



2022

INTERIM REPORT

Playmates[®]

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MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2022 HK\$'000	2021 HK\$'000
Group revenue	378,717	327,075
– from toy business	267,462	213,988
– from property investments and associated businesses	109,704	111,837
– from investment business	1,551	1,250
Gross profit	236,436	215,962
Net revaluation deficit on investment properties	(105,803)	(142,880)
Operating loss	(18,370)	(37,133)
Loss before income tax	(49,869)	(41,374)
Loss attributable to owners of the Company	(58,222)	(64,610)
Loss per share	HK cents	HK cents
– Basic	(2.80)	(3.09)
– Diluted	(2.80)	(3.09)
Interim dividend per share	1.50	1.50

Property Investments and Associated Businesses

The property investments and associated businesses recorded a 1.9% decrease in revenue to HK\$109.7 million during the first half of 2022 compared to the same period last year (same period in 2021: HK\$111.8 million). Revenue from the property investments and property management businesses increased by 3.3% to HK\$109.7 million (same period in 2021: HK\$106.2 million), while no revenue was generated from the food and beverage business due to the disposal of our equity interest in the business in May 2021 (same period in 2021: HK\$5.6 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of HK\$5.3 billion. A net revaluation deficit of HK\$105.8 million was recorded in the consolidated income statement of the Group (same period in 2021: HK\$142.9 million). Segment operating loss including net revaluation deficit was HK\$13.2 million (same period in 2021: HK\$57.2 million).

(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 7.5% of the fair value of the Group's overall investment property portfolio (31 December 2021: 7.7%).

Aggregate rental income generated from the investment properties of the Group was HK\$99.2 million, an increase of 3.1% from the prior period (same period in 2021: HK\$96.2 million), with an overall occupancy rate of 63% (31 December 2021: 62%).

(i) Commercial

The Group's investment in commercial properties consists of The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Although we expect Canton Road to remain one of the premier shopping districts in Hong Kong over the long term, retail and commercial activities in the area have been disrupted due to the COVID-19 epidemic and the associated travel restrictions and social distancing measures in place during the first half of 2022.

(ii) Residential

The Group's principal investment in residential properties includes units in Hillview on MacDonnell Road, Mid-Levels, Hong Kong. Interior renovation and improvement works are being performed successively on our Hillview units during 2022. We expect these works to enhance the value of the property over the long 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 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 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 increased by 4.9% to HK\$10.6 million as compared to HK\$10.1 million during the same period last 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 staff, tenants and visitors.

Playmates Toys

Playmates Toys group worldwide revenue during the first half of 2022 was HK\$267 million (same period in 2021: HK\$214 million), representing an increase of 25% compared to the prior year period. The favourable comparison was driven by the expansion of our *Miraculous: Tales of Ladybug & Cat Noir* toy line, partially offset by a contraction in *Godzilla vs. Kong* product sales compared to last year.

Gross profit ratio on toy sales was 49% (same period in 2021: 52%). Lower gross profit margin in the first half of 2022 reflected higher ocean freight costs and provision on inventory writedown. Operating expenses increased by 17% compared to the prior year period, reflecting contractual incentive payment to a licensor in the current year period based on brand profitability, partially offset by a 15% reduction in administration expenses.

Playmates Toys group reported an operating profit for the period of HK\$18.7 million (same period in 2021: HK\$15.5 million). Playmates Toys group’s loss before income tax of HK\$7.3 million (same period in 2021: profit before income tax of HK\$14.5 million) included a HK\$26.2 million mark-to-market unrealized loss on its equities investment position. Playmates Toys group’s equity investments represented 5% of its total assets at period end. These equity investments are in companies that are leaders within their industries, with strong balance sheets. We believe these companies are well-positioned to navigate through economic cycles, and ultimately deliver strong shareholder returns over the long run. Net loss during the first half of 2022 was HK\$1.4 million (same period in 2021: net profit of HK\$14.5 million).

We expect our operating environment to be challenging in the second half of the year. Many major economies are experiencing persistent high inflation. As a result, non-essential goods (including toys) are experiencing a slowdown, as many families struggle with dramatically higher food and energy prices. At the same time, supply chain disruptions over the past year prompted a pull-forward in inventory purchases, which has become a challenge to digest this year, just as consumer spending is slowing. Many retailers are also pulling back on orders, which has further compounded inventory issues that many, including us, are facing. As the supply chain bottleneck has shifted to warehouse capacity, we are taking decisive steps to reduce our inventory level, which will result in additional costs in the near-term, but will allow us to capitalize on upcoming opportunities.

Despite these near-term challenges, our team remains dedicated to bringing innovative toys to fans around the world, and building profitable, long-term, brand franchises.

Portfolio Investments

The Group engages in portfolio investments which include 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 2022, fair market value of the Group's investment portfolio was HK\$135.1 million (31 December 2021: HK\$161.0 million) representing 1.8% of the total assets of the Group (31 December 2021: 2.1%). This comprised of HK\$66.1 million of equities listed in Hong Kong (31 December 2021: HK\$71.8 million), HK\$68.4 million of equities listed overseas (31 December 2021: HK\$88.1 million) and HK\$0.6 million of unlisted managed funds (31 December 2021: HK\$1.1 million). None of the individual securities positions held by the Group had a market value that exceeded 0.3% of the total assets of the Group. The top 10 listed securities in aggregate represented 1.4% of the total assets of the Group, and included The Walt Disney Company (DIS.US), Apple Inc. (AAPL.US), Wharf Real Estate Investment Company Limited (1997.HK), Amazon.com, Inc. (AMZN.US), Tencent Holdings Limited (700.HK), New World Development Company Limited (17.HK), Vitasoy International Holdings Limited (345.HK), Sun Hung Kai Properties Limited (16.HK), CK Hutchison Holdings Limited (1.HK) and Alphabet Inc. (GOOG.US).

The Group reported a net loss from investments of HK\$41.3 million in the first half of 2022 (same period in 2021: net gain of HK\$6.3 million). During the first half of 2022, dividend and interest income generated from the portfolio were HK\$2.4 million (same period in 2021: HK\$1.8 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 2022

	Note	Unaudited Six months ended 30 June		
		2022 US\$'000 (Note 19)	2022 HK\$'000	2021 HK\$'000
Revenue	3	48,866	378,717	327,075
Cost of sales		<u>(18,359)</u>	<u>(142,281)</u>	<u>(111,113)</u>
Gross profit		30,507	236,436	215,962
Marketing and licensing expenses		(7,227)	(56,009)	(34,137)
Selling and distribution expenses		(1,804)	(13,981)	(11,919)
Administration expenses		(8,240)	(63,857)	(70,681)
Net (loss)/gain on financial assets at fair value through profit or loss		(1,956)	(15,156)	6,522
Net revaluation deficit on investment properties	9	<u>(13,652)</u>	<u>(105,803)</u>	<u>(142,880)</u>
Operating loss		(2,372)	(18,370)	(37,133)
Other net (loss)/income	4	(3,171)	(24,578)	2,377
Finance costs		<u>(893)</u>	<u>(6,921)</u>	<u>(6,618)</u>
Loss before income tax	5	(6,436)	(49,869)	(41,374)
Income tax expense	6	<u>(1,167)</u>	<u>(9,047)</u>	<u>(14,404)</u>
Loss for the period		<u>(7,603)</u>	<u>(58,916)</u>	<u>(55,778)</u>
(Loss)/Profit for the period attributable to:				
Owners of the Company		(7,513)	(58,222)	(64,610)
Non-controlling interests		<u>(90)</u>	<u>(694)</u>	<u>8,832</u>
		<u>(7,603)</u>	<u>(58,916)</u>	<u>(55,778)</u>
		<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	8			
Basic		<u>(0.36)</u>	<u>(2.80)</u>	<u>(3.09)</u>
Diluted		<u>(0.36)</u>	<u>(2.80)</u>	<u>(3.09)</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Unaudited		
	Six months ended 30 June		
	2022	2022	2021
<i>US\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	<i>(Note 19)</i>		
Loss for the period	(7,603)	(58,916)	(55,778)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign subsidiaries	(4,249)	(32,933)	(1,882)
– Release of exchange reserve upon disposal of a subsidiary	–	–	5,869
Item that will not be reclassified to profit or loss:			
– Surplus on revaluation of land and buildings	–	–	98,216
Total comprehensive income for the period	(11,852)	(91,849)	46,425
Total comprehensive income attributable to:			
Owners of the Company	(11,762)	(91,155)	37,593
Non-controlling interests	(90)	(694)	8,832
	(11,852)	(91,849)	46,425

Condensed Consolidated Statement of Financial Position
As at 30 June 2022

		Unaudited 30 June 2022 <i>US\$'000</i> <i>(Note 19)</i>	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
	<i>Note</i>			
Non-current assets				
Fixed assets				
– Investment properties	<i>9</i>	683,812	5,299,543	5,432,064
– Other property, plant and equipment	<i>9</i>	19,108	148,084	155,874
		<u>702,920</u>	<u>5,447,627</u>	5,587,938
Right-of-use assets		1,826	14,153	15,959
Goodwill		771	5,976	5,976
Prepayments	<i>11</i>	1,952	15,125	8,409
Deferred tax assets		5,487	42,521	33,206
		<u>712,956</u>	<u>5,525,402</u>	5,651,488
Current assets				
Inventories		8,750	67,815	58,007
Trade receivables	<i>10</i>	8,353	64,732	128,879
Deposits paid, other receivables and prepayments	<i>11</i>	8,797	68,180	73,280
Taxation recoverable		–	–	813
Financial assets at fair value through profit or loss		17,427	135,062	160,955
Cash and bank balances		188,505	1,460,914	1,464,689
		<u>231,832</u>	<u>1,796,703</u>	1,886,623
Current liabilities				
Bank loans	<i>12</i>	71,226	552,000	581,600
Trade payables	<i>13</i>	3,100	24,028	28,585
Deposits received, other payables and accrued charges	<i>14</i>	25,359	196,524	212,262
Provisions		5,287	40,977	37,287
Lease liabilities		451	3,493	3,346
Taxation payable		3,049	23,632	10,044
		<u>108,472</u>	<u>840,654</u>	873,124
Net current assets		<u>123,360</u>	<u>956,049</u>	1,013,499
Total assets less current liabilities		<u>836,316</u>	<u>6,481,451</u>	6,664,987

		Unaudited 30 June 2022 <i>US\$'000</i> <i>(Note 19)</i>	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Non-current liabilities				
Bank loans	12	24,784	192,075	200,175
Lease liabilities		1,550	12,016	13,816
Deferred tax liabilities		5,268	40,827	40,611
		<u>31,602</u>	<u>244,918</u>	<u>254,602</u>
Net assets		<u><u>804,714</u></u>	<u><u>6,236,533</u></u>	<u><u>6,410,385</u></u>
Equity				
Share capital	15	2,684	20,800	20,900
Reserves		740,498	5,738,862	5,900,320
Equity attributable to owners of the Company		743,182	5,759,662	5,921,220
Non-controlling interests		61,532	476,871	489,165
Total equity		<u><u>804,714</u></u>	<u><u>6,236,533</u></u>	<u><u>6,410,385</u></u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2022

	Unaudited		
	Six months ended 30 June		
	2022	2022	2021
<i>US\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	<i>(Note 19)</i>		
Operating activities			
Cash generated from operations	20,649	160,026	112,274
Interest paid	(737)	(5,711)	(5,367)
Interest received	53	410	221
Dividends received	147	1,141	1,029
Overseas tax paid	(319)	(2,473)	(2,106)
Hong Kong tax refunded	–	–	29
	<u>19,793</u>	<u>153,393</u>	<u>106,080</u>
Investing activities			
Capitalised subsequent expenditure on investment properties	(185)	(1,433)	(18,366)
Purchases of other property, plant and equipment	(23)	(181)	(59)
Prepayments for fixed assets	(1,235)	(9,575)	(1,663)
Purchases of financial assets at fair value through profit or loss	(1,992)	(15,436)	–
Interest received	80	621	587
Dividends received	29	221	–
Proceeds from disposal of subsidiaries, net of cash disposed of	–	–	59,820
	<u>(3,326)</u>	<u>(25,783)</u>	<u>40,319</u>
Net cash (used in)/generated from investing activities			

	Unaudited		
	Six months ended 30 June		
	2022	2022	2021
	US\$'000	HK\$'000	HK\$'000
	<i>(Note 19)</i>		
Financing activities			
Dividends paid to owners of the Company	(8,052)	(62,400)	(125,400)
Dividends paid to non-controlling interests	(1,497)	(11,600)	–
New bank loans	4,516	35,000	60,000
Repayment of bank loans	(9,381)	(72,700)	(12,200)
Repurchase of shares of the Company	(1,033)	(8,003)	(2,319)
Payment of lease liabilities	(266)	(2,064)	(1,336)
	<u>(15,713)</u>	<u>(121,767)</u>	<u>(81,255)</u>
Net cash used in financing activities	(15,713)	(121,767)	(81,255)
Net increase in cash and cash equivalents	754	5,843	65,144
Cash and cash equivalents at 1 January	188,992	1,464,689	1,475,511
Effect of foreign exchange rate changes	(1,241)	(9,618)	(1,260)
Cash and cash equivalents at 30 June	<u>188,505</u>	<u>1,460,914</u>	<u>1,539,395</u>
<i>Analysis of cash and cash equivalents</i>			
Cash and bank balances	<u>188,505</u>	<u>1,460,914</u>	<u>1,539,395</u>

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2022

	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>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2021	20,928	119,916	8,926	(239)	(16,794)	7,447	31,812	5,862,679	6,034,675	466,217	6,500,892
Loss for the period	-	-	-	-	-	-	-	(64,610)	(64,610)	8,832	(55,778)
Other comprehensive income:											
Exchange differences arising on translation of foreign subsidiaries	-	-	-	-	(1,882)	-	-	-	(1,882)	-	(1,882)
Release of exchange reserve upon disposal of a subsidiary	-	-	-	-	5,869	-	-	-	5,869	-	5,869
Surplus on revaluation of land and buildings	-	-	-	-	-	-	98,216	-	98,216	-	98,216
Total comprehensive income for the period	-	-	-	-	3,987	-	98,216	(64,610)	37,593	8,832	46,425
Repurchase of shares of the Company	(28)	(2,530)	28	239	-	-	-	(28)	(2,319)	-	(2,319)
Share option scheme											
- value of services	-	-	-	-	-	182	-	-	182	175	357
- share options lapsed	-	-	-	-	-	(564)	-	564	-	-	-
2020 second interim dividend paid	-	-	-	-	-	-	-	(62,700)	(62,700)	-	(62,700)
2020 special interim dividend paid	-	-	-	-	-	-	-	(62,700)	(62,700)	-	(62,700)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(125)	(125)
Unclaimed dividends forfeited by a listed subsidiary	-	-	-	-	-	-	-	26	26	26	52
Transactions with owners	(28)	(2,530)	28	239	-	(382)	-	(124,838)	(127,511)	76	(127,435)
At 30 June 2021	20,900	117,386	8,954	-	(12,807)	7,065	130,028	5,673,231	5,944,757	475,125	6,419,882

Unaudited
Attributable to owners of the Company

	Share capital	Share premium	Capital redemption 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>
At 1 January 2022	20,900	117,386	8,954	(20,251)	6,869	130,028	5,657,334	5,921,220	489,165	6,410,385
Loss for the period	-	-	-	-	-	-	(58,222)	(58,222)	(694)	(58,916)
Other comprehensive income:										
Exchange differences arising on translation of foreign subsidiaries	-	-	-	(32,933)	-	-	-	(32,933)	-	(32,933)
Total comprehensive income for the period	-	-	-	(32,933)	-	-	(58,222)	(91,155)	(694)	(91,849)
Repurchase of shares of the Company	(100)	(7,903)	100	-	-	-	(100)	(8,003)	-	(8,003)
Share option scheme										
– share options lapsed	-	-	-	-	(772)	-	772	-	-	-
2021 second interim dividend paid	-	-	-	-	-	-	(31,200)	(31,200)	-	(31,200)
2021 special interim dividend paid	-	-	-	-	-	-	(31,200)	(31,200)	-	(31,200)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(11,600)	(11,600)
Transactions with owners	(100)	(7,903)	100	-	(772)	-	(61,728)	(70,403)	(11,600)	(82,003)
At 30 June 2022	20,800	109,483	9,054	(53,184)	6,097	130,028	5,537,384	5,759,662	476,871	6,236,533

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 2021 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 2021.

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.

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	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
– Sale of toys	267,462	213,988
– Restaurant income	–	5,627
– Property management income	10,551	10,059
	<u>278,013</u>	<u>229,674</u>
Revenue from other sources:		
– Rental income from investment properties	99,153	96,151
– Dividend income	1,141	1,029
– Interest income	410	221
	<u>100,704</u>	<u>97,401</u>
Total revenue	<u>378,717</u>	<u>327,075</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 2022 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 revenue from contracts with customers by timing of revenue recognition				
– Point in time	–	–	267,462	267,462
– Over time	10,939	–	–	10,939
Gross revenue from other sources	101,768	1,551	–	103,319
Inter-segment revenue	(3,003)	–	–	(3,003)
	<u>109,704</u>	<u>1,551</u>	<u>267,462</u>	<u>378,717</u>
Revenue from external customers	<u>109,704</u>	<u>1,551</u>	<u>267,462</u>	<u>378,717</u>
Segment (loss)/profit before depreciation	(8,773)	(13,769)	20,833	(1,709)
Depreciation	(4,418)	–	(2,190)	(6,608)
	<u>(13,191)</u>	<u>(13,769)</u>	<u>18,643</u>	<u>(8,317)</u>
Segment operating (loss)/profit	<u>(13,191)</u>	<u>(13,769)</u>	<u>18,643</u>	<u>(8,317)</u>
Other net (loss)/income	256	–	(24,834)	(24,578)
Finance costs	(5,722)	(15)	(1,135)	(6,872)
	<u>(5,466)</u>	<u>(15)</u>	<u>(25,969)</u>	<u>(31,450)</u>
Segment (loss)/profit before income tax	<u>(18,657)</u>	<u>(13,784)</u>	<u>(7,326)</u>	<u>(39,767)</u>
Unallocated corporate expenses				<u>(10,102)</u>
Loss before income tax				<u>(49,869)</u>

The segment results for the six months ended 30 June 2021 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 revenue from contracts with customers by timing of revenue recognition				
– Point in time	5,627	–	213,988	219,615
– Over time	11,165	–	–	11,165
Gross revenue from other sources	100,873	1,250	–	102,123
Inter-segment revenue	<u>(5,828)</u>	<u>–</u>	<u>–</u>	<u>(5,828)</u>
Revenue from external customers	<u>111,837</u>	<u>1,250</u>	<u>213,988</u>	<u>327,075</u>
Segment (loss)/profit before depreciation	(51,404)	7,572	17,531	(26,301)
Depreciation	<u>(5,769)</u>	<u>–</u>	<u>(2,286)</u>	<u>(8,055)</u>
Segment operating (loss)/profit	<u>(57,173)</u>	<u>7,572</u>	<u>15,245</u>	<u>(34,356)</u>
Other net income	1,990	–	387	2,377
Finance costs	<u>(5,402)</u>	<u>(13)</u>	<u>(1,173)</u>	<u>(6,588)</u>
	<u>(3,412)</u>	<u>(13)</u>	<u>(786)</u>	<u>(4,211)</u>
Segment (loss)/profit before income tax	<u>(60,585)</u>	<u>7,559</u>	<u>14,459</u>	<u>(38,567)</u>
Unallocated corporate expenses				<u>(2,807)</u>
Loss before income tax				<u>(41,374)</u>

The segment assets and liabilities as at 30 June 2022 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)	<u>5,497,345</u>	<u>601,020</u>	<u>1,174,425</u>	7,272,790
Inter-segment elimination	(41)	-	(3,944)	(3,985)
Deferred tax assets				42,521
Unallocated assets				<u>10,779</u>
Total assets				<u><u>7,322,105</u></u>
Reportable segment liabilities	<u>789,681</u>	<u>-</u>	<u>234,533</u>	1,024,214
Inter-segment elimination	(1,512)	-	(2,473)	(3,985)
Deferred tax liabilities				40,827
Taxation payable				23,632
Unallocated liabilities				<u>884</u>
Total liabilities				<u><u>1,085,572</u></u>

The segment assets and liabilities as at 31 December 2021 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)	<u>5,639,955</u>	<u>640,146</u>	<u>1,226,896</u>	7,506,997
Inter-segment elimination	-	-	(6,387)	(6,387)
Deferred tax assets				33,206
Taxation recoverable				813
Unallocated assets				<u>3,482</u>
Total assets				<u>7,538,111</u>
Reportable segment liabilities	<u>829,096</u>	<u>-</u>	<u>253,490</u>	1,082,586
Inter-segment elimination	(1,523)	-	(4,864)	(6,387)
Deferred tax liabilities				40,611
Taxation payable				10,044
Unallocated liabilities				<u>872</u>
Total liabilities				<u>1,127,726</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, 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 related in case of prepayments and goodwill.

	Revenue from		Specified	
	external customers		non-current assets	
	Six months ended 30 June		30 June	31 December
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>110,796</u>	<u>113,164</u>	<u>5,025,124</u>	<u>5,127,759</u>
Americas				
– U.S.A.	156,577	136,781	190,315	187,666
– Others	25,591	14,235	–	–
Europe	67,899	49,462	186,697	209,087
Asia Pacific other than				
Hong Kong	16,541	13,433	80,745	93,770
Others	<u>1,313</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>267,921</u>	<u>213,911</u>	<u>457,757</u>	<u>490,523</u>
	<u>378,717</u>	<u>327,075</u>	<u>5,482,881</u>	<u>5,618,282</u>

3.3 Major customers

The Group's customer base includes four (2021: 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\$81,849,000, HK\$53,193,000, HK\$52,685,000 and HK\$43,263,000 (2021: HK\$84,832,000 and HK\$76,951,000) respectively.

4. Other net (loss)/income

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Playmates Toys' treasury investments		
– Net unrealised investment loss	(26,173)	(210)
– Interest income	621	587
– Dividend income	221	–
Government subsidies	736	582
Gain on disposal of subsidiaries	–	1,399
Others	17	19
	<u>(24,578)</u>	<u>2,377</u>

5. Loss before income tax

Loss before income tax is stated after charging the following:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Cost of inventories sold	125,949	97,147
Product development and tooling costs	7,864	6,264
Royalties expenses	36,684	30,249
Directors' and staff remunerations	30,360	39,870
Depreciation		
– other property, plant and equipment	4,819	6,264
– right-of-use assets	1,807	1,807
Interest expenses		
– on bank loans	5,711	5,367
– on lease liabilities	412	478
Net foreign exchange loss	7,607	1,578

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	13,448	12,912
Overseas taxation	3,425	1,810
Over provision in prior years – overseas	–	(111)
	<u>16,873</u>	<u>14,611</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>(7,826)</u>	<u>(207)</u>
Income tax expense	<u><u>9,047</u></u>	<u><u>14,404</u></u>

The Group's cumulative unrecognised tax losses as of 30 June 2022 amounted to HK\$117,294,000 (31 December 2021: HK\$112,704,000). These tax losses do not expire under respective tax legislation.

7. Dividends

7.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend of HK cents 1.5 per share (2021: HK cents 1.5 per share)	<u><u>31,200</u></u>	<u><u>31,350</u></u>

At a meeting held on 19 August 2022, the board of directors has resolved to pay an interim dividend of HK cents 1.5 per share to be paid on 23 September 2022 to shareholders whose names appear on the Company's Register of Members on 7 September 2022.

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 2022.

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Dividends in respect of the previous financial year and paid during the interim period:		
Second interim dividend of HK cents 1.5 per share (2021: HK cents 3.0 per share)	31,200	62,700
Special interim dividend of HK cents 1.5 per share (2021: HK cents 3.0 per share)	31,200	62,700
	<u>62,400</u>	<u>125,400</u>

8. Loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$58,222,000 (2021: HK\$64,610,000) and the weighted average number of ordinary shares of 2,080,637,000 shares (2021: 2,090,186,000 shares) in issue during the period.

Diluted loss per share for the six months ended 30 June 2022 and 2021 equals to the basic loss 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 2022 and 2021.

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 2022	5,432,064	155,874
Exchange fluctuation	(30,766)	(3,152)
Additions	–	181
Capitalised subsequent expenditure	4,048	–
Net revaluation deficit	(105,803)	–
Depreciation	–	(4,819)
	<u>5,299,543</u>	<u>148,084</u>
Closing net book amount as at 30 June 2022	5,299,543	148,084
Opening net book amount as at 1 January 2021	5,504,721	218,792
Exchange fluctuation	(2,379)	504
Additions	–	59
Capitalised subsequent expenditure	43,182	–
Net revaluation deficit	(142,880)	–
Disposal of subsidiaries	(48,717)	(4,048)
Depreciation	–	(6,264)
Reclassification	145,800	(47,584)
	<u>5,499,727</u>	<u>161,459</u>
Closing net book amount as at 30 June 2021	5,499,727	161,459
Exchange fluctuation	(6,833)	(755)
Additions	–	129
Capitalised subsequent expenditure	417	–
Net revaluation deficit	(61,247)	–
Depreciation	–	(4,959)
	<u>5,432,064</u>	<u>155,874</u>
Closing net book amount as at 31 December 2021	5,432,064	155,874

10. Trade receivables

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade receivables	84,573	145,592
Less: Allowance for customer concession	(19,841)	(16,713)
	<u>64,732</u>	<u>128,879</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 2022 HK\$'000	31 December 2021 HK\$'000
0 – 60 days	39,270	85,735
61 – 90 days	15,062	35,541
91 – 180 days	3,266	3,918
Over 180 days	7,134	3,685
	<u>64,732</u>	<u>128,879</u>

11. Deposits paid, other receivables and prepayments

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Non-current portion		
Prepayments for fixed assets	<u>15,125</u>	<u>8,409</u>
Current portion		
Advanced royalties (<i>Note(i)</i>)	49,781	51,775
Deferred rental income (<i>Note(ii)</i>)	13,485	16,471
Miscellaneous prepaid expenses, deposits paid and receivables	<u>4,914</u>	<u>5,034</u>
	<u>68,180</u>	<u>73,280</u>

Notes:

- (i) These advanced royalties are recoupable by the Group against future royalties payable to toy licensors for future sales of licensed toy products.
- (ii) Deferred rental income are related to rent free periods and rental concessions given to tenants, which are amortised over the respective lease terms.

12. Bank loans

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Secured bank loans repayable		
Within one year	552,000	581,600
In the second year	178,075	16,200
In the third to fifth years	14,000	183,975
	744,075	781,775
Current portion included in current liabilities	(552,000)	(581,600)
Non-current portion	192,075	200,175

As at 30 June 2022 and 31 December 2021, 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 1.68% p.a. (31 December 2021: 1.49% p.a.).

As at 30 June 2022, the Group has banking facilities amounting to HK\$980,675,000 (31 December 2021: HK\$990,775,000), of which HK\$744,075,000 (31 December 2021: HK\$781,775,000) 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\$4,703,000,000 and HK\$96,983,000 respectively at 30 June 2022 (31 December 2021: HK\$4,812,400,000 and HK\$99,959,000).

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 2022 HK\$'000	31 December 2021 HK\$'000
0 – 30 days	22,688	27,056
31 – 60 days	–	5
Over 60 days	1,340	1,524
	24,028	28,585

14. Deposits received, other payables and accrued charges

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Contract liabilities		
– Purchase commitment guarantee deposits from toy distributors	29,192	29,739
– Sales deposits received in advance	27,677	24,356
Security deposits and advance receipts from tenants	32,626	34,579
Accrued product development, sales, marketing, licensing and distribution expenses	18,480	19,774
Accrued royalties	61,488	74,632
Accrued directors' and staff remunerations	5,045	7,375
Withholding tax payable	8,393	6,945
Accrued administrative expenses and professional fees	13,623	14,862
	196,524	212,262

15. Share capital

	Authorised Ordinary shares of HK\$0.01 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31 December 2021 and 30 June 2022	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 2021	2,092,760,000	20,928
Cancellation of repurchased shares	(2,760,000)	(28)
At 31 December 2021 and 1 January 2022	2,090,000,000	20,900
Cancellation of repurchased shares (<i>Note</i>)	(10,000,000)	(100)
At 30 June 2022	2,080,000,000	20,800

Note:

During the six months ended 30 June 2022, the Company repurchased a total of 10,000,000 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>
January 2022	0.01	10,000,000	0.81	0.78	8,003

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 the share premium 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 2022			
	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:				
Equity investments listed in Hong Kong	66,123	–	–	66,123
Equity investments listed outside Hong Kong	68,393	–	–	68,393
Unlisted managed funds	–	546	–	546
	<u>134,516</u>	<u>546</u>	<u>–</u>	<u>135,062</u>

	At 31 December 2021			
	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:				
Equity investments listed in Hong Kong	71,796	–	–	71,796
Equity investments listed outside Hong Kong	88,074	–	–	88,074
Unlisted managed funds	–	1,085	–	1,085
	<u>159,870</u>	<u>1,085</u>	<u>–</u>	<u>160,955</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 2022 and 2021, 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, cash and bank balances, bank loans, trade payables, other payables and accrued charges and lease liabilities carried at amortised cost) approximate their fair values as at 30 June 2022 and 31 December 2021.

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 2022 were payable as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within one year	21,583	15,771
In the second to fifth years	179,064	217,426
	200,647	233,197

17.2 Lease commitments

The Group acts as lessee and lessor under leases.

17.2.1 As lessee

As at 30 June 2022 and 31 December 2021, all of the Group's committed leases had already commenced and recognised as lease liabilities under HKFRS 16, *Leases*.

17.2.2 As lessor

At 30 June 2022, 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 2022 HK\$'000	31 December 2021 HK\$'000
Within one year	128,626	217,101
In the second to fifth years	22,030	32,393
	150,656	249,494

17.3 Capital commitments

Capital commitments outstanding at 30 June 2022 not provided for at the end of the reporting period were as follows:

	30 June 2022 <i>HK\$'000</i>	31 December 2021 <i>HK\$'000</i>
Contracted for	<u>7,202</u>	<u>15,887</u>

18. Related party transactions

During the six months ended 30 June 2022, the Group did not enter into significant transactions with related parties.

During the six months ended 30 June 2021, save as the disposal of Pophleys as disclosed in Note 32(a) of the Group's 2021 annual financial statements, 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 2022.

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 63% as at 30 June 2022 (31 December 2021: 62%).

Financial assets at fair value through profit or loss include investments in listed equities and managed funds. As at 30 June 2022, the Group's financial assets at fair value through profit or loss amounted to HK\$135,062,000 (31 December 2021: HK\$160,955,000).

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 2022, trade receivables related to toy business were HK\$59,270,000 (31 December 2021: HK\$124,378,000) and inventories were HK\$67,815,000 (31 December 2021: HK\$58,007,000). Higher inventories at 30 June 2022 reflected the Group's pull-forward inventory purchases in response to the global supply chain disruptions over the past year.

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2022 was 10.2% compared to 10.4% at 31 December 2021. The current ratio, calculated as the ratio of current assets to current liabilities, was 2.1 at 30 June 2022 (31 December 2021: 2.2).

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 2022, the Group's cash and bank balances were HK\$1,460,914,000 (31 December 2021: HK\$1,464,689,000), of which HK\$1,287,095,000 (31 December 2021: HK\$1,272,770,000) was denominated in United States dollar, HK\$58,501,000 (31 December 2021: HK\$66,066,000) in British pound, HK\$43,468,000 (31 December 2021: HK\$46,372,000) 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 2022, the Group had a total of 75 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 <i>HK\$</i>	Number of share options				Balance at 30 June 2022	Vesting/ Exercise Period and Remarks <i>(Note)</i>
			Balance at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period		
2018 PTL Scheme								
CHAN Kwong Fai, Michael <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)
CHAN Kong Keung, Stephen <i>Director of the Company and PTL</i>	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
TO Shu Sing, Sidney <i>Retired Chairman and Director of the Company and PTL</i>	29 June 2018	0.826	2,000,000	-	-	2,000,000	-	(1) & (5)

Participant	Date of grant	Exercise Price <i>HKS</i>	Number of share options				Balance at 30 June 2022	Vesting/ Exercise Period and Remarks <i>(Note)</i>
			Balance at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period		
<i>Directors of PTL</i>								
CHOW Yu Chun, Alexander	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	12,188,000	-	-	-	12,188,000	(1)
Other Participants	29 June 2018	0.826	5,580,000	-	-	800,000	4,780,000	(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>	13 April 2012	0.415	1,121,500	-	-	1,121,500	-	(3)
	15 May 2013	0.930	3,153,500	-	-	-	3,153,500	(4)
Other Participants	13 April 2012	0.415	752,000	-	-	752,000	-	(3)
	15 May 2013	0.930	814,500	-	-	-	814,500	(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) Mr. To Shu Sing, Sidney resigned and retired as the chairman and executive director of the Company and PTL on 31 December 2021 and his unexercised share options lapsed in January 2022.

No options were cancelled during the period.

Apart from the aforesaid, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 30 June 2022, 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
CHAN Kwong Fai, Michael	Personal	104,000,000 ordinary shares	5.00%
CHAN, Helen	Personal	28,000,000 ordinary shares	1.35%
CHAN Kong Keung, Stephen	Personal	2,600,000 ordinary shares	0.13%
LO Kai Yiu, Anthony	Personal	250,000 ordinary shares	0.01%

Long positions in shares of PTL

Name of director	Nature of interest	Number of shares held	Percentage interest held
CHAN Kwong Fai, Michael	Personal	3,274,000 ordinary shares	0.28%
LO Kai Yiu, Anthony	Personal	376,000 ordinary shares	0.03%

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
CHAN Kwong Fai, Michael	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%
CHAN Kong Keung, Stephen	Personal	1,000,000 share options	1,000,000 shares	0.08%

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 2022.

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 2022, 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 2022, 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 (Note (i))	1,345,400,000 ordinary shares	64.68%
TGC Assets Limited	Corporation (Note (ii))	1,073,400,000 ordinary shares	51.61%

Notes:

- (i) Mr. Chan Chun Hoo, Thomas ("Mr. Chan") was interested in and deemed to be interested in 1,345,400,000 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 1,073,400,000 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 those shares.

Save as disclosed above, as at 30 June 2022, none of the person (other than the directors of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the registered required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Purchase, Sale or Redemption of Shares

During the period, 10,000,000 shares of HK\$0.01 each were repurchased by the Company at prices ranging from HK\$0.78 to HK\$0.81 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 Part 2 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2022, except the followings:

The Code Provision C.2.1 provides that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The Company does not have a designated chief executive. 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 Code Provision C.1.6 provides that generally the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the view of shareholders. Mr. Tsim Tak Lung, who retired as a non-executive director of the Company at the conclusion of the annual general meeting on 27 April 2022 ("AGM"), was unable to attend the AGM due to other prior engagement.

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending 31 December 2022. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

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 2022.

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 2022.

Update on Director's Information pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company since the publication of the 2021 annual report of the Company are set out below:

Mr. Tsim Tak Lung retired as a non-executive director and deputy chairman of the Company at the conclusion of the AGM. Following his retirement, Mr. Tsim also ceased to be a member of the Audit Committee and a member of the Compensation Committee of the Company.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Closure of Register of Members

The Register of Members of the Company will be closed from 6 September 2022 to 7 September 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 5 September 2022. The interim dividend will be paid on 23 September 2022 to the shareholders on the Register of Members of the Company on 7 September 2022.

On behalf of the Board
Chan Kwong Fai, Michael
Chairman

Hong Kong, 19 August 2022

CORPORATE INFORMATION

Directors

CHAN Kwong Fai, Michael
(Chairman and Executive Director)
CHAN, Helen (Executive Director)
CHAN Kong Keung, Stephen
(Executive Director)
LEE Ka Sze, Carmelo
(Non-executive Director)
LO Kai Yiu, Anthony
(Independent Non-executive Director)
OR Ching Fai, Raymond
(Independent Non-executive Director)
TANG Wing Yung, Thomas
(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
17/F, Far East Finance Centre
16 Harcourt Road
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

