,000)	(822)
At 31 December 2015 and 1 January 2016	220,000,000	22,000
Exercise of share options	112,600	11
Cancellation of repurchased shares (<i>Note</i>)	(4,112,600)	(411)
At 30 June 2016	<u>216,000,000</u>	<u>21,600</u>

Note:

During the six months ended 30 June 2016, the Company repurchased a total of 4,030,600 shares of the Company on the Stock Exchange 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 2016	3,918,000	8.80	8.49	33,784
May 2016	112,600	10.50	10.28	1,180

All of the above repurchased shares were cancelled during the period. The 82,000 shares repurchased in December 2015 were also cancelled during the period. The issued capital of the Company was accordingly diminished by the nominal value of these shares. The premium paid on repurchase was charged against either the share premium account or the contributed surplus account. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to capital redemption reserve.

15. Fair value measurement of financial instruments

15.1 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 2016

	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	49,917	–	–	49,917
Listed equity investment outside Hong Kong	72,553	–	–	72,553
Unlisted managed funds	–	6,625	–	6,625
	<u>122,470</u>	<u>6,625</u>	<u>–</u>	<u>129,095</u>

At 31 December 2015

	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	51,318	–	–	51,318
Listed equity investment outside Hong Kong	82,847	–	–	82,847
Unlisted managed funds	–	8,980	–	8,980
	<u>134,165</u>	<u>8,980</u>	<u>–</u>	<u>143,145</u>

The fair values of unlisted managed funds in Level 2 have been determined by reference to the reported net asset value at the end of the reporting period.

During the six months ended 30 June 2016 and 2015, 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.

15.2 Financial assets and liabilities not reported at fair value

The carrying amounts of the Group's financial assets and liabilities (comprising trade receivables, deposits paid and other receivables, bank loans, trade payables, other payables and accrued charges and loan from an associated company carried at amortised cost) approximate their fair values as at 30 June 2016 and 31 December 2015.

16. Commitments

16.1 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 2016 were payable as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Within one year	23,905	22,743
In the second to fifth years	133,300	116,715
After five years	–	3,875
	<hr/> 157,205 <hr/>	<hr/> 143,333 <hr/>

16.2 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:

16.2.1 As lessee

At 30 June 2016, 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 2016 HK\$'000	31 December 2015 HK\$'000
Within one year	2,655	2,587
In the second to fifth years	9,951	11,147
	<u>12,606</u>	<u>13,734</u>

16.2.2 As lessor

At 30 June 2016, 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 2016 HK\$'000	31 December 2015 HK\$'000
Within one year	201,732	197,998
In the second to fifth years	672,377	672,479
After five years	261,652	347,158
	<u>1,135,761</u>	<u>1,217,635</u>

16.3 Capital commitments

Capital commitments outstanding at 30 June 2016 not provided for in the condensed consolidated financial information were as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Contracted for	<u>11,648</u>	<u>–</u>

17. Related party transactions

During the six months ended 30 June 2016 and 2015, the Group did not enter into significant transactions with related parties.

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).

18. 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 2016.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Liquidity and Financial Resources

The property investments and associated businesses generated a relatively steady income stream throughout the period. Approximately 97% of the total gross floor area of the Group's investment properties in Hong Kong were leased out as at 30 June 2016 (31 December 2015: 96%). Accounts receivables were minimal as at the period end.

Financial assets at fair value through profit or loss include listed equity and managed funds. As at 30 June 2016, the Group's financial assets at fair value through profit or loss amounted to HK\$129,095,000 (31 December 2015: HK\$143,145,000) of which HK\$27,272,000 was held by Playmates Toys for treasury investments (31 December 2015: HK\$31,078,000).

The toy business is inherently seasonal in nature. As a result, a disproportionately high balance of trade receivables is typically generated during the peak selling season in the second half of the year. Consistent with usual trade practices, a significant portion of the trade receivables is collected in the final weeks of the fourth quarter and in the first quarter of the subsequent year, resulting in a seasonal demand for working capital during the peak selling season. As at 30 June 2016, trade receivables related to toy business were HK\$202,777,000 (31 December 2015: HK\$311,020,000) and inventories were HK\$37,934,000 (31 December 2015: HK\$28,242,000). The higher inventories at interim period end reflected the seasonal build-up of inventories to fulfil existing and expected customer orders.

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2016 was 6.9% compared to 6.8% at 31 December 2015. The current ratio, calculated as the ratio of current assets to current liabilities, maintained at 2.2 at both 30 June 2016 and 31 December 2015.

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 2016, the Group's cash and bank balances were HK\$1,379,366,000 (31 December 2015: HK\$1,160,738,000), of which HK\$911,094,000 (31 December 2015: HK\$848,782,000) was denominated in United States dollar, HK\$23,929,000 (31 December 2015: HK\$4,152,000) in British pound 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 2016, the Group had a total of 122 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 30 June 2016
			Balance at 1 January 2016	Exercised during the period (Note (a))	Lapsed during the period (Note (b))	
CHENG Bing Kin, Alain <i>Director</i>	4 May 2006	9.10	37,500	–	37,500	–
IP Shu Wing, Charles <i>Director</i>	4 May 2006	9.10	37,600	37,600	–	–
LEE Peng Fei, Allen <i>Director</i>	4 May 2006	9.10	75,000	75,000	–	–
LO Kai Yiu, Anthony <i>Director</i>	4 May 2006	9.10	75,000	–	75,000	–
TO Shu Sing, Sidney <i>Director</i>	4 May 2006	9.10	37,500	–	37,500	–
TSIM Tak Lung <i>Director</i>	4 May 2006	9.10	75,000	–	75,000	–
YU Hon To, David <i>Director</i>	4 May 2006	9.10	75,000	–	75,000	–
<i>Continuous Contract Employees, excluding Directors</i>	4 May 2006	9.10	118,750	–	118,750	–

Notes:

- (a) The weighted average closing price of the ordinary shares of the Company immediately before the date on which the share options were exercised by the directors, namely Mr. Ip Shu Wing, Charles and Mr. Lee Peng Fei, Allen during the period was HK\$9.55.
- (b) There were 418,750 share options lapsed in accordance with the terms of the Scheme during the period.

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 2016	Exercised during the period (Note)	Balance at 30 June 2016
CHENG Bing Kin, Alain <i>Director of the Company and PTL</i>	15 May 2013	0.930	450,000	–	450,000
TO Shu Sing, Sidney <i>Director of the Company and PTL</i>	15 May 2013	0.930	491,000	–	491,000
<i>Other directors of PTL</i>	13 April 2012	0.415	625,000	–	625,000
	15 May 2013	0.930	1,575,000	–	1,575,000
<i>Continuous Contract Employees of PTL Group, excluding directors of PTL</i>	31 March 2008	0.316	27,000	–	27,000
	20 January 2010	0.828	1,047,000	3,000	1,044,000
	18 April 2011	0.315	560,000	32,000	528,000
	13 April 2012	0.415	1,521,500	224,000	1,297,500
	15 May 2013	0.930	6,213,500	1,957,000	4,256,500
<i>Other Participants</i>	20 January 2010	0.828	443,000	–	443,000
	30 March 2010	0.673	1,110,000	–	1,110,000
	18 April 2011	0.315	750,000	176,000	574,000
	13 April 2012	0.415	2,149,000	427,000	1,722,000
	15 May 2013	0.930	3,404,500	942,000	2,462,500

Note:

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\$1.82 and HK1.86 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 2016, 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	5.56%
	Corporate (<i>Note (a)</i>)	92,000,000 ordinary shares	42.59%
	Associate (<i>Note (e)</i>)	11,000,000 ordinary shares	5.09%
CHENG Bing Kin, Alain	Personal	228,000 ordinary shares	0.11%
IP Shu Wing, Charles	Personal	332,080 ordinary shares	0.15%
LEE Peng Fei, Allen	Personal	147,000 ordinary shares	0.07%
LO Kai Yiu, Anthony	Personal	347,160 ordinary shares	0.16%
TO Shu Sing, Sidney	Personal	2,000,000 ordinary shares	0.93%
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	0.25%

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>	600,000,000 ordinary shares	49.43%
CHENG Bing Kin, Alain	Personal	1,207,000 ordinary shares	0.10%
IP Shu Wing, Charles	Personal	2,487,026 ordinary shares	0.20%
LEE Peng Fei, Allen	Personal	244,000 ordinary shares	0.02%
LO Kai Yiu, Anthony	Personal	376,000 ordinary shares	0.03%
TO Shu Sing, Sidney	Personal	9,380,000 ordinary shares	0.77%
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 <i>(ordinary shares)</i>	Percentage interest held
CHENG Bing Kin, Alain	Personal	450,000 share options	450,000 shares	0.04%
TO Shu Sing, Sidney	Personal	491,000 share options	491,000 shares	0.04%

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 42.59% of the shareholding of the Company and is deemed to be interested in the 600,000,000 shares of PTL in aggregate which the Company is interested in, Mr. Chan is also deemed to be interested in the 600,000,000 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) 11,000,000 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 2016.

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

Save as disclosed above, as at 30 June 2016, 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 2016, 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, was recorded in the register required to be kept under section 336 of the SFO.

Purchase, Sale or Redemption of Shares

During the period, 4,030,600 shares of HK\$0.10 each were repurchased by the Company at prices ranging from HK\$8.49 to HK\$10.50 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 2016, 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 2016.

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 2016.

Closure of Register of Members

The Register of Members of the Company will be closed from 13 September 2016 to 14 September 2016, 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 12 September 2016. The interim dividend will be paid on 30 September 2016 to the shareholders on the Register of Members of the Company on 14 September 2016.

On behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

Hong Kong, 26 August 2016

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
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