



2020 Interim Report

CONTENTS

Management Discussion and Analysis

Highlights	2
Property Investments and Associated Businesses	2
Playmates Toys	4
Portfolio Investments	5

Condensed Consolidated Financial Information

Condensed Consolidated Income Statement	6
Condensed Consolidated Statement of Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Cash Flow Statement	10
Condensed Consolidated Statement of Changes in Equity	12
Notes to the Condensed Consolidated Financial Information	14

Information Provided in Accordance with the Listing Rules 32

Corporate Information 40

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MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2020 HK\$'000	2019 HK\$'000
Group revenue	209,024	291,594
– from toy business	83,988	157,156
– from property investments and associated businesses	121,335	128,753
– from investment business	3,701	5,685
Gross profit	154,633	203,954
Net revaluation (deficit)/surplus on investment properties	(309,514)	90,700
Operating (loss)/profit	(272,758)	182,300
(Loss)/Profit before income tax	(272,596)	180,322
(Loss)/Profit attributable to owners of the Company	(264,505)	176,007
(Loss)/Earnings per share	HK cents	HK cents
– Basic	(12.51)	8.53
– Diluted	(12.51)	8.53
Interim dividend per share	1.50	1.50
Special interim dividend per share	–	10.00

Property Investments and Associated Businesses

The property investments and associated businesses recorded a 5.8% decrease in revenue to HK\$121.3 million during the first half of 2020 compared to the same period last year (same period in 2019: HK\$128.8 million). Revenue from the property investments and property management businesses decreased by 2.5% to HK\$114.7 million (same period in 2019: HK\$117.7 million), while revenue generated from the food and beverage business decreased by 39.1% to HK\$6.7 million (same period in 2019: HK\$11.0 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of HK\$5.8 billion. A net revaluation deficit of HK\$309.5 million was recorded in the consolidated income statement of the Group (same period in 2019: net revaluation surplus of HK\$90.7 million). Segment operating loss including net revaluation deficit was HK\$214.2 million (same period in 2019: segment operating profit of HK\$190.2 million including net revaluation surplus).

(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 overseas investment properties in the United Kingdom, the United States of America and Japan, which in aggregate accounted for 7.2% of the fair value of the Group's overall investment property portfolio (31 December 2019: 7.2%).

Aggregate rental income generated from the investment properties of the Group was HK\$104.2 million, a decrease of 2.5% from prior period (same period in 2019: HK\$106.9 million), with an overall occupancy rate of 68% (31 December 2019: 68%).

(i) Commercial

The Group's investment in commercial properties consists of the building, The Toy House, on Canton Road in Tsimshatsui, Kowloon, Hong Kong. With a flagship store of a leading global brand as a tenant, the building is a landmark on Canton Road, which is one of the premier shopping districts in Hong Kong. The outbreak of COVID-19 and the associated travel restrictions, social distancing measures put in place in Hong Kong have caused the number of tourists visiting the area to drop significantly.

(ii) Residential

The Group's principal investment in residential properties includes units in Hillview on MacDonnell Road, Mid-Levels, Hong Kong. A major renovation of the exterior and common facilities of the building started in 2019 is expected to enhance the value of the property over the longer term. With limited supply of up-market residential properties in Mid-Levels, we are optimistic that our investment in the Hillview units will benefit from this renovation.

(iii) Industrial

The Group's investment in industrial properties consists of Playmates Factory Building in Tuen Mun, New Territories, Hong Kong. With the revived government policy to revitalize and optimize the use of existing industrial buildings, the Group had submitted a planning application in June 2019 to the Town Planning Board of Hong Kong to seek permission for the wholesale conversion of Playmates Factory Building for commercial uses. On January 3, 2020, this application was conditionally approved. The Group will continue to monitor the social economic environment before proceeding with the building conversion and deciding on the scale of the project.

(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 decreased by 2.8% to HK\$10.5 million as compared to HK\$10.8 million during the same period last year.

(c) Food & Beverage Business

Revenue generated from the food and beverage business during the first half of 2020 decreased by 39.1% to HK\$6.7 million as compared to HK\$11 million of the same period last year. The decrease is attributed primarily to the outbreak of COVID-19 and the associated government restrictions on dine-in services and weakened consumer sentiment in the first half of the year.

We will continue to maintain a long-term view of our property investments and associated businesses, and adjust the balance of our property portfolio to achieve our strategic objective of seeking investment returns through capital appreciation and growth in recurring income. In the meantime, we will closely monitor the risks and uncertainties in connection with the pandemic and continue to take necessary and appropriate measures to protect the health and safety of our tenants and visitors.

Playmates Toys

Playmates Toys group worldwide turnover during the first half of 2020 was HK\$84 million (same period in 2019: HK\$157 million), representing a decrease of 47% compared to the prior year period. The decline in turnover was partly due to the planned hiatus of *Teenage Mutant Ninja Turtles* (“*TMNT*”) and a contraction in *Ben 10* – both were main brands during the prior year. In addition, the COVID-19 pandemic severely disrupted the global supply chain, had a significant negative impact on retail sales around the world starting in March, and created an extremely challenging environment in which to launch new brands. As a result, sales from our new brand launches during the first half of 2020 did not offset the contraction in *TMNT* and *Ben 10*.

Gross profit ratio on toy sales was 46% (same period in 2019: 51%). The decrease in gross profit ratio was attributable to higher product development and tooling expenses related to new product introductions, partially offset by a higher percentage of overall sales generated in the U.S. market, which carries a higher gross margin. Recurring operating expenses decreased by 16% compared to the prior year period, reflecting: (i) lower marketing expenses, which increased however as a percentage

of turnover, driven by promotional expenses and provisions for unfulfilled advanced royalties related to new brands; and (ii) a reduction in overhead expenses, which increased however as a percentage of turnover.

Playmates Toys group reported an operating loss for the period of HK\$54 million (same period in 2019: operating loss of HK\$31 million). Net loss during the first half of 2020 was HK\$53 million (same period in 2019: net loss of HK\$20 million).

The COVID-19 pandemic continues to present severe challenges to our operating environment in the near term. However, we will continue to prudently manage operating costs and adhere to the proven strategy of focusing our resources and efforts on selective new opportunities that are good fits for our core competence and reflect the changing consumer behaviours.

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 of 30 June 2020, fair market value of the Group's investment portfolio was HK\$74.5 million (31 December 2019: HK\$72.1 million) representing 1.0% of the total assets of the Group (31 December 2019: 0.9%). This comprised HK\$44.3 million of equities listed in Hong Kong (31 December 2019: HK\$58.6 million), HK\$27.5 million of equities listed overseas (31 December 2019: HK\$10.6 million) and HK\$2.7 million of unlisted managed funds (31 December 2019: HK\$2.9 million). None of the individual securities positions held by the Group had a market value that exceeded 0.2% of the total assets of the Group. The top 10 listed securities in aggregate represented 0.9% of the total assets of the Group and included The Walt Disney Company (DIS.US), Wharf Real Estate Investment Company Limited (1997.HK), Amazon.com, Inc. (AMZN.US), Sun Hung Kai Properties Limited (16.HK), Henderson Land Development Company Limited (12.HK), CK Hutchison Holdings Limited (1.HK), Hong Kong Exchanges and Clearing Limited (388.HK), New World Development Company Limited (17.HK), HSBC Holdings plc (5.HK) and Kerry Properties Limited (683.HK).

The Group reported a net loss from investments of HK\$5.2 million in the first half of 2020 (same period in 2019: net gain of HK\$19.8 million). During the first half of 2020, dividend and interest income generated from the portfolio were HK\$3.7 million (same period in 2019: HK\$5.7 million).

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 2020

	Note	Unaudited		
		Six months ended 30 June		
		2020	2020	2019
		US\$'000	HK\$'000	HK\$'000
		<i>(Note 19)</i>		
Revenue	3	26,798	209,024	291,594
Cost of sales		<u>(6,973)</u>	<u>(54,391)</u>	<u>(87,640)</u>
Gross profit		19,825	154,633	203,954
Marketing expenses		(4,297)	(33,518)	(41,184)
Selling and distribution expenses		(835)	(6,513)	(8,608)
Administration expenses		(9,319)	(72,685)	(82,373)
Net (loss)/gain on financial assets at fair value through profit or loss		(662)	(5,161)	19,811
Net revaluation (deficit)/surplus on investment properties	9	<u>(39,681)</u>	<u>(309,514)</u>	<u>90,700</u>
Operating (loss)/profit		(34,969)	(272,758)	182,300
Other net income	4	1,396	10,890	8,768
Finance costs		<u>(1,375)</u>	<u>(10,728)</u>	<u>(10,746)</u>
(Loss)/Profit before income tax	5	(34,948)	(272,596)	180,322
Income tax expense	6	(2,345)	(18,290)	<u>(14,257)</u>
(Loss)/Profit for the period		<u>(37,293)</u>	<u>(290,886)</u>	<u>166,065</u>
(Loss)/Profit for the period attributable to:				
Owners of the Company		(33,911)	(264,505)	176,007
Non-controlling interests		<u>(3,382)</u>	<u>(26,381)</u>	<u>(9,942)</u>
		<u>(37,293)</u>	<u>(290,886)</u>	<u>166,065</u>
		<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share	8			
Basic		<u>(1.60)</u>	<u>(12.51)</u>	<u>8.53</u>
Diluted		<u>(1.60)</u>	<u>(12.51)</u>	<u>8.53</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Unaudited		
	Six months ended 30 June		
	2020	2020	2019
	US\$'000	HK\$'000	HK\$'000
	(Note 19)		
(Loss)/Profit for the period	(37,293)	(290,886)	166,065
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign subsidiaries	<u>(1,942)</u>	<u>(15,151)</u>	<u>1,467</u>
Total comprehensive income for the period	<u>(39,235)</u>	<u>(306,037)</u>	<u>167,532</u>
Total comprehensive income attributable to:			
Owners of the Company	<u>(35,853)</u>	<u>(279,656)</u>	<u>177,474</u>
Non-controlling interests	<u>(3,382)</u>	<u>(26,381)</u>	<u>(9,942)</u>
	<u>(39,235)</u>	<u>(306,037)</u>	<u>167,532</u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		Unaudited 30 June 2020 US\$'000 (Note 19)	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Non-current assets				
Fixed assets				
– Investment properties	9	743,284	5,797,618	6,119,436
– Other property, plant and equipment	9	28,417	221,648	229,932
		<u>771,701</u>	<u>6,019,266</u>	6,349,368
Prepayments for fixed assets		4,746	37,018	22,374
Right-of-use assets		66	515	2,741
Goodwill		766	5,976	5,976
Deferred tax assets		2,899	22,609	24,007
		<u>780,178</u>	<u>6,085,384</u>	<u>6,404,466</u>
Current assets				
Inventories		1,373	10,709	19,691
Trade receivables	10	1,990	15,523	67,226
Deposits paid, other receivables and prepayments	11	11,461	89,394	80,640
Taxation recoverable		4	29	2,720
Financial assets at fair value through profit or loss		9,545	74,454	72,060
Cash and bank balances		189,325	1,476,738	1,541,334
		<u>213,698</u>	<u>1,666,847</u>	<u>1,783,671</u>
Current liabilities				
Bank loans	12	67,590	527,200	532,300
Trade payables	13	1,573	12,266	35,461
Deposits received, other payables and accrued charges	14	17,771	138,628	142,346
Provisions		4,519	35,246	42,348
Lease liabilities		90	701	2,852
Taxation payable		3,774	29,435	41,505
		<u>95,317</u>	<u>743,476</u>	<u>796,812</u>
Net current assets		<u>118,381</u>	<u>923,371</u>	986,859
Total assets less current liabilities		<u>898,559</u>	<u>7,008,755</u>	<u>7,391,325</u>

		Unaudited 30 June 2020 US\$'000 (Note 19)	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Non-current liabilities				
Bank loans	12	28,587	222,975	231,075
Deferred tax liabilities		<u>3,907</u>	<u>30,473</u>	<u>30,273</u>
		<u>32,494</u>	<u>253,448</u>	<u>261,348</u>
Net assets		<u><u>866,065</u></u>	<u><u>6,755,307</u></u>	<u><u>7,129,977</u></u>
Equity				
Share capital	15	2,705	21,100	21,169
Reserves		<u>804,769</u>	<u>6,277,201</u>	<u>6,625,995</u>
Equity attributable to owners of the Company		<u>807,474</u>	<u>6,298,301</u>	<u>6,647,164</u>
Non-controlling interests		<u>58,591</u>	<u>457,006</u>	<u>482,813</u>
Total equity		<u><u>866,065</u></u>	<u><u>6,755,307</u></u>	<u><u>7,129,977</u></u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2020

	Unaudited		
	Six months ended 30 June		
	2020	2020	2019
	US\$'000	HK\$'000	HK\$'000
	(Note 19)		
Operating activities			
Cash generated from operations	8,700	67,881	226,803
Interest paid	(1,277)	(9,964)	(9,549)
Interest received	322	2,515	4,350
Dividends received	152	1,186	1,335
Overseas tax paid	–	–	(8,668)
Hong Kong tax paid	(3,665)	(28,589)	–
Hong Kong tax refunded	353	2,751	–
Net cash generated from operating activities	4,585	35,780	214,271
Investing activities			
Capitalised subsequent expenditure on investment properties	(53)	(412)	(6,024)
Purchases of other property, plant and equipment	(116)	(905)	(99)
Prepayments for fixed assets	(1,877)	(14,644)	(226)
Purchases of financial assets at fair value through profit or loss	(501)	(3,908)	–
Interest received	704	5,490	10,556
Other cash flows arising from investing activities	2	13	12
Net cash (used in)/generated from investing activities	(1,841)	(14,366)	4,219

	Unaudited		
	Six months ended 30 June		
	2020	2020	2019
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 19)</i>		
Financing activities			
Dividends paid to owners of the Company	(8,140)	(63,495)	(63,000)
New bank loans	1,795	14,000	104,200
Repayment of bank loans	(3,551)	(27,700)	(8,900)
Repurchase of shares of the Company	(808)	(6,304)	(75,946)
Repurchase of its own shares by a listed subsidiary	–	–	(149)
Payment of lease liabilities	(155)	(1,206)	(1,405)
Other cash flows arising from financing activities	–	–	76
	<u>–</u>	<u>–</u>	<u>76</u>
Net cash used in financing activities	<u>(10,859)</u>	<u>(84,705)</u>	<u>(45,124)</u>
Net (decrease)/increase in cash and cash equivalents	(8,115)	(63,291)	173,366
Cash and cash equivalents at 1 January	197,607	1,541,334	1,479,188
Effect of foreign exchange rate changes	<u>(167)</u>	<u>(1,305)</u>	<u>(408)</u>
Cash and cash equivalents at 30 June	<u>189,325</u>	<u>1,476,738</u>	<u>1,652,146</u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u>189,325</u>	<u>1,476,738</u>	<u>1,652,146</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Unaudited											
	Attributable to owners of the Company											
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Capital redemption reserve <i>HKS'000</i>	Share repurchase reserve <i>HKS'000</i>	Reserve on consolidation <i>HKS'000</i>	Exchange reserve <i>HKS'000</i>	Share-based compensation reserve <i>HKS'000</i>	Property revaluation reserve <i>HKS'000</i>	Retained profits <i>HKS'000</i>	Total <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 31 December 2018	21,000	122,666	7,927	-	167,400	(32,675)	5,957	31,812	6,175,255	6,499,342	499,763	6,999,105
Impact on initial application of HKFRS 16	-	-	-	-	-	-	-	-	341	341	331	672
Adjusted balance at 1 January 2019	<u>21,000</u>	<u>122,666</u>	<u>7,927</u>	<u>-</u>	<u>167,400</u>	<u>(32,675)</u>	<u>5,957</u>	<u>31,812</u>	<u>6,175,596</u>	<u>6,499,683</u>	<u>500,094</u>	<u>6,999,777</u>
Profit for the period	-	-	-	-	-	-	-	-	176,007	176,007	(9,942)	166,065
Other comprehensive income:												
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	-	1,467	-	-	-	1,467	-	1,467
Total comprehensive income for the period	-	-	-	-	-	1,467	-	-	176,007	177,474	(9,942)	167,532
Repurchase of shares of the Company	(709)	(73,811)	709	(1,426)	-	-	-	-	(709)	(75,946)	-	(75,946)
Repurchase of its own shares by a listed subsidiary	-	-	-	-	(76)	-	-	-	-	(76)	(73)	(149)
Share option scheme												
- value of services	-	-	-	-	-	-	1,575	-	-	1,575	1,524	3,099
- shares issued	-	-	-	-	68	-	(29)	-	-	39	37	76
- share options lapsed	-	-	-	-	-	-	(422)	-	422	-	-	-
2018 second interim dividend paid	-	-	-	-	(31,500)	-	-	-	-	(31,500)	-	(31,500)
2018 second special interim dividend paid	-	-	-	-	(31,500)	-	-	-	-	(31,500)	-	(31,500)
Transactions with owners	<u>(709)</u>	<u>(73,811)</u>	<u>709</u>	<u>(1,426)</u>	<u>(63,008)</u>	<u>-</u>	<u>1,124</u>	<u>-</u>	<u>(287)</u>	<u>(137,408)</u>	<u>1,488</u>	<u>(135,920)</u>
At 30 June 2019	<u><u>20,291</u></u>	<u><u>48,855</u></u>	<u><u>8,636</u></u>	<u><u>(1,426)</u></u>	<u><u>104,392</u></u>	<u><u>(31,208)</u></u>	<u><u>7,081</u></u>	<u><u>31,812</u></u>	<u><u>6,351,316</u></u>	<u><u>6,539,749</u></u>	<u><u>491,640</u></u>	<u><u>7,031,389</u></u>

Unaudited
Attributable to owners of the Company

	Share capital	Share premium	Capital redemption reserve	Share repurchase reserve	Exchange reserve	Share-based compensation reserve	Property revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 January 2020	21,169	140,908	8,685	(451)	(25,874)	7,209	31,812	6,463,706	6,647,164	482,813	7,129,977
Loss for the period	-	-	-	-	-	-	-	(264,505)	(264,505)	(26,281)	(290,886)
Other comprehensive income:											
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	(15,151)	-	-	-	(15,151)	-	(15,151)
Total comprehensive income for the period	-	-	-	-	(15,151)	-	-	(264,505)	(279,656)	(26,281)	(306,037)
Repurchase of shares of the Company	(69)	(6,564)	64	329	-	-	-	(64)	(6,204)	-	(6,304)
Share option scheme											
- value of services	-	-	-	-	-	592	-	-	592	574	1,166
- share options lapsed	-	-	-	-	-	(627)	-	627	-	-	-
2019 second interim dividend paid	-	-	-	-	-	-	-	(31,747)	(31,747)	-	(31,747)
2019 second special interim dividend paid	-	-	-	-	-	-	-	(31,748)	(31,748)	-	(31,748)
Transactions with owners	(69)	(6,564)	64	329	-	(35)	-	(62,932)	(69,207)	574	(68,633)
At 30 June 2020	21,100	134,344	8,749	(122)	(41,025)	7,174	31,812	6,136,269	6,298,201	457,006	6,755,207

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 2019 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 2019.

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 have 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. Revenue and segment reporting

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.

Revenue by major products or service lines is as follows:

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers:		
– Sale of toys	83,988	157,156
– Restaurant income	6,669	11,064
– Property management income	10,451	10,754
	<u>101,108</u>	<u>178,974</u>
Revenue from other sources:		
– Rental income from investment properties	104,215	106,935
– Dividend income	1,186	1,335
– Interest income	2,515	4,350
	<u>107,916</u>	<u>112,620</u>
Total revenue	<u>209,024</u>	<u>291,594</u>

3.1 Segment results, assets and liabilities

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

Inter-segment revenue represents inter-company rental and property management fee 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 2020 are as follows:

	Property investments and associated business <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross revenue from contracts with customers by timing of revenue recognition				
– Point in time	6,669	–	83,988	90,657
– Over time	11,743	–	–	11,743
Gross revenue from other sources	109,330	3,701	–	113,031
Inter-segment revenue	<u>(6,407)</u>	<u>–</u>	<u>–</u>	<u>(6,407)</u>
Revenue from external customers	<u>121,335</u>	<u>3,701</u>	<u>83,988</u>	<u>209,024</u>
Segment loss before depreciation	(208,216)	(1,631)	(52,814)	(262,661)
Depreciation	<u>(5,952)</u>	<u>–</u>	<u>(1,892)</u>	<u>(7,844)</u>
Segment operating loss	<u>(214,168)</u>	<u>(1,631)</u>	<u>(54,706)</u>	<u>(270,505)</u>
Other net income	813	–	5,976	6,789
Finance costs	<u>(9,979)</u>	<u>(13)</u>	<u>(696)</u>	<u>(10,688)</u>
	<u>(9,166)</u>	<u>(13)</u>	<u>5,280</u>	<u>(3,899)</u>
Segment loss before income tax	<u>(223,334)</u>	<u>(1,644)</u>	<u>(49,426)</u>	<u>(274,404)</u>
Unallocated other income				4,087
Unallocated corporate expenses				<u>(2,279)</u>
Loss before income tax				<u>(272,596)</u>

The segment results for the six months ended 30 June 2019 are as follows:

	Property investments and associated business <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross revenue from contracts with customers by timing of revenue recognition				
– Point in time	11,064	–	157,156	168,220
– Over time	12,041	–	–	12,041
Gross revenue from other sources	112,362	5,685	–	118,047
Inter-segment revenue	<u>(6,714)</u>	<u>–</u>	<u>–</u>	<u>(6,714)</u>
Revenue from external customers	<u>128,753</u>	<u>5,685</u>	<u>157,156</u>	<u>291,594</u>
Segment profit/(loss) before depreciation	196,254	25,300	(27,305)	194,249
Depreciation	<u>(6,014)</u>	<u>–</u>	<u>(3,766)</u>	<u>(9,780)</u>
Segment operating profit/(loss)	<u>190,240</u>	<u>25,300</u>	<u>(31,071)</u>	<u>184,469</u>
Other net (loss)/income	(1,874)	–	10,468	8,594
Finance costs	<u>(9,586)</u>	<u>(12)</u>	<u>(679)</u>	<u>(10,277)</u>
	<u>(11,460)</u>	<u>(12)</u>	<u>9,789</u>	<u>(1,683)</u>
Segment profit/(loss) before income tax	<u>178,780</u>	<u>25,288</u>	<u>(21,282)</u>	182,786
Unallocated corporate expenses				<u>(2,464)</u>
Profit before income tax				<u>180,322</u>

The segment assets and liabilities as at 30 June 2020 are as follows:

	Property investments and associated business <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	<u>6,087,626</u>	<u>565,043</u>	<u>1,084,729</u>	7,737,398
Inter-segment elimination	-	-	(16,016)	(16,016)
Deferred tax assets				22,609
Taxation recoverable				29
Unallocated assets				<u>8,211</u>
Total assets				<u>7,752,231</u>
Reportable segment liabilities	<u>793,539</u>	<u>-</u>	<u>157,463</u>	951,002
Inter-segment elimination	(1,670)	-	(14,346)	(16,016)
Deferred tax liabilities				30,473
Taxation payable				29,435
Unallocated liabilities				<u>2,030</u>
Total liabilities				<u>996,924</u>

The segment assets and liabilities as at 31 December 2019 are as follows:

	Property investments and associated business <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	<u>6,424,395</u>	<u>578,099</u>	<u>1,146,362</u>	8,148,856
Inter-segment elimination	-	-	(1,980)	(1,980)
Deferred tax assets				24,007
Taxation recoverable				2,720
Unallocated assets				<u>14,534</u>
Total assets				<u>8,188,137</u>
Reportable segment liabilities	<u>808,432</u>	<u>-</u>	<u>173,811</u>	982,243
Inter-segment elimination	(1,670)	-	(310)	(1,980)
Deferred tax liabilities				30,273
Taxation payable				41,505
Unallocated liabilities				<u>6,119</u>
Total liabilities				<u>1,058,160</u>

3.2 Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, prepayments for fixed assets, right-of-use assets and goodwill ("specified non-current assets"). The geographical location of revenue is based on the country in which the customer is located. The geographical location of the specified non-current assets is based on the physical location of the assets in case of fixed assets and right-of-use assets and the location of operation to which they are allocated in case of goodwill.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	<u>122,517</u>	<u>133,085</u>	<u>5,582,676</u>	<u>5,869,619</u>
Americas				
– U.S.A.	63,168	85,925	168,060	181,448
– Others	7,455	16,172	–	–
Europe	11,868	45,868	214,267	232,518
Asia Pacific other than Hong Kong	3,525	10,140	97,772	96,874
Others	<u>491</u>	<u>404</u>	<u>–</u>	<u>–</u>
	<u>86,507</u>	<u>158,509</u>	<u>480,099</u>	<u>510,840</u>
	<u>209,024</u>	<u>291,594</u>	<u>6,062,775</u>	<u>6,380,459</u>

3.3 Major customers

The Group's customer base includes two (2019: two) 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\$85,861,000 and HK\$40,441,000 (2019: HK\$83,443,000 and HK\$52,967,000) respectively.

4. Other net income

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net foreign exchange loss on translation of bank loans	(500)	(1,875)
Net investment gain and income from Playmates Toys' treasury investments	5,930	10,394
Government subsidies	1,312	–
Others (<i>Note</i>)	<u>4,148</u>	<u>249</u>
	<u>10,890</u>	<u>8,768</u>

Note:

It included a reversal of provision for legal costs of HK\$3.9 million which was made by Profit Point Limited, an indirect wholly-owned subsidiary of the Company, after settlement of legal proceedings.

5. (Loss)/Profit before income tax

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Cost of inventories sold	37,241	72,116
Product development and tooling costs	9,992	8,898
Royalties expenses	11,856	21,715
Directors' and staff remunerations	41,062	45,178
Depreciation		
– other property, plant and equipment	6,624	8,608
– right-of-use assets	1,228	1,370
Interest expenses		
– on bank loans	9,964	9,549
– on lease liabilities	53	124
Net foreign exchange loss	2,306	2,672

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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	
	2020	2019
	HK\$'000	HK\$'000
Current taxation		
– Hong Kong profits tax	14,826	15,951
– Overseas taxation	1,763	4,264
– Over provision in prior years – Hong Kong	(129)	–
	<u>16,460</u>	<u>20,215</u>
Deferred taxation		
– Origination and reversal of temporary differences (<i>Note</i>)	1,830	(5,958)
Income tax expense	<u>18,290</u>	<u>14,257</u>

Note:

The Group has not recognised any deferred tax credit in relation to tax loss of the toys business during the period ended 30 June 2020 due to the uncertainties in global business environment in light of the ongoing pandemic (2019: the Group recognised HK\$7,652,000 deferred tax credit in relation to tax loss of the toys business).

The Group's cumulative unrecognised tax losses as of 30 June 2020 amounted to HK\$222,284,000 (31 December 2019: HK\$155,242,000). These tax losses do not expire under respective current tax legislation.

7. Dividends

7.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Interim dividend of HK cents 1.50 per share (2019: HK cents 1.50 per share)	31,635	30,405
Special interim dividend of HK cents nil per share (2019: HK cents 10.00 per share)	—	202,700
	<u>31,635</u>	<u>233,105</u>

At a meeting held on 21 August 2020, the board of directors has resolved to pay an interim dividend of HK cents 1.50 per share to be paid on 24 September 2020 to shareholders whose names appear on the Company's Register of Members on 9 September 2020.

The 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 2020.

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

	Six months ended 30 June	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends in respect of the previous financial year and paid during the interim period:		
Second interim dividend of HK cents 1.50 per share (2019: HK cents 1.50 per share)	31,747	31,500
Second special interim dividend of HK cents 1.50 per share (2019: HK cents 1.50 per share)	<u>31,748</u>	<u>31,500</u>
	<u>63,495</u>	<u>63,000</u>

8. (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\$264,505,000 (2019: profit of HK\$176,007,000) and the weighted average number of ordinary shares of 2,113,736,000 shares (2019: 2,062,785,000 shares) in issue during the period.

Diluted (loss)/earnings per share for the six months ended 30 June 2020 and 2019 equals to the basic (loss)/earnings per share as there were no potential ordinary shares.

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 2020 and 2019.

9. Investment properties and other property, plant and equipment

	Investment properties HK\$'000	Other property, plant and equipment HK\$'000
Opening net book amount as at 1 January 2020	6,119,436	229,932
Exchange fluctuation	(12,716)	(2,560)
Additions	–	905
Capitalised subsequent expenditure	412	–
Net revaluation deficit	(309,514)	–
Disposals	–	(5)
Depreciation	–	(6,624)
	<hr/>	<hr/>
Closing net book amount as at 30 June 2020	5,797,618	221,648
	<hr/> <hr/>	<hr/> <hr/>
Opening net book amount as at 1 January 2019	5,844,058	245,518
Exchange fluctuation	1,568	(29)
Additions	–	99
Capitalised subsequent expenditure	8,805	–
Net revaluation surplus	90,700	–
Disposals	–	(96)
Depreciation	–	(8,608)
	<hr/>	<hr/>
Closing net book amount as at 30 June 2019	5,945,131	236,884
Exchange fluctuation	3,667	1,135
Additions	–	107
Net revaluation surplus	170,638	–
Disposals	–	(1)
Depreciation	–	(8,193)
	<hr/>	<hr/>
Closing net book amount as at 31 December 2019	6,119,436	229,932
	<hr/> <hr/>	<hr/> <hr/>

10. Trade receivables

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Trade receivables	33,320	84,009
Less: Allowance for customer concession	(17,797)	(16,783)
	<u>15,523</u>	<u>67,226</u>

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

The normal trade terms with toy business customers are letters of credit at sight or usance or on open accounts with credit term in the range of 60 to 90 days. For property investments and management business, and restaurant operations, no credit term is granted to tenants and customers. The following is an aging analysis of trade receivables based on the invoice date at the end of the reporting period:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
0 – 60 days	11,891	44,648
61 – 90 days	758	16,761
91 – 180 days	1,257	3,231
Over 180 days	1,617	2,586
	<u>15,523</u>	<u>67,226</u>

11. Deposits paid, other receivables and prepayments

At 30 June 2020, deposit paid, other receivables and prepayments of the Group include:

- (i) Advanced royalties of HK\$66,127,000 (31 December 2019: HK\$44,168,000) paid to toy licensors. These advanced royalties are recoupable by the Group against future royalties payable to toy licensors for future sales of licensed toy products.
- (ii) Receivables related to rent free periods given to tenants of HK\$17,109,000 (31 December 2019: HK\$20,994,000), which are amortised over the respective lease terms.

12. Bank loans

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Secured bank loans repayable		
Within one year	527,200	532,300
In the second year	16,200	16,200
In the third to fifth years	199,975	124,850
After five years	6,800	90,025
	<u>750,175</u>	<u>763,375</u>
Current portion included in current liabilities	<u>(527,200)</u>	<u>(532,300)</u>
Non-current portion	<u>222,975</u>	<u>231,075</u>

Except for bank loans amounted to HK\$90,000,000 (31 December 2019: HK\$89,500,000) 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 1.84% p.a. (31 December 2019: 3.28% p.a.).

As at 30 June 2020, the Group has banking facilities amounting to HK\$1,008,375,000 (31 December 2019: HK\$1,018,475,000), of which HK\$750,175,000 (31 December 2019: HK\$763,375,000) were utilised.

The banking facilities of certain subsidiaries are secured by investment properties and land and buildings of the Group with net book value of HK\$5,180,500,000 and HK\$158,854,000 respectively at 30 June 2020 (31 December 2019: HK\$5,474,500,000 and HK\$163,129,000).

13. 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 2020 HK\$'000	31 December 2019 HK\$'000
0 – 30 days	11,164	28,382
31 – 60 days	248	5,248
Over 60 days	854	1,831
	<u>12,266</u>	<u>35,461</u>

14. Deposits received, other payables and accrued charges

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Contract liabilities		
– Purchase commitment guarantee deposits from toy distributors	49,656	50,532
– Sales deposits received in advance	5,875	1,587
Security deposits and advance receipts from tenants	37,225	37,449
Accrued product development, sales, marketing and distribution expenses	2,583	3,064
Accrued royalties	26,770	23,773
Accrued directors' and staff remunerations	5,802	5,536
Withholding tax payable	3,873	7,200
Accrued administrative expenses and professional fees	6,844	13,205
	138,628	142,346

15. Share capital

	Authorised Ordinary shares of HK\$0.01 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31 December 2019 and 30 June 2020	30,000,000,000	300,000
	Issued and fully paid Ordinary shares of HK\$0.01 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2019	2,100,000,000	21,000
Shares issued in respect of scrip dividend of 2019 first special interim dividend	92,677,128	927
Cancellation of repurchased shares	(75,767,128)	(758)
At 31 December 2019 and 1 January 2020	2,116,910,000	21,169
Cancellation of repurchased shares (<i>Note</i>)	(6,910,000)	(69)
At 30 June 2020	2,110,000,000	21,100

Note:

During the six months ended 30 June 2020, the Company repurchased a total of 6,640,000 shares of the Company on the Stock Exchange as follows:

Month/year	Par value per share <i>HK\$</i>	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>
March 2020	0.01	254,000	0.95	0.95	241
April 2020	0.01	5,704,000	0.96	0.95	5,426
May 2020	0.01	542,000	0.95	0.95	515
June 2020	0.01	140,000	0.87	0.87	122

Save and except the 140,000 shares repurchased in June 2020 which were cancelled in August 2020, all of the above repurchased shares were 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.

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 2020			
	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Listed equity investment in				
Hong Kong	44,302	–	–	44,302
Listed equity investment outside				
Hong Kong	27,440	–	–	27,440
Unlisted managed funds	–	2,712	–	2,712
	<u>71,742</u>	<u>2,712</u>	<u>–</u>	<u>74,454</u>

	At 31 December 2019			
	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Listed equity investment in				
Hong Kong	58,580	–	–	58,580
Listed equity investment outside				
Hong Kong	10,561	–	–	10,561
Unlisted managed funds	–	2,919	–	2,919
	<u>69,141</u>	<u>2,919</u>	<u>–</u>	<u>72,060</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 2020 and 2019, 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 lease liabilities carried at amortised cost) approximate their fair values as at 30 June 2020 and 31 December 2019.

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 2020 were payable as follows:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Within one year	61,616	72,839
In the second to fifth years	172,965	119,866
After five years	55,575	31,200
	290,156	223,905

17.2 Lease commitments

The Group acts as lessee and lessor under leases.

17.2.1 As lessee

Future lease payments for leases committed but not yet commenced:

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Within one year	1,345	–
In the second to fifth years	17,130	15,196
After five years	4,218	6,489
	22,693	21,685

The amounts disclosed above represent future lease payments for leases committed but not yet commenced for office. All future lease payments for leases already commenced before 30 June 2020 have been recognised as lease liabilities under HKFRS 16, *Leases*, and thus are not included in the above disclosed amounts.

17.2.2 As lessor

At 30 June 2020, the future aggregate minimum lease payments under non-cancellable leases for commercial, industrial and residential premises receivable by the Group were as follows:

	30 June 2020	31 December 2019
	HK\$'000	HK\$'000
Within one year	203,139	212,395
In the second to fifth years	267,739	362,045
	470,878	574,440

17.3 Capital commitments

Capital commitments outstanding at 30 June 2020 not provided for in the condensed consolidated financial information were as follows:

	30 June 2020	31 December 2019
	HK\$'000	HK\$'000
Contracted for	30,446	29,769

18. Related party transactions

During the six months ended 30 June 2020 and 2019, 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\$7.8 to US\$1 ruling at 30 June 2020.

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. Overall occupancy rate was 68% as at 30 June 2020 (31 December 2019: 68%).

Financial assets at fair value through profit or loss include investments in listed equities and managed funds. As at 30 June 2020, the Group's financial assets at fair value through profit or loss amounted to HK\$74,454,000 (31 December 2019: HK\$72,060,000).

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 2020, trade receivables related to toy business were HK\$11,955,000 (31 December 2019: HK\$66,116,000) and inventories were HK\$10,564,000 (31 December 2019: HK\$19,518,000).

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2020 was 9.7% compared to 9.3% at 31 December 2019. The current ratio, calculated as the ratio of current assets to current liabilities, remained stable at 2.2 as at both 30 June 2020 and 31 December 2019.

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 2020, the Group's cash and bank balances were HK\$1,476,738,000 (31 December 2019: HK\$1,541,334,000), of which HK\$1,339,421,000 (31 December 2019: HK\$1,374,760,000) was denominated in United States dollar, HK\$14,238,000 (31 December 2019: HK\$16,810,000) in British pound, HK\$45,284,000 (31 December 2019: HK\$45,763,000) 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 2020, the Group had a total of 108 employees in Hong Kong, the United States of America and the United Kingdom.

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

Share Options

The following shows the particulars of the share options of 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 the Company

The Company has not adopted any share option scheme 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 the Share Option Scheme adopted on 25 January 2008 (“2008 PTL Scheme”) and the Share Option Scheme adopted on 21 May 2018 (“2018 PTL Scheme”) were as follows:

Participant	Date of grant	Exercise Price HK\$	Number of share options				Balance at 30 June 2020	Vesting/ Exercise period (Note)
			Balance at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period		
2018 PTL Scheme								
TO Shu Sing, Sidney <i>Chairman and Director of the Company and PTL</i>	29 June 2018	0.826	2,000,000	-	-	-	2,000,000	(1)
CHAN, Helen <i>Director of the Company</i>	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
CHENG Bing Kin, Alain <i>Director of the Company and PTL</i>	29 June 2018	0.826	1,200,000	-	-	-	1,200,000	(1)

Participant	Date of grant	Exercise Price HK\$	Number of share options				Balance at 30 June 2020	Vesting/ Exercise period (Note)
			Balance at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period		
<i>Directors of PTL</i>								
CHAN Kong Keung, Stephen	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
CHOW Yu Chun, Alexander	29 June 2018	0.826	500,000	-	-	-	500,000	(1)
LEE Ching Kwok, Rin	29 June 2018	0.826	500,000	-	-	-	500,000	(1)
TRAN Vi-hang William	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
<i>Continuous Contract</i> <i>Employees of PTL Group,</i> <i>excluding directors of PTL</i>	29 June 2018	0.826	15,552,000	-	-	-	15,552,000	(1)
Other Participants	29 June 2018	0.826	5,580,000	-	-	-	5,580,000	(1)
	12 April 2019	0.792	20,000,000	-	-	-	20,000,000	(2)

2008 PTL Scheme

<i>Directors of PTL</i>								
CHOW Yu Chun, Alexander	13 April 2012	0.415	250,000	-	-	-	250,000	(3)
	15 May 2013	0.930	525,000	-	-	-	525,000	(4)
<i>Continuous Contract</i> <i>Employees of PTL Group,</i> <i>excluding directors of PTL</i>	20 January 2010	0.828	759,000	-	-	759,000	-	(5)
	18 April 2011	0.315	528,000	-	-	-	528,000	(6)
	13 April 2012	0.415	1,297,500	-	-	-	1,297,500	(3)
	15 May 2013	0.930	3,505,500	-	-	-	3,505,500	(4)
<i>Other Participants</i>	30 March 2010	0.673	1,110,000	-	-	1,110,000	-	(7)
	18 April 2011	0.315	574,000	-	-	-	574,000	(6)
	13 April 2012	0.415	752,000	-	-	-	752,000	(3)
	15 May 2013	0.930	962,500	-	-	-	962,500	(4)

Notes:

- (1) Divided into 4 tranches (with each tranche covering one-fourth of the relevant share options) exercisable from 29 June 2018, 29 June 2019, 29 June 2020 and 29 June 2021 respectively to 28 June 2028.

- (2) Divided into 2 tranches: (i) 10,000,000 share options are exercisable from 12 April 2019 to 31 December 2023; and (ii) 10,000,000 share options are exercisable from 31 December 2020 to 31 December 2023.
- (3) Divided into 4 tranches (with each tranche covering one-fourth of the relevant share options) exercisable from 13 April 2012, 13 April 2013, 13 April 2014 and 13 April 2015 respectively to 12 April 2022.
- (4) Divided into 4 tranches (with each tranche covering one-fourth of the relevant share options) exercisable from 15 May 2013, 15 May 2014, 15 May 2015 and 15 May 2016 respectively to 14 May 2023.
- (5) Divided into 4 tranches (with each tranche covering one-fourth of the relevant share options) exercisable from 20 January 2010, 20 January 2011, 20 January 2012 and 20 January 2013 respectively to 19 January 2020.
- (6) Divided into 4 tranches (with each tranche covering one-fourth of the relevant share options) exercisable from 18 April 2011, 18 April 2012, 18 April 2013 and 18 April 2014 respectively to 17 April 2021.
- (7) Divided into 3 tranches (with each tranche covering one-third of the relevant share options) exercisable from 31 December 2012, 31 December 2013 and 31 December 2014 to 29 March 2020.

No options were cancelled during the period.

Directors' Interests and Short Positions in Shares and Underlying Shares of the Company or Any Associated Corporation

As at 30 June 2020, 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 Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (“Model Code”) were as follows:

Long positions in shares of the Company

Name of director	Nature of interest	Number of shares held	Percentage interest held
TO Shu Sing, Sidney	Personal	20,000,000 ordinary shares	0.95%
CHAN, Helen	Personal	28,000,000 ordinary shares	1.33%
CHENG Bing Kin, Alain	Personal	2,300,000 ordinary shares	0.11%
IP Shu Wing, Charles	Personal	3,320,800 ordinary shares	0.16%
LO Kai Yiu, Anthony	Personal	250,000 ordinary shares	0.01%
TSIM Tak Lung	Personal	1,100,160 ordinary shares	0.05%
YU Hon To, David	Personal	228,000 ordinary shares	0.01%
	Corporate (<i>Note (a)</i>)	5,472,000 ordinary shares	0.26%

Long positions in shares of PTL

Name of director	Nature of interest	Number of shares held	Percentage interest held
TO Shu Sing, Sidney	Personal	10,000,000 ordinary shares	0.85%
CHENG Bing Kin, Alain	Personal	2,000,000 ordinary shares	0.17%
IP Shu Wing, Charles	Personal	2,487,026 ordinary shares	0.21%
LO Kai Yiu, Anthony	Personal	376,000 ordinary shares	0.03%
TSIM Tak Lung	Personal	259,632 ordinary shares	0.02%
YU Hon To, David	Personal	176,000 ordinary shares	0.01%
	Corporate (<i>Note (b)</i>)	1,065,600 ordinary shares	0.09%

Long positions in underlying shares of PTL

Name of director	Nature of interest	Number of equity derivatives held	Number of underlying shares (ordinary shares)	Percentage interest held
TO Shu Sing, Sidney	Personal	2,000,000 share options	2,000,000 shares	0.17%
CHAN, Helen	Personal	1,000,000 share options	1,000,000 shares	0.08%
CHENG Bing Kin, Alain	Personal	1,200,000 share options	1,200,000 shares	0.10%

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 2020.

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 2020, none of the directors of the Company were interested or deemed to be interested in short positions in the shares and underlying shares of equity derivatives of the Company or any associated corporation as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

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 2020, 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, were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Nature of interest	Number of shares held	Percentage interest held
Chan Chun Hoo, Thomas	Personal, Associate and Corporation (<i>Note (i)</i>)	1,342,000,000 ordinary shares	63.60%
TGC Assets Limited	Corporation (<i>Note (ii)</i>)	1,070,000,000 ordinary shares	50.71%

Notes:

- (i) Mr. Chan Chun Hoo, Thomas ("Mr. Chan") was interested in and deemed to be interested in 1,342,000,000 shares of the Company of which 142,000,000 shares were held by Mr. Chan directly, 130,000,000 shares were held by his wife and 1,070,000,000 shares were held by TGC Assets Limited ("TGC").
- (ii) Mr. Chan is the beneficial owner of all of the issued share capital of TGC and he was deemed to be interested in the 1,070,000,000 shares held by TGC.

Purchase, Sale or Redemption of Shares

During the period, 6,640,000 shares of HK\$0.01 each were repurchased by the Company at prices ranging from HK\$0.87 to HK\$0.96 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 2020, 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.

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 2020.

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 2020.

Closure of Register of Members

The Register of Members of the Company will be closed from 8 September 2020 to 9 September 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 7 September 2020. The interim dividend will be paid on 24 September 2020 to the shareholders on the Register of Members of the Company on 9 September 2020.

On behalf of the Board
To Shu Sing, Sidney
Chairman

Hong Kong, 21 August 2020

CORPORATE INFORMATION

Directors

TO Shu Sing, Sidney
(*Chairman and Executive Director*)
CHAN, Helen (*Executive Director*)
CHENG Bing Kin, Alain
(*Executive Director*)
IP Shu Wing, Charles
(*Independent Non-executive Director*)
LEE Ka Sze, Carmelo
(*Non-executive Director*)
LO Kai Yiu, Anthony
(*Independent Non-executive Director*)
TANG Wing Yung, Thomas
(*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 54
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