



2022

INTERIM REPORT



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MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2022 HK\$'000	2021 HK\$'000
Revenue	267,462	213,988
Gross profit	130,563	111,025
Operating profit	18,746	15,498
(Loss)/Profit before income tax	(7,326)	14,459
Income tax credit	5,914	24
(Loss)/Profit attributable to owners of the Company	(1,412)	14,483
(Loss)/Earnings per share	HK cents	<i>HK cents</i>
– Basic	(0.12)	1.23
– Diluted	(0.12)	1.23

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.

The group reported an operating profit for the period of HK\$18.7 million (same period in 2021: HK\$15.5 million). The 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 our equities investment position. The group's equity investments represented 5% of 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 attributable to shareholders 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.

Brand Overview

Miraculous: Tales of Ladybug & Cat Noir

Retail distribution of our ***Miraculous: Tales of Ladybug & Cat Noir*** toy line continued to expand during the first half of 2022. We are working on product line expansions for 2023.

The highly popular TV show continues to air in over 120 countries worldwide and stream across multiple digital platforms, including Disney Channel, Disney+ and Netflix. An upcoming animated musical movie, ***Ladybug & Cat Noir Awakening***, is scheduled for global release in 2023.

Star Trek

Playmates Toys will make a much-anticipated return as the global master licensee for figures, vehicles and ships, role play and other categories for all ***ViacomCBS Star Trek*** properties. Some of the most iconic characters in the Star Trek universe, including its most famous Captains and First Officers, are among the collection featured in the Summer 2022 launch of our toy line.

Later in 2022, Playmates Toys will also launch the first action figures from the new Paramount+ and Nickelodeon animated series ***Star Trek: Prodigy***.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Note	Unaudited		
		Six months ended 30 June		
		2022	2022	2021
		US\$'000	HK\$'000	HK\$'000
		<i>(Note 18)</i>		
Revenue	3	34,511	267,462	213,988
Cost of sales		<u>(17,664)</u>	<u>(136,899)</u>	<u>(102,963)</u>
Gross profit		16,847	130,563	111,025
Marketing and licensing expenses		(7,227)	(56,009)	(34,137)
Selling and distribution expenses		(1,804)	(13,981)	(11,919)
Administration expenses		<u>(5,396)</u>	<u>(41,827)</u>	<u>(49,471)</u>
Operating profit		2,420	18,746	15,498
Other net (loss)/income	4	(3,205)	(24,835)	387
Finance costs		<u>(160)</u>	<u>(1,237)</u>	<u>(1,426)</u>
(Loss)/Profit before income tax	5	(945)	(7,326)	14,459
Income tax credit	6	763	5,914	24
(Loss)/Profit for the period and total comprehensive income for the period attributable to owners of the Company		<u>(182)</u>	<u>(1,412)</u>	<u>14,483</u>
		<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share	8			
Basic		<u>(0.02)</u>	<u>(0.12)</u>	<u>1.23</u>
Diluted		<u>(0.02)</u>	<u>(0.12)</u>	<u>1.23</u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

		Unaudited 30 June 2022 <i>US\$'000</i> <i>(Note 18)</i>	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
	<i>Note</i>			
Non-current assets				
Property, plant and equipment	9	115	892	1,119
Right-of-use assets		2,140	16,584	20,823
Deferred tax assets		5,351	41,469	32,130
		<u>7,606</u>	<u>58,945</u>	<u>54,072</u>
Current assets				
Inventories		8,750	67,815	58,007
Trade receivables	10	7,648	59,270	124,378
Deposits paid, other receivables and prepayments	11	7,370	57,114	57,331
Financial assets at fair value through profit or loss		7,807	60,505	71,241
Cash and bank balances		117,709	912,244	893,997
		<u>149,284</u>	<u>1,156,948</u>	<u>1,204,954</u>
Current liabilities				
Trade payables	12	3,026	23,451	28,476
Deposits received, other payables and accrued charges	13	19,635	152,163	165,702
Provisions		5,287	40,977	37,287
Lease liabilities		788	6,104	8,503
Taxation payable		1,419	10,996	10,044
		<u>30,155</u>	<u>233,691</u>	<u>250,012</u>
Net current assets		<u>119,129</u>	<u>923,257</u>	<u>954,942</u>
Total assets less current liabilities		<u>126,735</u>	<u>982,202</u>	<u>1,009,014</u>

		Unaudited 30 June 2022 US\$'000 (Note 18)	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Non-current liabilities				
Lease liabilities		<u>1,550</u>	<u>12,016</u>	<u>13,816</u>
Net assets		<u><u>125,185</u></u>	<u><u>970,186</u></u>	<u><u>995,198</u></u>
Equity				
Share capital	<i>14</i>	1,523	11,800	11,800
Reserves		<u>123,662</u>	<u>958,386</u>	<u>983,398</u>
Total equity		<u><u>125,185</u></u>	<u><u>970,186</u></u>	<u><u>995,198</u></u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2022

	Unaudited		
	Six months ended 30 June		
	2022	2022	2021
	US\$'000	HK\$'000	HK\$'000
	(Note 18)		
Operating activities			
Cash generated from operations	8,230	63,783	41,682
Overseas tax paid	(319)	(2,473)	(2,069)
	<u> </u>	<u> </u>	<u> </u>
Net cash generated from operating activities	7,911	61,310	39,613
	<u> </u>	<u> </u>	<u> </u>
Investing activities			
Purchases of property, plant and equipment	(20)	(156)	(59)
Purchases of financial assets at fair value through profit or loss	(1,992)	(15,436)	–
Interest received	80	621	587
Dividends received	29	221	–
	<u> </u>	<u> </u>	<u> </u>
Net cash (used in)/generated from investing activities	(1,903)	(14,750)	528
	<u> </u>	<u> </u>	<u> </u>
Financing activities			
Dividends paid to owners of the Company	(3,045)	(23,600)	–
Payment of lease liabilities	(608)	(4,713)	(4,280)
	<u> </u>	<u> </u>	<u> </u>
Net cash used in financing activities	(3,653)	(28,313)	(4,280)
	<u> </u>	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	2,355	18,247	35,861
Cash and cash equivalents at 1 January	115,354	893,997	949,943
	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	117,709	912,244	985,804
	<u> </u>	<u> </u>	<u> </u>
Analysis of cash and cash equivalents			
Cash and bank balances	<u>117,709</u>	<u>912,244</u>	<u>985,804</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Unaudited						Total HK\$'000
	Share capital HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Share-based compensation reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2021	11,800	409	38,285	(1,095)	14,153	888,190	951,742
Profit and total comprehensive income for the period	-	-	-	-	-	14,483	14,483
Share option scheme							
– value of services	-	-	-	-	357	-	357
– share options lapsed	-	-	-	-	(1,109)	1,109	-
Unclaimed dividends forfeited	-	-	-	-	-	52	52
Transactions with owners	-	-	-	-	(752)	1,161	409
At 30 June 2021	11,800	409	38,285	(1,095)	13,401	903,834	966,634
	Unaudited						
	Share capital HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Share-based compensation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2022	11,800	409	38,285	(1,095)	13,015	932,784	995,198
Loss and total comprehensive income for the period	-	-	-	-	-	(1,412)	(1,412)
Share option scheme							
– share options lapsed	-	-	-	-	(1,518)	1,518	-
2021 interim dividend paid	-	-	-	-	-	(23,600)	(23,600)
Transactions with owners	-	-	-	-	(1,518)	(22,082)	(23,600)
At 30 June 2022	11,800	409	38,285	(1,095)	11,497	909,290	970,186

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 only operating segment of the Group is design, development, marketing and distribution of toys and family entertainment activity products. No separate analysis of the reportable segment profit/loss before income tax, reportable segment assets and reportable segment liabilities by operating segment are presented.

Revenue represented sales of toys and was recognised at the point in time when customers obtain the control of the goods.

3.1 Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue and (ii) the Group's property, plant and equipment and right-of-use assets ("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 property, plant and equipment and right-of-use assets.

	Revenue		Specified 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>82</u>	<u>349</u>	<u>2,581</u>	<u>4,641</u>
Americas				
– U.S.A.	156,553	136,758	14,572	16,330
– Others	25,591	14,235	–	–
Europe	67,786	49,422	323	971
Asia Pacific other than Hong Kong	16,137	13,224	–	–
Others	<u>1,313</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>267,380</u>	<u>213,639</u>	<u>14,895</u>	<u>17,301</u>
	<u>267,462</u>	<u>213,988</u>	<u>17,476</u>	<u>21,942</u>

3.2 Major customers

The Group's customer base includes three (2021: three) customers with whom transactions exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to approximately HK\$53,193,000, HK\$52,685,000 and HK\$43,263,000 (2021: HK\$84,832,000, HK\$29,688,000 and HK\$25,175,000) respectively.

4. Other net (loss)/income

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Net unrealised loss on financial assets at fair value through profit or loss	(26,173)	(210)
Government subsidies	496	–
Interest income	621	587
Dividend income	221	–
Others	–	10
	<u>(24,835)</u>	<u>387</u>

5. (Loss)/Profit before income tax

(Loss)/Profit 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	94,968
Product development and tooling costs	7,864	6,264
Royalties expenses	36,684	30,249
Directors' and staff remunerations	25,034	30,922
Depreciation		
– property, plant and equipment	383	479
– right-of-use assets	4,239	4,519
Interest expenses on lease liabilities	514	731
	<u>514</u>	<u>731</u>

6. Income tax credit

No Hong Kong profits tax has been provided as the Group companies which are subject to Hong Kong profits tax either incurred tax losses or have tax losses brought forward to set off assessable profit for the period. Overseas taxation of overseas subsidiaries is provided in accordance with the applicable tax laws.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current tax expense		
Hong Kong profits tax	–	–
Overseas taxation	3,425	1,810
	<u>3,425</u>	<u>1,810</u>
Deferred tax credit		
Origination and reversal of temporary differences	(9,339)	(1,834)
Income tax credit	<u>(5,914)</u>	<u>(24)</u>

The Group's cumulative unrecognised tax losses as of 30 June 2022 amounted to HK\$85,048,000 (31 December 2021: HK\$93,217,000). These tax losses do not expire under respective tax legislation.

7. Dividends

7.1 Dividends attributable to the interim period

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: HK\$ nil).

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:		
Interim dividend of HK cents 2 per share (2021: HK\$ nil)	23,600	–

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\$1,412,000 (2021: profit of HK\$14,483,000) and the weighted average number of ordinary shares of 1,180,000,000 shares (2021: 1,180,000,000 shares) in issue during the period.

Diluted loss per share for the six months ended 30 June 2022 equals to the basic loss per share as the potential ordinary share on exercise of share options are anti-dilutive and therefore were not included in the calculation of diluted loss per share.

Diluted earnings per share for the six months ended 30 June 2021 is calculated based on the profit attributable to owners of the Company of HK\$14,483,000 and the weighted average number of ordinary shares of 1,180,252,000 shares in issue during the period, adjusted for the effects of 252,000 dilutive potential shares on exercise of share options.

9. Property, plant and equipment

	<i>HK\$'000</i>
Opening net book amount as at 1 January 2022	1,119
Additions	156
Depreciation	(383)
	<hr/>
Closing net book amount as at 30 June 2022	892
	<hr/> <hr/>
Opening net book amount as at 1 January 2021	1,798
Additions	59
Depreciation	(479)
	<hr/>
Closing net book amount as at 30 June 2021	1,378
Additions	129
Depreciation	(388)
	<hr/>
Closing net book amount as at 31 December 2021	1,119
	<hr/> <hr/>

10. Trade receivables

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade receivables	79,111	141,091
Less: Allowance for customer concession	<u>(19,841)</u>	<u>(16,713)</u>
	<u>59,270</u>	<u>124,378</u>

The Group grants credits to retail customers 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 customers are letters of credit at sight or usance or on open accounts with credit term in the range of 60 to 90 days. 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	36,233	83,410
61 – 90 days	14,310	34,754
91 – 180 days	2,637	3,625
Over 180 days	<u>6,090</u>	<u>2,589</u>
	<u>59,270</u>	<u>124,378</u>

11. Deposits paid, other receivables and prepayments

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Advanced royalties (<i>Note(i)</i>)	49,781	51,775
Miscellaneous prepaid expenses, deposits paid and receivables	<u>7,333</u>	<u>5,556</u>
	<u>57,114</u>	<u>57,331</u>

Note:

- (i) These advanced royalties are recoupable by the Group against future royalties payable to toy licensors for future sales of licensed toy products.

12. Trade payables

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
0 – 30 days	22,211	27,046
31 – 60 days	–	5
Over 60 days	1,240	1,425
	<u>23,451</u>	<u>28,476</u>

13. 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
Accrued product development, sales, marketing, licensing and distribution expenses	18,480	19,774
Accrued royalties	61,488	74,632
Accrued directors' and staff remunerations	4,441	6,666
Withholding tax payable	8,393	6,945
Accrued administrative expenses and professional fees	2,492	3,590
	<u>152,163</u>	<u>165,702</u>

14. 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	<u>3,000,000,000</u>	<u>30,000</u>
	Issued and fully paid Ordinary shares of HK\$0.01 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2021, 31 December 2021 and 30 June 2022	<u>1,180,000,000</u>	<u>11,800</u>

15. Fair value measurement of financial instruments

15.1 Financial assets and liabilities measured at fair value

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

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

	At 30 June 2022			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Equity investments listed in Hong Kong	16,768	–	–	16,768
Equity investments listed outside Hong Kong	<u>43,737</u>	<u>–</u>	<u>–</u>	<u>43,737</u>
	<u>60,505</u>	<u>–</u>	<u>–</u>	<u>60,505</u>

	At 31 December 2021			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Equity investments listed in Hong Kong	19,027	–	–	19,027
Equity investments listed outside Hong Kong	<u>52,214</u>	<u>–</u>	<u>–</u>	<u>52,214</u>
	<u>71,241</u>	<u>–</u>	<u>–</u>	<u>71,241</u>

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.

15.2 Financial assets and liabilities not reported at fair value

The carrying amounts of the Group's financial assets and liabilities (comprising trade receivables, deposits paid and other receivables, cash and bank balances, 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.

16. Commitments

16.1 Licensing commitments

In the normal course of business, the Group enters into contractual licensing agreements to secure its rights to design, develop, market and distribute certain toys and family entertainment activity products for future sales. Certain licensing agreements contain financial commitments by the Group to the licensors to be fulfilled during the terms of the contracts. The amounts of financial commitments contracted but not provided for at 30 June 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

16.2 Lease commitments

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. Related party transactions

17.1 The Group entered into the following significant transactions with related parties:

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rent and building management fee paid to fellow subsidiaries, Bagnols Limited, Belmont Limited and Great Westwood Limited	<u>3,037</u>	<u>3,385</u>

There was no new lease entered into with related parties during the period ended 30 June 2022. The amounts shown above represents the cash amount paid to fellow subsidiaries under existing leases during the period.

17.2 No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

18. US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.75 to US\$1 ruling at 30 June 2022.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Liquidity and Financial Resources

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 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 current ratio, calculated as the ratio of current assets to current liabilities, was 5.0 at 30 June 2022 compared to 4.8 at 31 December 2021.

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\$912,244,000 (31 December 2021: HK\$893,997,000), of which HK\$891,781,000 (31 December 2021: HK\$877,895,000) was denominated in United States dollar and the remaining balance was mainly denominated in Hong Kong dollar.

As at 30 June 2022, the Group's treasury investment in listed equities amounted to HK\$60,505,000 (31 December 2021: HK\$71,241,000) representing 5.0% of the total assets of the Group (31 December 2021: 5.7%). This comprised HK\$16,768,000 of equities listed in Hong Kong (31 December 2021: HK\$19,027,000) and HK\$43,737,000 of equities listed overseas (31 December 2021: HK\$52,214,000). None of the individual securities positions held by the Group had a market value that exceeded 1.0% of the total assets of the Group. The top 10 listed securities in aggregate represented 4.5% of the total assets of the Group and included The Walt Disney Company (DIS.US), Amazon.com, Inc. (AMZN.US), New World Development Co Limited (17.HK), Alphabet Inc. (GOOG.US), Microsoft Corporation (MSFT.US), NVIDIA Corporation (NVDA.US), Apple Inc. (AAPL.US), Vitasoy International Holdings Limited (345.HK), Walmart Inc. (WMT.US) and Tencent Holdings Limited (700.HK).

The Group is exposed to foreign currency risk primarily through sales that are denominated in United States dollar. The Group does not hedge its foreign currency risks, as the rate of exchange between Hong Kong dollar and the United States dollar is controlled within a tight range. Long-term changes in foreign exchange rates would have an impact on consolidated earnings.

Employees

As at 30 June 2022, the Group had a total of 57 employees in Hong Kong and the United States of America.

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

Share Options

The following shows the particulars of the share options of the Company granted to directors of the Company, employees of the 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”), 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”):

Participant	Date of grant	Exercise price HK\$	Number of share options				Balance at 30 June 2022	Vesting/ Exercise Period and Remarks (Note)
			Balance at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period		
2018 PTL Scheme								
<i>Directors of the Company</i>								
CHAN Kwong Fai, Michael <i>Chairman</i>	29 June 2018	0.826	2,000,000	-	-	-	2,000,000	(1)
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)
TRAN Vi-hang William	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
TO Shu Sing, Sidney <i>Retired Chairman and Director</i>	29 June 2018	0.826	2,000,000	-	-	2,000,000	-	(1) & (5)
<i>Continuous Contract Employees, excluding Directors</i>	29 June 2018	0.826	13,188,000	-	-	-	13,188,000	(1)
<i>Other Participants</i>	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)

Participant	Date of grant	Exercise price HK\$	Number of share options				Balance at 30 June 2022	Vesting/ Exercise Period and Remarks (Note)
			Balance at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period		
2008 PTL Scheme								
<i>Directors of the Company</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 Employees, excluding Directors</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 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	3,274,000 ordinary shares	0.28%
CHOW Yu Chun, Alexander	Personal	2,038,000 ordinary shares	0.17%
IP Shu Wing, Charles	Personal	2,487,026 ordinary shares	0.21%
TRAN Vi-hang William	Personal	1,000,000 ordinary shares	0.08%
YU Hon To, David	Personal	176,000 ordinary shares	0.01%
	Corporate (<i>Note (a)</i>)	1,065,600 ordinary shares	0.09%

Long positions in underlying shares of the Company

Name of director	Nature of interest	Number of equity derivatives held	Number of underlying shares (ordinary shares)	Percentage interest held
CHAN Kwong Fai, Michael	Personal	2,000,000 share options	2,000,000 shares	0.17%
CHAN Kong Keung, Stephen	Personal	1,000,000 share options	1,000,000 shares	0.08%
CHOW Yu Chun, Alexander	Personal	1,025,000 share options	1,025,000 shares	0.09%
TRAN Vi-hang William	Personal	1,000,000 share options	1,000,000 shares	0.08%

Long positions in shares of Playmates Holdings Limited (“PHL”)

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 Kong Keung, Stephen	Personal	2,600,000 ordinary shares	0.13%
IP Shu Wing, Charles	Personal	3,320,800 ordinary shares	0.16%
TRAN Vi-hang William	Personal	160,000 ordinary shares	0.01%
YU Hon To, David	Personal	228,000 ordinary shares	0.01%
	Corporate (<i>Note (b)</i>)	5,472,000 ordinary shares	0.26%

Notes:

- (a) 1,065,600 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) 5,472,000 ordinary shares of PHL 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 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, which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in shares of the Company

Name	Nature of interest	Number of shares held	Percentage interest held
CHAN Chun Hoo, Thomas	Personal <i>(Note (i))</i>	626,000,000 ordinary shares	53.05%
TGC Assets Limited	Corporate and Beneficial Owner <i>(Note (ii))</i>	626,000,000 ordinary shares	53.05%
PHL	Corporate <i>(Note (iii))</i>	600,000,000 ordinary shares	50.85%
PIL Management Limited	Corporate <i>(Note (iii))</i>	600,000,000 ordinary shares	50.85%
PIL Investments Limited	Corporate <i>(Note (iii))</i>	600,000,000 ordinary shares	50.85%
PIL Toys Limited	Corporate	600,000,000 ordinary shares	50.85%

Notes:

- (i) Mr. Chan Chun Hoo, Thomas (“Mr. Chan”) is the beneficial owner of all of the issued share capital of TGC Assets Limited (“TGC”) and is therefore deemed to be interested in the 626,000,000 shares of the Company in aggregate which TGC is interested in.
- (ii) TGC is directly interested in 26,000,000 shares of the Company. Furthermore, since TGC directly owns approximately 51.61% of the shareholding of PHL and it is also deemed to be interested in the 600,000,000 shares of the Company in aggregate which PHL is interested in.
- (iii) PIL Management Limited is a wholly-owned subsidiary of PHL; PIL Investments Limited is a wholly-owned subsidiary of PIL Management Limited; and PIL Toys Limited is a wholly-owned subsidiary of PIL Investments Limited. PHL, PIL Management Limited and PIL Investments Limited are therefore deemed to be interested in the 600,000,000 shares of the Company in aggregate which PIL Toys Limited is beneficially interested in.

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

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

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.

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

No information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the period.

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 Kong Keung, Stephen
(Executive Director)
CHOW Yu Chun, Alexander
(Independent Non-executive Director)
IP Shu Wing, Charles
(Independent Non-executive Director)
LAM Wai Hon, Ambrose
(Independent Non-executive Director)
TRAN Vi-hang William
(Executive Director)
YU Hon To, David
(Independent Non-executive Director)

Company Secretary

NG Ka Yan

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Hamilton HM 11
Bermuda

Principal Office

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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
DBS Bank (Hong Kong) 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
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Stock Code

The shares of Playmates Toys Limited
are listed for trading on The Stock
Exchange of Hong Kong Limited
(Stock Code: 869)

Website

www.playmatestoy.com



Playmates Toys Limited

(Incorporated in Bermuda with limited liability)

(Stock code 869)

www.playmatestoys.com