



**2017**  
**INTERIM REPORT**

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## MANAGEMENT DISCUSSION AND ANALYSIS

### Highlights

<b>For the six months ended 30 June</b>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Group revenue	<b>447,783</b>	726,063
–from toy business	<b>322,285</b>	594,651
–from property investments and associated businesses	<b>122,759</b>	121,485
–from investment business	<b>2,739</b>	9,927
Gross profit	<b>296,945</b>	491,037
Revaluation deficit on investment properties	<b>(27,162)</b>	(212,299)
Operating profit	<b>112,224</b>	13,790
Profit/(Loss) before income tax	<b>111,012</b>	(9,502)
Profit/(Loss) attributable to owners of the Company	<b>69,506</b>	(114,905)
Earnings/(Loss) per share	<i>HK cents</i>	<i>HK cents</i>
		<i>(Note)</i>
–Basic	<b>3.28</b>	(5.31)
–Diluted	<b>3.28</b>	(5.31)
Interim dividend per share	<b>1.00</b>	0.75
Special interim dividend per share	<b>2.00</b>	–

*Note:* Basic and diluted loss per share and interim dividend per share for the six months ended 30 June 2016 have been adjusted to take into account the effect of the Share Subdivision as detailed in Note 15 (ii) of the condensed consolidated financial information.

### Property Investments and Associated Businesses

The property investments and associated businesses recorded a 1.1% growth in revenue to HK\$122.8 million during the first half of 2017 compared to the same period last year (HK\$121.5 million). Revenue from the property investments and property management businesses increased by 2.6% to HK\$111.8 million (same period in 2016: HK\$109.0 million), while revenue from the food and beverage business decreased by 12.0% to HK\$11.0 million (same period in 2016: HK\$12.5 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of HK\$5.4 billion. A revaluation deficit of HK\$27.2 million was reported in the consolidated income statement of the Group, compared to a HK\$212.3 million deficit for the same period last year. Segment operating profit was HK\$65.8 million (including revaluation deficit), compared to segment operating loss of HK\$120.4 million (including revaluation deficit) 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 8.1% of the fair value of the Group's overall investment property portfolio (31 December 2016: 7.9%).

Aggregate rental income generated from the investment properties of the Group was HK\$102.7 million, an increase of 2.3% from the same period last year (HK\$100.4 million), with an overall occupancy rate of 86% (31 December 2016: 87%).

### **(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 2017. 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 5.8% to HK\$9.1 million as compared to HK\$8.6 million during the same period last year.

### (c) Food & Beverage Business

Revenue generated from the food and beverage business during the first half of 2017 was HK\$11.0 million, a decrease of 12.0% as compared to HK\$12.5 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 2017 was HK\$322 million (same period in 2016: HK\$595 million), a decrease of 45.8% compared to the prior year period. The decrease in turnover was driven by intensified competitive pressure, whereas revenue for the corresponding period in 2016 had been boosted by shipments of products related to the *Teenage Mutant Ninja Turtles* (“*TMNT*”) movie.

Gross profit ratio on toy sales was 56.0% (same period in 2016: 62.1%). The decrease in gross profit ratio was attributable to a higher proportion of overall sales generated in International markets with lower gross margin compared to the prior year period. Recurring operating expenses decreased by 36.7% compared to the prior year period, which included significant promotional expenses to support the *TMNT* movie.

Playmates Toys reported an operating profit for the period of HK\$35 million (same period in 2016: HK\$139 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 3% year-on-year during the first half of 2017<sup>1</sup>. Such growth was driven to a large extent by a number of major franchises, including several competitive action adventure brands which pressured our business.

<sup>1</sup> Source: The NPD Group, Inc./Retail Tracking Service, January-June 2017

In the second half of 2017, we expect strong competitive pressure to persist. Our *TMNT* business will continue to contract year-over-year, as the brand transitions into its next iteration, *Rise of the Teenage Mutant Ninja Turtles*, launching Fall 2018. Our new brands, *Voltron* and *Ben 10*, have already begun contributing to our results, and are expected to expand in distribution during the second 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 and interest income.

As at 30 June 2017, fair market value of the Group's investment portfolio was HK\$111.8 million (31 December 2016: HK\$91.1 million). The Group reported a net gain from investments of HK\$11.3 million during the first half of 2017, compared to a net loss of HK\$10.5 million during the same period last year. During the first half of 2017, dividend and interest income generated from portfolio investments were HK\$2.7 million (HK\$9.9 million in the first half of 2016) and have been included in the Group's revenue.

The Group will remain vigilant in monitoring and balancing the investment portfolio, taking into account developments in the major global economies and securities markets.

## CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### Condensed Consolidated Income Statement

For the six months ended 30 June 2017

	Note	Unaudited		
		Six months ended 30 June		
		2017	2017	2016
		US\$'000	HK\$'000	HK\$'000
		<i>(Note 19)</i>		
<b>Revenue</b>	3	57,778	447,783	726,063
Cost of sales		<u>(19,463)</u>	<u>(150,838)</u>	<u>(235,026)</u>
<b>Gross profit</b>		<b>38,315</b>	<b>296,945</b>	491,037
Marketing expenses		(9,704)	(75,204)	(129,088)
Selling and distribution expenses		(1,626)	(12,596)	(42,491)
Administration expenses		(10,462)	(81,083)	(82,868)
Net gain/(loss) on financial assets at fair value through profit or loss		1,461	11,324	(10,501)
Revaluation deficit on investment properties		<u>(3,505)</u>	<u>(27,162)</u>	<u>(212,299)</u>
<b>Operating profit</b>		<b>14,479</b>	<b>112,224</b>	13,790
Other net income/(loss)	4	814	6,307	(14,857)
Finance costs		<u>(970)</u>	<u>(7,519)</u>	<u>(8,435)</u>
<b>Profit/(Loss) before income tax</b>	5	<b>14,323</b>	<b>111,012</b>	(9,502)
<b>Income tax expense</b>	6	<u>(2,987)</u>	<u>(23,151)</u>	<u>(55,699)</u>
<b>Profit/(Loss) for the period</b>		<u><b>11,336</b></u>	<u><b>87,861</b></u>	<u>(65,201)</u>
<b>Profit/(Loss) for the period attributable to:</b>				
Owners of the Company		8,968	69,506	(114,905)
Non-controlling interests		<u>2,368</u>	<u>18,355</u>	<u>49,704</u>
		<u><b>11,336</b></u>	<u><b>87,861</b></u>	<u>(65,201)</u>
		<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
<b>Earnings/(Loss) per share</b>	8			
Basic		<u>0.42</u>	<u>3.28</u>	<u>(5.31)</u>
Diluted		<u>0.42</u>	<u>3.28</u>	<u>(5.31)</u>

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Unaudited		
	Six months ended 30 June		
	2017	2017	2016
	US\$'000	HK\$'000	HK\$'000
	(Note 19)		
<b>Profit/(Loss) for the period</b>	<b>11,336</b>	<b>87,861</b>	(65,201)
<b>Other comprehensive income:</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign subsidiaries	<u>2,271</u>	<u>17,598</u>	<u>(9,338)</u>
<b>Total comprehensive income for the period</b>	<b><u>13,607</u></b>	<b><u>105,459</u></b>	<b><u>(74,539)</u></b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	<u>11,239</u>	<u>87,104</u>	(124,243)
Non-controlling interests	<u>2,368</u>	<u>18,355</u>	49,704
	<b><u>13,607</u></b>	<b><u>105,459</u></b>	<b><u>(74,539)</u></b>



## Condensed Consolidated Statement of Financial Position

As at 30 June 2017

		Unaudited 30 June 2017 US\$'000 (Note 19)	Unaudited 30 June 2017 HK\$'000	Audited 31 December 2016 HK\$'000
<b>Non-current assets</b>				
Fixed assets				
– Investment properties	9	694,122	5,379,449	5,378,426
– Other property, plant and equipment	9	34,591	268,077	264,524
		<u>728,713</u>	<u>5,647,526</u>	5,642,950
Goodwill		771	5,976	5,976
Interest in an associated company		781	6,053	6,053
Deferred tax assets		5,507	42,680	28,982
		<u>735,772</u>	<u>5,702,235</u>	<u>5,683,961</u>
<b>Current assets</b>				
Inventories		5,665	43,902	15,422
Trade receivables	10	17,790	137,871	175,692
Deposits paid, other receivables and prepayments	11	8,310	64,399	87,468
Taxation recoverable		1,685	13,061	22,534
Financial assets at fair value through profit or loss		15,963	123,716	114,267
Cash and bank balances		191,558	1,484,575	1,388,706
		<u>240,971</u>	<u>1,867,524</u>	<u>1,804,089</u>
<b>Current liabilities</b>				
Bank loans	12	63,616	493,025	497,275
Trade payables	13	8,471	65,653	18,598
Deposits received, other payables and accrued charges	14	22,504	174,394	175,430
Loan from an associated company		752	5,831	5,831
Provisions		4,756	36,862	37,749
Taxation payable		3,291	25,506	6,969
		<u>103,390</u>	<u>801,271</u>	<u>741,852</u>
<b>Net current assets</b>		<u>137,581</u>	<u>1,066,253</u>	1,062,237
<b>Total assets less current liabilities</b>		<u>873,353</u>	<u>6,768,488</u>	<u>6,746,198</u>

		<b>Unaudited</b> <b>30 June</b> <b>2017</b> <i>US\$'000</i> <i>(Note 19)</i>	<b>Unaudited</b> <b>30 June</b> <b>2017</b> <i>HK\$'000</i>	Audited 31 December 2016 <i>HK\$'000</i>
<b>Non-current liabilities</b>				
Bank loans	12	<b>13,613</b>	<b>105,500</b>	5,800
Deferred tax liabilities		<b>3,948</b>	<b>30,599</b>	30,589
		<b>17,561</b>	<b>136,099</b>	36,389
<b>Net assets</b>		<b>855,792</b>	<b>6,632,389</b>	6,709,809
<b>Equity</b>				
Share capital	15	<b>2,684</b>	<b>20,800</b>	21,582
Reserves		<b>782,706</b>	<b>6,065,972</b>	6,118,249
<b>Equity attributable to owners of the Company</b>		<b>785,390</b>	<b>6,086,772</b>	6,139,831
<b>Non-controlling interests</b>		<b>70,402</b>	<b>545,617</b>	569,978
<b>Total equity</b>		<b>855,792</b>	<b>6,632,389</b>	6,709,809

**Condensed Consolidated Cash Flow Statement**  
*For the six months ended 30 June 2017*

	<b>Unaudited</b>		
	<b>Six months ended 30 June</b>		
	2017	2017	2016
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 19)</i>		
<b>Operating activities</b>			
Cash generated from operations	26,299	203,815	371,023
Overseas tax paid	(1,149)	(8,902)	(38,750)
Other cash flows arising from operating activities	(357)	(2,767)	4,685
<b>Net cash generated from operating activities</b>	<u>24,793</u>	<u>192,146</u>	<u>336,958</u>
<b>Investing activities</b>			
Capitalised subsequent expenditure on investment properties	(1,737)	(13,462)	–
Purchases of other property, plant and equipment	(1,314)	(10,186)	(3,486)
Purchases of financial assets at fair value through profit or loss	(2,389)	(18,514)	(7)
Proceeds from disposal of financial assets at fair value through profit or loss	3,970	30,764	3,810
Other cash flows arising from investing activities	628	4,869	1,372
<b>Net cash (used in)/generated from investing activities</b>	<u>(842)</u>	<u>(6,529)</u>	<u>1,689</u>
<b>Financing activities</b>			
Dividends paid to owners of the Company	(6,213)	(48,150)	(44,280)
Dividends paid to non-controlling interests	(3,940)	(30,535)	(30,505)
New bank loans	14,194	110,000	3,310
Repayment of bank loans	(2,426)	(18,800)	(17,400)
Repurchase of shares of the Company	(11,405)	(88,386)	(34,964)
Repurchase of its own shares by a listed subsidiary	(2,117)	(16,408)	–
Other cash flows arising from financing activities	77	600	4,059
<b>Net cash used in financing activities</b>	<u>(11,830)</u>	<u>(91,679)</u>	<u>(119,780)</u>
<b>Net increase in cash and cash equivalents</b>	12,121	93,938	218,867
<b>Cash and cash equivalents at 1 January</b>	179,188	1,388,706	1,160,738
<b>Effect of foreign exchange rate changes</b>	249	1,931	(239)
<b>Cash and cash equivalents at 30 June</b>	<u>191,558</u>	<u>1,484,575</u>	<u>1,379,366</u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u>191,558</u>	<u>1,484,575</u>	<u>1,379,366</u>

**Condensed Consolidated Statement of Changes in Equity**  
*For the six months ended 30 June 2017*

	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			
<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>	<i>HKS' 000</i>	
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	

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	Property revaluation 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 2017	21,582	1,856	6,129	(3,163)	769,592	(50,645)	4,293	31,812	5,358,375	6,139,831	569,978	6,709,809
Profit for the period	-	-	-	-	-	-	-	-	69,506	69,506	18,355	87,861
Other comprehensive income:												
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	-	17,598	-	-	-	17,598	-	17,598
Total comprehensive income for the period	-	-	-	-	-	17,598	-	-	69,506	87,104	18,355	105,459
Repurchase of shares of the Company	(782)	-	782	(6,934)	(80,670)	-	-	-	(782)	(88,386)	-	(88,386)
Repurchase of its own shares by a listed subsidiary	-	-	-	(1,625)	(6,544)	-	-	-	-	(8,169)	(8,239)	(16,408)
Share option scheme – shares issued	-	-	-	-	506	-	(207)	-	-	299	301	600
2016 second interim dividend paid	-	-	-	-	(16,050)	-	-	-	-	(16,050)	-	(16,050)
2016 special interim dividend paid	-	-	-	-	(32,100)	-	-	-	-	(32,100)	-	(32,100)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(30,535)	(30,535)
Share of non-controlling interests transferred to the Group	-	-	-	-	-	-	-	-	4,243	4,243	(4,243)	-
Transactions with owners	(782)	-	782	(8,559)	(134,858)	-	(207)	-	3,461	(140,163)	(42,716)	(182,879)
At 30 June 2017	20,800	1,856	6,911	(11,722)	634,734	(33,047)	4,086	31,812	5,431,342	6,086,772	545,617	6,632,389

## **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 2016 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 2016, except for the accounting policy changes that are expected to be reflected in the 2017 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 has had a material effect on the Group’s results and financial position for the current or prior periods. 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 2017 are as follows:

	<b>Property investments and associated businesses HK\$'000</b>	<b>Investment business HK\$'000</b>	<b>Toy business HK\$'000</b>	<b>Total HK\$'000</b>
Gross segment revenue	129,000	2,739	322,285	454,024
Inter-segment revenue	(6,241)	–	–	(6,241)
Revenue from external customers	<u>122,759</u>	<u>2,739</u>	<u>322,285</u>	<u>447,783</u>
Segment profit before depreciation	71,995	13,606	37,404	123,005
Depreciation	(6,221)	–	(2,702)	(8,923)
Segment operating profit	<u>65,774</u>	<u>13,606</u>	<u>34,702</u>	<u>114,082</u>
Other net (loss)/income	(4,250)	–	10,557	6,307
Finance costs	(5,801)	(8)	(1,446)	(7,255)
	<u>(10,051)</u>	<u>(8)</u>	<u>9,111</u>	<u>(948)</u>
Segment profit before income tax	<u>55,723</u>	<u>13,598</u>	<u>43,813</u>	113,134
Unallocated corporate expenses				<u>(2,122)</u>
Profit before income tax				<u>111,012</u>

The segment results for the six months ended 30 June 2016 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	127,535	9,927	594,651	732,113
Inter-segment revenue	(6,050)	–	–	(6,050)
	<u>121,485</u>	<u>9,927</u>	<u>594,651</u>	<u>726,063</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	(5,013)	–	(1,146)	(6,159)
	<u>(120,420)</u>	<u>(956)</u>	<u>138,705</u>	<u>17,329</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	(5,500)	(16)	(2,807)	(8,323)
	<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>	<u>(5,851)</u>
Unallocated corporate expenses				<u>(3,651)</u>
Loss before income tax				<u>(9,502)</u>



The segment assets and liabilities as at 30 June 2017 are as follows:

	<b>Property investments and associated businesses HK\$'000</b>	<b>Investment business HK\$'000</b>	<b>Toy business HK\$'000</b>	<b>Total HK\$'000</b>
Reportable segment assets (including cash and bank balances)	5,699,119	541,377	1,267,975	7,508,471
Interest in an associated company	–	–	6,053	6,053
	<u>–</u>	<u>–</u>	<u>6,053</u>	<u>6,053</u>
Total reportable segment assets	<u>5,699,119</u>	<u>541,377</u>	<u>1,274,028</u>	7,514,524
Inter-segment elimination	–	–	(1,669)	(1,669)
Deferred tax assets				42,680
Taxation recoverable				13,061
Unallocated assets				<u>1,163</u>
Total assets				<u>7,569,759</u>
Reportable segment liabilities	<u>646,355</u>	<u>–</u>	<u>235,036</u>	881,391
Inter-segment elimination	(1,669)	–	–	(1,669)
Deferred tax liabilities				30,599
Taxation payable				25,506
Unallocated liabilities				<u>1,543</u>
Total liabilities				<u>937,370</u>

The segment assets and liabilities as at 31 December 2016 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)	5,721,061	442,752	1,265,903	7,429,716
Interest in an associated company	–	–	6,053	6,053
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total reportable segment assets	<u>5,721,061</u>	<u>442,752</u>	<u>1,271,956</u>	7,435,769
Inter-segment elimination	–	–	(1,591)	(1,591)
Deferred tax assets				28,982
Taxation recoverable				22,534
Unallocated assets				<u>2,356</u>
Total assets				<u>7,488,050</u>
Reportable segment liabilities	<u>548,041</u>	<u>–</u>	<u>191,532</u>	739,573
Inter-segment elimination	(1,591)	–	–	(1,591)
Deferred tax liabilities				30,589
Taxation payable				6,969
Unallocated liabilities				<u>2,701</u>
Total liabilities				<u>778,241</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
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	<b>124,729</b>	122,758	<b>5,148,767</b>	5,160,336
Americas				
– U.S.A.	<b>213,620</b>	431,570	<b>197,876</b>	198,780
– Others	<b>19,800</b>	35,759	–	–
Europe	<b>64,418</b>	80,055	<b>220,884</b>	208,174
Asia Pacific other than Hong Kong	<b>22,395</b>	50,487	<b>92,028</b>	87,689
Others	<b>2,821</b>	5,434	–	–
	<b>323,054</b>	603,305	<b>510,788</b>	494,643
	<b>447,783</b>	726,063	<b>5,659,555</b>	5,654,979

### 3.3 Major customers

The Group's customer base is diversified and includes four (2016: 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\$82,403,000, HK\$76,986,000, HK\$54,257,000 and HK\$51,609,000 (2016: HK\$214,708,000, HK\$92,016,000 and HK\$74,537,000) respectively.

4. **Other net income/(loss)**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net foreign exchange loss	<b>(4,250)</b>	(14,035)
Net investment gain from Playmates Toys' treasury investments	<b>5,801</b>	1,741
Others	<b>4,756</b>	(2,563)
	<b>6,307</b>	(14,857)

5. **Profit/(Loss) before income tax**

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories sold	<b>126,540</b>	213,916
Product development costs	<b>3,737</b>	7,086
Royalties paid	<b>42,734</b>	78,690
Directors' and staff remunerations	<b>43,379</b>	42,025
Depreciation of other property, plant and equipment	<b>9,329</b>	6,565
Interest on borrowings	<b>5,506</b>	5,242
Net foreign exchange (gain)/loss	<b>(455)</b>	14,850

## 6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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	
	2017	2016
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	25,567	29,680
Overseas taxation	11,345	31,579
	<u>36,912</u>	<u>61,259</u>
Deferred taxation		
Origination and reversal of temporary differences	(13,761)	(5,560)
	<u>(13,761)</u>	<u>(5,560)</u>
Income tax expense	<u>23,151</u>	<u>55,699</u>

## 7. Dividends

### 7.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Interim dividend of HK cents 1.00 per share (2016: HK cents 0.75 per share*)	20,655	16,200
Special interim dividend of HK cents 2.00 per share (2016: HK cents nil)	41,309	–
	<u>61,964</u>	<u>16,200</u>

At a meeting held on 25 August 2017, the board of directors declared an interim dividend of HK cents 1.00 per share and a special interim dividend of HK cents 2.00 per share to be paid on 29 September 2017 to shareholders whose names appear on the Company's Register of Members on 13 September 2017. This interim dividend and special interim dividend declared after the end of the reporting period have not been recognised as liabilities in this condensed consolidated financial information for the six months ended 30 June 2017.

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

	Six months ended 30 June	
	2017	2016
	<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 cents 0.75 per share* (2016: HK cents 0.75 per share*)	<b>16,050</b>	16,200
Special interim dividend of HK cents 1.50 per share* (2016: HK cents 1.30 per share*)	<b>32,100</b>	28,080
	<b>48,150</b>	44,280

\* These dividend per share amounts have been adjusted to take into account the effect of the Share Subdivision as detailed in Note 15 (ii).

## 8. Earnings/(Loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of HK\$69,506,000 (2016: loss of HK\$114,905,000) and the weighted average number of ordinary shares of 2,118,704,000 shares (2016: 2,163,650,000 shares, adjusted to take into account the effect of the Share Subdivision as detailed in Note 15(ii)) in issue during the period.

Diluted earnings per share for the six months ended 30 June 2017 equals to the basic earnings per share as there were no potential ordinary shares.

Diluted loss per share for the six months ended 30 June 2016 equals to the basic loss 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 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 2017 and 2016.

9. Investment properties and other property, plant and equipment

	<b>Investment properties HK\$'000</b>	<b>Other property, plant and equipment HK\$'000</b>
Opening net book amount as at 1 January 2017	5,378,426	264,524
Exchange fluctuation	14,723	2,696
Additions	–	10,186
Capitalised subsequent expenditure	13,462	–
Revaluation deficit	(27,162)	–
Depreciation	–	(9,329)
	<hr/>	<hr/>
<b>Closing net book amount as at 30 June 2017</b>	<b>5,379,449</b>	<b>268,077</b>
	<hr/> <hr/>	<hr/> <hr/>
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)
	<hr/>	<hr/>
Closing net book amount as at 30 June 2016	5,508,809	228,525
Exchange fluctuation	(26,426)	(3,854)
Additions	–	1,145
Capitalised subsequent expenditure	150	–
Revaluation deficit	(90,507)	–
Reclassification	(13,600)	45,412
Disposals	–	(93)
Depreciation	–	(6,611)
	<hr/>	<hr/>
Closing net book amount as at 31 December 2016	5,378,426	264,524
	<hr/> <hr/>	<hr/> <hr/>

## 10. Trade receivables

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Trade receivables	<b>143,383</b>	181,320
Less: Allowance for impairment	<b>(2,647)</b>	(2,647)
Less: Allowance for customer concession	<b>(2,865)</b>	(2,981)
	<b>137,871</b>	175,692

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:

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
0 – 60 days	<b>101,207</b>	118,291
61 – 90 days	<b>20,483</b>	43,159
91 – 180 days	<b>9,963</b>	9,981
Over 180 days	<b>6,218</b>	4,261
	<b>137,871</b>	175,692

## 11. Deposits paid, other receivables and prepayments

Deposits paid, other receivables and prepayments include receivables related to rent free periods given to tenants of HK\$37,262,000 (31 December 2016: HK\$40,497,000), which are amortised over the respective lease terms.



## 12. Bank loans

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Secured bank loans repayable		
Within one year	<b>493,025</b>	497,275
In the second year	<b>4,500</b>	5,800
In the third to fifth years	<b>101,000</b>	–
	<hr/> <b>598,525</b>	<hr/> 503,075
Current portion included in current liabilities	<hr/> <b>(493,025)</b>	<hr/> (497,275)
Non-current portion	<hr/> <b>105,500</b>	<hr/> 5,800

Except for bank loans amounted to HK\$87,125,000 denominated in Japanese Yen (31 December 2016: HK\$82,875,000), 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 2.09% p.a. (31 December 2016: 2.27% p.a.).

As at 30 June 2017, the Group has banking facilities amounting to HK\$769,000,000 (31 December 2016: HK\$789,000,000), of which HK\$598,525,000 (31 December 2016: HK\$503,075,000) were utilised.

The banking facilities of certain subsidiaries are secured by investment properties and land and buildings with net book value of HK\$4,759,600,000 and HK\$184,507,000 (31 December 2016: HK\$4,780,500,000 and HK\$188,782,000) respectively of the Group at 30 June 2017.

### 13. Trade payables

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

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
0 – 30 days	62,196	14,515
31 – 60 days	2,476	3,092
Over 60 days	981	991
	<hr/>	<hr/>
	<b>65,653</b>	18,598
	<hr/> <hr/>	<hr/> <hr/>

### 14. Deposits received, other payables and accrued charges

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Deposits from customers, distributors and tenants	109,613	92,470
Accrued product development, sales, marketing and distribution expenses	12,484	11,772
Accrued royalties	35,065	39,116
Accrued directors' and staff remunerations	5,762	19,461
Withholding tax payable	644	1,909
Other accrued expenses	10,826	10,702
	<hr/>	<hr/>
	<b>174,394</b>	175,430
	<hr/> <hr/>	<hr/> <hr/>

## 15. Share capital

	<b>Authorised Ordinary shares</b>	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2017, HK\$0.10 each	<b>3,000,000,000</b>	<b>300,000</b>
Share Subdivision ( <i>Note (ii)</i> )	<b>27,000,000,000</b>	–
<b>At 30 June 2017, HK\$0.01 each</b>	<b><u>30,000,000,000</u></b>	<b><u>300,000</u></b>
	<b>Issued and fully paid Ordinary shares</b>	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2016, HK\$0.10 each	220,000,000	22,000
Exercise of share options	112,600	11
Cancellation of repurchased shares, HK\$0.10 each ( <i>Note (i)</i> )	(4,290,600)	(429)
At 31 December 2016 and 1 January 2017, HK\$0.10 each	<b>215,822,000</b>	<b>21,582</b>
Cancellation of repurchased shares, HK\$0.10 each ( <i>Note (i)</i> )	<b>(6,742,000)</b>	<b>(674)</b>
Share Subdivision ( <i>Note (ii)</i> )	<b>1,881,720,000</b>	–
Cancellation of repurchased shares, HK\$0.01 each ( <i>Note (i)</i> )	<b>(10,800,000)</b>	<b>(108)</b>
<b>At 30 June 2017, HK\$0.01 each</b>	<b><u>2,080,000,000</u></b>	<b><u>20,800</u></b>

### *Notes:*

- (i) During the six months ended 30 June 2017, the Company repurchased a total of 6,682,000 shares of HK\$0.10 each and 16,974,000 shares of HK\$0.01 each of the Company on the Stock Exchange as follows:

Month/year	Par value per share HK\$	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
January 2017	0.10	1,018,000	10.50	10.18	10,534
February 2017	0.10	482,000	10.50	10.48	5,059
March 2017	0.10	146,000	10.20	9.90	1,477
April 2017	0.10	4,774,000	10.20	9.98	48,687
May 2017					
<i>(before Share Subdivision)</i>	0.10	262,000	12.00	11.50	3,126
<i>(after Share Subdivision)</i>	0.01	5,380,000	1.15	1.15	6,187
June 2017	0.01	11,594,000	1.15	1.13	13,316

Save and except the 8,794,000 shares of HK\$0.01 each repurchased in June 2017 which were cancelled in July 2017, all of the above repurchased shares were cancelled during the period. The 322,000 shares of HK\$0.10 each repurchased in December 2016 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.

- (ii) An ordinary resolution was passed at the annual general meeting of the Company held on 18 May 2017 approving the subdivision of every one issued and unissued share of par value of HK\$0.10 each into ten subdivided shares of par value of HK\$0.01 each (“Share Subdivision”). Following the Share Subdivision became effective on 19 May 2017, the Company’s authorised share capital became HK\$300,000,000 divided into 30,000,000,000 shares of HK\$0.01 each.

## 16. Fair value measurement of financial instruments

### 16.1 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 2017**

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss:				
Listed equity investment in Hong Kong	58,730	–	–	58,730
Listed equity investment outside Hong Kong	59,685	–	–	59,685
Unlisted managed funds	–	5,301	–	5,301
	<u>118,415</u>	<u>5,301</u>	<u>–</u>	<u>123,716</u>

**At 31 December 2016**

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss:				
Listed equity investment in Hong Kong	53,925	–	–	53,925
Listed equity investment outside Hong Kong	55,281	–	–	55,281
Unlisted managed funds	–	5,061	–	5,061
	<u>109,206</u>	<u>5,061</u>	<u>–</u>	<u>114,267</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 2017 and 2016, 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.

## 16.2 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 2017 and 31 December 2016.

## 17. Commitments

### 17.1 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 2017 were payable as follows:

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Within one year	<b>34,755</b>	38,243
In the second to fifth years	<b>99,200</b>	106,950
	<b>133,955</b>	145,193

### 17.2 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:

### 17.2.1 As lessee

At 30 June 2017, the future aggregate minimum lease payments under non-cancellable operating leases for office and warehouse facilities payable by the Group were as follows:

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Within one year	<b>2,704</b>	2,664
In the second to fifth years	<b>7,127</b>	8,482
	<b>9,831</b>	11,146

### 17.2.2 As lessor

At 30 June 2017, the future aggregate minimum lease payments under non-cancellable operating leases for office, industrial and residential premises receivable by the Group were as follows:

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Within one year	<b>191,684</b>	197,851
In the second to fifth years	<b>677,624</b>	669,033
After five years	<b>88,072</b>	176,144
	<b>957,380</b>	1,043,028

### 17.3 Capital commitments

Capital commitments outstanding at 30 June 2017 not provided for in the condensed consolidated financial information were as follows:

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Contracted for	<b>15,871</b>	7,083



**18. Related party transactions**

During the six months ended 30 June 2017 and 2016, 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).

**19. 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 2017.

## **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 93% of the total gross floor area of the Group's investment properties in Hong Kong were leased out as at 30 June 2017 (31 December 2016: 94%). 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 2017, the Group's financial assets at fair value through profit or loss amounted to HK\$123,716,000 (31 December 2016: HK\$114,267,000) of which HK\$11,877,000 was held by Playmates Toys for treasury investments (31 December 2016: HK\$23,195,000).

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 2017, trade receivables related to toy business were HK\$137,248,000 (31 December 2016: HK\$174,841,000) and inventories were HK\$43,736,000 (31 December 2016: HK\$15,236,000). 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 2017 was 7.9% compared to 6.7% at 31 December 2016. The current ratio, calculated as the ratio of current assets to current liabilities, was 2.3 at 30 June 2017 compared to 2.4 at 31 December 2016.

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 2017, the Group's cash and bank balances were HK\$1,484,575,000 (31 December 2016: HK\$1,388,706,000), of which HK\$1,232,162,000 (31 December 2016: HK\$1,190,710,000) was denominated in United States dollar, HK\$19,499,000 (31 December 2016: HK\$24,317,000) in British pound, HK\$49,526,000 (31 December 2016: HK\$Nil) in Euro 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 12 to the condensed consolidated financial information.

#### **Employees**

As at 30 June 2017, the Group had a total of 123 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 a subsidiary of the Company 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 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 2017	Exercised during the period (Note)	Balance at 30 June 2017
CHENG Bing Kin, Alain <i>Director of the Company and PTL</i>	15 May 2013	0.930	450,000	–	450,000
<i>Other directors of PTL</i>	13 April 2012	0.415	375,000	–	375,000
	15 May 2013	0.930	1,050,000	–	1,050,000
<i>Continuous Contract Employees of PTL Group, excluding directors of PTL</i>	31 March 2008	0.316	14,000	–	14,000
	20 January 2010	0.828	1,044,000	–	1,044,000
	18 April 2011	0.315	528,000	–	528,000
	13 April 2012	0.415	1,297,500	–	1,297,500
	15 May 2013	0.930	4,135,500	–	4,135,500
<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	574,000	–	574,000
	13 April 2012	0.415	1,222,000	100,000	1,122,000
	15 May 2013	0.930	2,162,500	600,000	1,562,500

*Note:*

The weighted average closing price of the ordinary shares of PTL immediately before the dates on which the share options were exercised by other participants during the period was HK\$1.44.

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’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation**

As at 30 June 2017, the interests of each director of the Company in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules were as follows:

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

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Percentage interest held</b>
CHAN, Helen	Personal	14,000,000 ordinary shares	0.67%
CHENG Bing Kin, Alain	Personal	2,280,000 ordinary shares	0.11%
IP Shu Wing, Charles	Personal	3,320,800 ordinary shares	0.16%
LEE Peng Fei, Allen	Personal	1,470,000 ordinary shares	0.07%
LO Kai Yiu, Anthony	Personal	250,000 ordinary shares	0.01%
TO Shu Sing, Sidney	Personal	20,000,000 ordinary shares	0.96%
TSIM Tak Lung	Personal	1,100,160 ordinary shares	0.05%
YU Hon To, David	Personal	1,320,000 ordinary shares	0.06%
	Corporate <i>(Note (a))</i>	5,472,000 ordinary shares	0.26%

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

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Percentage interest held</b>
CHENG Bing Kin, Alain	Personal	1,350,000 ordinary shares	0.11%
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	376,000 ordinary shares	0.03%
TO Shu Sing, Sidney	Personal	10,000,000 ordinary shares	0.83%
TSIM Tak Lung	Personal	587,632 ordinary shares	0.05%
YU Hon To, David	Personal Corporate ( <i>Note (b)</i> )	176,000 ordinary shares 1,065,600 ordinary shares	0.01% 0.09%

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

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of equity derivatives held</b>	<b>Number of underlying shares (ordinary shares)</b>	<b>Percentage interest held</b>
CHENG Bing Kin, Alain	Personal	450,000 share options	450,000 shares	0.04%

#### *Notes:*

- (a) 5,472,000 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.
- (b) 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.

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 2017.

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

Save as disclosed above, as at 30 June 2017, none of the directors 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 2017, persons (other than the directors 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 were as follows:

<b>Name</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>interest held</b>
CHAN Chun Hoo, Thomas	Personal	120,000,000 ordinary shares	5.77%
	Associate ( <i>Note (i)</i> )	110,000,000 ordinary shares	5.29%
TGC Assets Limited	Corporate ( <i>Note (ii)</i> )	920,000,000 ordinary shares	44.23%

*Notes:*

- (i) 110,000,000 shares of the Company were owned by the wife of Mr. Chan Chun Hoo, Thomas ("Mr. Chan") and Mr. Chan is therefore deemed to be interested in those shares.
- (ii) 920,000,000 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.

### **Purchase, Sale or Redemption of Shares**

During the period, 6,682,000 shares of HK\$0.10 each were repurchased by the Company at prices ranging from HK\$9.90 to HK\$12.00 per share and 16,974,000 shares of HK\$0.01 each were repurchased by the Company at prices ranging from HK\$1.13 to HK\$1.15 per share through the Stock Exchange. The particulars of the repurchases are set out in note 15 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 2017, 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.

Since the former chairman of the Board, who also acted as the chief executive officer of the Company, retired on 18 May 2017, the Company does not have a designated chief executive officer. The Board oversees the management, businesses, strategy and financial performance of the Group. The day-to-day business of the Group is handled by the executive directors collectively. 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 adequate to ensure an effective management and control of the Group's businesses and operations. 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 2017.

### **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 2017.

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

The Register of Members of the Company will be closed from 12 September 2017 to 13 September 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the declared dividends, 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 11 September 2017. The interim dividend and special interim dividend will be paid on 29 September 2017 to the shareholders on the Register of Members of the Company on 13 September 2017.

On behalf of the Board  
**To Shu Sing, Sidney**  
*Chairman*

Hong Kong, 25 August 2017



## CORPORATE INFORMATION

### **Directors**

TO Shu Sing, Sidney (*Chairman*)  
CHAN, Helen (*Executive Director*)  
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*)  
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](http://www.playmates.net)



Playmates Holdings Limited  
(Incorporated in Bermuda with limited liability)  
(Stock code 635)  
[www.playmates.net](http://www.playmates.net)