



2024

Interim Report



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MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2024 HK\$'000	2023 HK\$'000
Revenue	445,141	347,231
Gross profit	249,447	187,415
Operating profit	68,435	56,227
Profit before income tax	117,420	86,428
Income tax (expense)/credit	(25,962)	542
Profit attributable to owners of the Company	91,458	86,970
Earnings per share	HK cents	HK cents
– Basic	7.75	7.37
– Diluted	7.75	7.37
Interim dividend per share	2.00	2.00

Playmates Toys worldwide turnover during the first half of 2024 was HK\$445 million (same period in 2023: HK\$347 million), representing an increase of 28% compared to the prior year period. The favourable comparison was driven by the successful relaunch of our *Godzilla x Kong* product line, supported by the March 2024 release of the *Godzilla x Kong: The New Empire* movie, partially offset by lower shipment volume of our *Teenage Mutant Ninja Turtles* toy line compared to the prior year period, which included the positive impact of the *Teenage Mutant Ninja Turtles: Mutant Mayhem* animated movie release.

Gross profit ratio on toy sales was 56% (same period in 2023: 54%). Higher gross profit margin in the first half of 2024 reflected: (i) a higher percentage of overall sales generated in the US market, which carries a higher gross margin, (ii) reduced discounting of excess inventory, and (iii) lower product development and tooling costs as a percentage of sales. Operating expenses increased by 47% compared to the prior year period, reflecting higher promotional and distribution expenses in the US market. Administration expenses increased 22% compared to the prior year period but decreased slightly as a percentage of revenue.

The group reported an operating profit of HK\$68.4 million during the first half of 2024 (same period in 2023: HK\$56.2 million). Other net income during the current year period included a HK\$20.7 million unrealized and realized gain on our listed equities investment position (same period in 2023: HK\$15.9 million) and HK\$29.8 million in interest income (same period in 2023: HK\$15.7 million). Net gain attributable to shareholders during the first half of 2024 was HK\$91.5 million (same period in 2023: HK\$87.0 million).

Looking forward to the second half of 2024, the cumulative impact of inflation over the past few years will continue to stretch household budgets across many markets around the world and lead to increasingly value-conscious purchasing. In addition, lapping the *TMNT* movie release last year will continue to present challenging year-over-year comparisons. However, the launch of the *Tales of The Teenage Mutant Ninja Turtles* animated series on Paramount+ this summer should provide support for the TMNT brand. We also expect continued positive contribution from our *Godzilla x Kong* product line.

Beyond 2024, we continue to be optimistic about the long-term future of *TMNT*, as well as the new brands under development for 2025 and 2026.

Brand Overview

Teenage Mutant Ninja Turtles (“TMNT”)

Paramount Pictures and Nickelodeon Movies are developing a sequel to *Teenage Mutant Ninja Turtles: Mutant Mayhem* and a two-season series that will serve as a “bridge” between the films. The spinoff series, titled *Tales of The Teenage Mutant Ninja Turtles*, debuts on Paramount+ in August 2024. Both the movie sequel and the Paramount+ series will be produced by Seth Rogen’s Point Grey Pictures. We are actively developing new products to coincide with the upcoming content.

Godzilla x Kong

In Spring 2024, Legendary Pictures released *Godzilla x Kong: The New Empire*, which delivered strong box office results around the world and continues to drive strong toy sales. As the global master licensee, we are developing extensions to our current product line of highly detailed action figures in various sizes and role play accessories.

Power Rangers

We have recently entered into a global license agreement with Hasbro, a leading toy and game company, to produce and distribute *Power Rangers* toys. We are developing an extensive kid-targeted *Mighty Morphin Power Rangers* toy line, scheduled to debut in Fall 2025.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Note	Unaudited		
		Six months ended 30 June		
		2024	2024	2023
		US\$'000	HK\$'000	HK\$'000
		<i>(Note 18)</i>		
Revenue	3	57,069	445,141	347,231
Cost of sales		<u>(25,089)</u>	<u>(195,694)</u>	<u>(159,816)</u>
Gross profit		31,980	249,447	187,415
Marketing and licensing expenses		(11,750)	(91,651)	(59,278)
Selling and distribution expenses		(4,067)	(31,725)	(24,856)
Administration expenses		<u>(7,389)</u>	<u>(57,636)</u>	<u>(47,054)</u>
Operating profit		8,774	68,435	56,227
Other net income	4	6,516	50,822	31,847
Finance costs		<u>(236)</u>	<u>(1,837)</u>	<u>(1,646)</u>
Profit before income tax	5	15,054	117,420	86,428
Income tax (expense)/credit	6	<u>(3,328)</u>	<u>(25,962)</u>	<u>542</u>
Profit for the period and total comprehensive income for the period attributable to owners of the Company		<u>11,726</u>	<u>91,458</u>	<u>86,970</u>
		<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8			
Basic		<u>0.99</u>	<u>7.75</u>	<u>7.37</u>
Diluted		<u>0.99</u>	<u>7.75</u>	<u>7.37</u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

		Unaudited 30 June 2024 US\$'000 (Note 18)	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Non-current assets				
Property, plant and equipment	9	90	705	730
Right-of-use assets		1,825	14,237	18,477
Deferred tax assets		5,433	42,381	49,714
		<u>7,348</u>	<u>57,323</u>	<u>68,921</u>
Current assets				
Inventories		6,658	51,932	58,886
Trade receivables	10	17,174	133,954	328,827
Deposits paid, other receivables and prepayments	11	7,887	61,517	40,083
Financial assets at fair value through profit or loss		10,065	78,507	68,573
Cash and deposits with banks		139,361	1,087,012	1,002,820
		<u>181,145</u>	<u>1,412,922</u>	<u>1,499,189</u>
Current liabilities				
Trade payables	12	7,502	58,512	88,815
Deposits received, other payables and accrued charges	13	17,106	133,429	177,503
Provisions		6,049	47,183	65,413
Lease liabilities		1,173	9,149	8,858
Taxation payable		3,761	29,335	50,932
		<u>35,591</u>	<u>277,608</u>	<u>391,521</u>
Net current assets		<u>145,554</u>	<u>1,135,314</u>	<u>1,107,668</u>
Total assets less current liabilities		<u>152,902</u>	<u>1,192,637</u>	<u>1,176,589</u>
Non-current liabilities				
Lease liabilities		860	6,707	11,371
Long service payment liabilities		179	1,397	1,301
		<u>1,039</u>	<u>8,104</u>	<u>12,672</u>
Net assets		<u>151,863</u>	<u>1,184,533</u>	<u>1,163,917</u>
Equity				
Share capital	14	1,514	11,807	11,807
Reserves		150,349	1,172,726	1,152,110
Total equity		<u>151,863</u>	<u>1,184,533</u>	<u>1,163,917</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024

	Unaudited		
	Six months ended 30 June		
	2024	2024	2023
	US\$'000	HK\$'000	HK\$'000
	(Note 18)		
Operating activities			
Cash generated from/(used in) operations	20,446	159,471	(11,669)
Overseas tax paid	(5,157)	(40,226)	–
Net cash generated from/(used in) operating activities	<u>15,289</u>	<u>119,245</u>	<u>(11,669)</u>
Investing activities			
Purchases of property, plant and equipment	(30)	(237)	(445)
Purchases of financial assets at fair value through profit or loss	(208)	(1,621)	(1,491)
Proceeds from disposal of financial assets at fair value through profit or loss	1,592	12,429	6,390
Interest received	3,822	29,811	15,692
Dividends received	31	240	217
Increase in bank deposits and treasury notes with original maturity greater than 3 months	(1,372)	(10,701)	–
Net cash generated from investing activities	<u>3,835</u>	<u>29,921</u>	<u>20,363</u>
Financing activities			
Dividends paid to owners of the Company	(9,082)	(70,842)	(23,600)
Payment of lease liabilities	(620)	(4,834)	(4,753)
Net cash used in financing activities	<u>(9,702)</u>	<u>(75,676)</u>	<u>(28,353)</u>
Net increase/(decrease) in cash and cash equivalents	9,422	73,490	(19,659)
Cash and cash equivalents at 1 January	<u>49,667</u>	<u>387,402</u>	<u>927,922</u>
Cash and cash equivalents at 30 June	<u><u>59,089</u></u>	<u><u>460,892</u></u>	<u><u>908,263</u></u>
Analysis of cash and cash equivalents:			
Cash and deposits with banks per consolidated statement of financial position	139,361	1,087,012	908,263
Less: time deposits with original maturity greater than 3 months	(43,637)	(340,370)	–
Less: treasury notes with original maturity greater than 3 months	(36,635)	(285,750)	–
Cash and cash equivalents per consolidated cash flow statement	<u><u>59,089</u></u>	<u><u>460,892</u></u>	<u><u>908,263</u></u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	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 2023	11,800	409	38,285	4,346	11,354	920,610	986,804
Profit and total comprehensive income for the period	-	-	-	-	-	86,970	86,970
Share option scheme – share options lapsed	-	-	-	-	(3,160)	3,160	-
2022 interim dividend paid	-	-	-	-	-	(23,600)	(23,600)
Transactions with owners	-	-	-	-	(3,160)	(20,440)	(23,600)
At 30 June 2023	11,800	409	38,285	4,346	8,194	987,140	1,050,174

	Unaudited							
	Share capital HK\$'000	Share premium 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 2024	11,807	785	409	38,285	4,346	7,943	1,100,342	1,163,917
Profit and total comprehensive income for the period	-	-	-	-	-	-	91,458	91,458
Share option scheme – share options lapsed	-	-	-	-	-	(1,913)	1,913	-
2023 second interim dividend paid	-	-	-	-	-	-	(35,421)	(35,421)
2023 special interim dividend paid	-	-	-	-	-	-	(35,421)	(35,421)
Transactions with owners	-	-	-	-	-	(1,913)	(68,929)	(70,842)
At 30 June 2024	11,807	785	409	38,285	4,346	6,030	1,122,871	1,184,533

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 2023 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 2023.

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. 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
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>388</u>	<u>–</u>	<u>6,621</u>	<u>8,740</u>
Americas				
– U.S.A.	309,454	209,899	7,422	9,269
– Others	25,826	31,034	–	–
Europe	90,536	80,492	899	1,198
Asia Pacific other than Hong Kong	18,549	25,000	–	–
Others	<u>388</u>	<u>806</u>	<u>–</u>	<u>–</u>
	<u>444,753</u>	<u>347,231</u>	<u>8,321</u>	<u>10,467</u>
	<u>445,141</u>	<u>347,231</u>	<u>14,942</u>	<u>19,207</u>

3.2 Major customers

The Group's customer base includes two (2023: three) customers with whom transactions exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to approximately HK\$157,994,000 and HK\$102,552,000 (2023: HK\$63,012,000, HK\$51,730,000 and HK\$46,491,000) respectively.

4. Other net income

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net gain on financial assets at fair value through profit or loss		
– unrealised	17,303	13,875
– realised	3,439	2,063
Interest income	29,811	15,692
Dividend income	240	217
Others	29	–
	<u>50,822</u>	<u>31,847</u>

5. Profit before income tax

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

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	184,619	147,480
Product development and tooling costs	10,638	11,656
Royalties expenses	58,936	50,149
Directors' and staff remunerations	34,143	24,692
Depreciation		
– property, plant and equipment	256	308
– right-of-use assets	4,240	4,240
Interest expenses on lease liabilities	460	669
Net exchange gain	(540)	(761)
	<u>(540)</u>	<u>(761)</u>

6. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax expense		
Hong Kong profits tax	5,732	2,747
Overseas taxation	12,897	5,716
Under provision in prior year – overseas	–	243
	<u>18,629</u>	<u>8,706</u>
Deferred taxation		
Origination and reversal of temporary differences	7,333	(9,248)
Income tax expense/(credit)	<u>25,962</u>	<u>(542)</u>

The Group's cumulative unrecognised tax losses as of 30 June 2024 amounted to HK\$4,368,000 (31 December 2023: HK\$6,869,000). 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	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim dividend of HK cents 2 per share (2023: HK cents 2)	<u>23,614</u>	<u>23,614</u>

At a meeting held on 23 August 2024, the board of directors has resolved to pay an interim dividend of HK cents 2 per share to be paid on 27 September 2024 to shareholders whose names appear on the Company's Register of Members on 10 September 2024.

The interim dividends 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 2024.

The Company does not hold any treasury shares (whether in its own name or which is deposited with CCASS) and no interim dividends will be received in relation thereto.

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Dividends in respect of the previous financial year and paid during the interim period:		
Second interim dividend of HK cents 3 per share (2023: HK cents 2)	35,421	23,600
Special interim dividend of HK cents 3 per share (2023: nil)	35,421	–
	<u>70,842</u>	<u>23,600</u>

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$91,458,000 (2023: HK\$86,970,000) and the weighted average number of ordinary shares of 1,180,700,000 shares (2023: 1,180,000,000 shares) in issue during the period.

Diluted earnings per share for the six months ended 30 June 2024 and 2023 equals to the basic earnings 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 earnings per share.

9. Property, plant and equipment

	<i>HK\$'000</i>
Opening net book amount as at 1 January 2024	730
Additions	237
Depreciation	(256)
Disposals	(6)
	<hr/>
Closing net book amount as at 30 June 2024	705
	<hr/> <hr/>
Opening net book amount as at 1 January 2023	678
Additions	445
Depreciation	(308)
	<hr/>
Closing net book amount as at 30 June 2023	815
Additions	195
Depreciation	(274)
Disposals	(6)
	<hr/>
Closing net book amount as at 31 December 2023	730
	<hr/> <hr/>

10. Trade receivables

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	163,739	352,038
Less: Allowance for customer concession	(29,785)	(23,211)
	<hr/>	<hr/>
	133,954	328,827
	<hr/> <hr/>	<hr/> <hr/>

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 (2023: 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 2024 HK\$'000	31 December 2023 HK\$'000
0 – 60 days	103,929	252,560
61 – 90 days	29,025	71,737
91 – 180 days	513	4,250
Over 180 days	487	280
	<u>133,954</u>	<u>328,827</u>

11. Deposits paid, other receivables and prepayments

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Advanced royalties (<i>Note (i)</i>)	46,523	32,256
Prepaid mold and line tooling expenses	5,947	3,393
Miscellaneous prepaid expenses, deposits paid and receivables	9,047	4,434
	<u>61,517</u>	<u>40,083</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 2024 HK\$'000	31 December 2023 HK\$'000
0 – 30 days	57,447	88,750
31 – 60 days	259	63
Over 60 days	806	2
	<u>58,512</u>	<u>88,815</u>

13. Deposits received, other payables and accrued charges

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Contract liabilities		
– Purchase commitment guarantee deposits from toy distributors	8,900	11,593
– Sales deposits received in advance	18,435	10,439
Accrued product development, sales, marketing, licensing and distribution expenses	13,664	30,005
Accrued royalties	71,837	93,295
Accrued directors' and staff remunerations	3,580	17,904
Withholding tax payable	13,572	9,652
Accrued administrative expenses and professional fees	3,441	4,615
	<u>133,429</u>	<u>177,503</u>

14. Share capital

	Authorised Ordinary shares of HK\$0.01 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31 December 2023 and 30 June 2024	<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 2023	1,180,000,000	11,800
Exercise of share options	<u>700,000</u>	<u>7</u>
At 31 December 2023 and 30 June 2024	<u>1,180,700,000</u>	<u>11,807</u>

During the period, the Company did not repurchase any shares of the Company and no shares was held or sold as treasury shares by the Company.

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 2024			
	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	9,071	–	–	9,071
Equity investments listed outside				
Hong Kong	<u>69,436</u>	<u>–</u>	<u>–</u>	<u>69,436</u>
	<u>78,507</u>	<u>–</u>	<u>–</u>	<u>78,507</u>
At 31 December 2023				
	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				
	9,962	–	–	9,962
Equity investments listed outside				
Hong Kong	<u>58,611</u>	<u>–</u>	<u>–</u>	<u>58,611</u>
	<u>68,573</u>	<u>–</u>	<u>–</u>	<u>68,573</u>

During the six months ended 30 June 2024 and 2023, 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 deposits with banks, trade payables, other payables and accrued charges and lease liabilities carried at amortised cost) approximate their fair values as at 30 June 2024 and 31 December 2023.

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 2024 were payable as follows:

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
Within one year	41,379	74,100
In the second to fifth years	130,923	74,100
	<u>172,302</u>	<u>148,200</u>

16.2 Lease commitments

As at 30 June 2024 and 31 December 2023, 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	
	2024	2023
	HK\$'000	HK\$'000
Rent and building management fee paid to fellow subsidiaries, Bagnols Limited, Belmont Limited and Great Westwood Limited	3,018	3,001
	<u>3,018</u>	<u>3,001</u>

There was no new lease entered into with related parties during the period ended 30 June 2024. 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\$7.8 to US\$1 ruling at 30 June 2024.

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 2024, trade receivables were HK\$133,954,000 (31 December 2023: HK\$328,827,000) and inventories were HK\$51,932,000 (31 December 2023: HK\$58,886,000).

The Group's current ratio, calculated as the ratio of current assets to current liabilities, was 5.1 at 30 June 2024 compared to 3.8 at 31 December 2023.

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 2024, the Group's cash and deposits with banks were HK\$1,087,012,000 (31 December 2023: HK\$1,002,820,000), of which HK\$1,068,065,000 (31 December 2023: HK\$981,894,000) was denominated in United States dollar and the remaining balance was mainly denominated in Hong Kong dollar.

As at 30 June 2024, the Group's treasury investment in listed equities amounted to HK\$78,507,000 (31 December 2023: HK\$68,573,000) representing 5.3% of the total assets of the Group (31 December 2023: 4.4%). This comprised HK\$9,071,000 of equities listed in Hong Kong (31 December 2023: HK\$9,962,000) and HK\$69,436,000 of equities listed overseas (31 December 2023: HK\$58,611,000). 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 5.1% of the total assets of the Group and included NVIDIA Corporation (NVDA.US), Amazon.com, Inc. (AMZN.US), The Walt Disney Company (DIS.US), Alphabet Inc. (GOOG.US), Apple Inc. (AAPL.US), Microsoft Corporation (MSFT.US), Netflix, Inc. (NFLX.US), Walmart Inc. (WMT.US), Tencent Holdings Limited (700.HK) and Alibaba Group Holding Ltd (9988.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 2024, the Group had a total of 69 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 Award Plan

A share award plan (“Share Award Plan”) was adopted by the Company on 19 May 2023 (the “Adoption Date”). The purpose of the Share Award Plan is to (a) recognise and reward the contributions of certain eligible participants (including employee participants, related entity participants and service provider participants) to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group, and (b) to attract suitable personnel for further development of the Group. Subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the terms and conditions of the Rules of the Share Award Plan, the Board has a discretion to determine the terms of the award, including the vesting conditions and the date on which the award will vest.

The Share Award Plan will remain in force for a period of 10 years until 18 May 2033.

The maximum number of shares of the Company (“Shares”) which may be issued in respect of all awards and options to be granted under the Share Award Plan and other share schemes of the Company is 10% of the total number of Shares in issue as at the Adoption Date (i.e. no more than 118,000,000 Shares, representing 9.99% of the total number of Shares in issue as at the date of this interim report) (“Plan Mandate Limit”). Out of such Plan Mandate Limit, the maximum number of the Shares which may be issued in respect of all awards granted to the service provider participants under the Share Award Plan (i.e. the service providers sublimit) is 5% of the total number of the Shares in issue as at the Adoption Date (i.e. no more than 59,000,000 Shares, representing 4.99% of the total number of Shares in issue as at the date of this interim report). The maximum number of Shares which may be awarded under the Share Award Plan together with Shares which may be issued under options granted to a selected participant, in a 12-month period, shall not (i) in aggregate exceed 1% of the issued share capital of the Company in issue; and (ii) exceed any limits applicable to such selected participant under the Listing Rules.

No share award was granted to any eligible participant by the Company under the Share Award Plan since its adoption and no Share was allotted and issued under the Share Award Plan during the period. No Share was vested, cancelled or lapsed under the Share Award Plan during the period. There was no unvested award at the beginning and at the end of the period and no Share was held in trust under the Share Award Plan. The number of Shares available for award under the Share Award Plan at the beginning and the end of the period are also 118,000,000 Shares (out of which, 59,000,000 Shares are available for award to service provider participants at the beginning and the end of the period).

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 21 May 2018 (“2018 PTL Scheme”), that are required to be disclosed under Rule 17.07 of Chapter 17 and Paragraph 10 of Appendix D2 of the Listing Rules:

Participant	Date of grant	Exercise price HK\$	Number of share options				Balance at 30 June 2024	Vesting/ Exercise Period and Remarks (Note)
			Balance at 1 January 2024	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, Helen	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
CHAN Kong Keung, Stephen	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
TRAN Vi-hang William	29 June 2018	0.826	1,000,000	-	-	-	1,000,000	(1)
<i>Continuous Contract Employee Participants, excluding Directors</i>	29 June 2018	0.826	10,516,000	-	-	100,000	10,416,000	(1)
<i>Other Participants including consultants and a licensor of the Company</i>	29 June 2018	0.826	4,780,000	-	-	-	4,780,000	(1)
	12 April 2019	0.792	20,000,000	-	-	20,000,000	-	(2)

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.

No options were granted, exercised or cancelled during the period.

The number of Shares available for issue under the 2018 PTL Scheme as at 30 June 2024 was 20,196,000. No Shares was available for grant under the 2018 PTL Scheme at the beginning and the end of the period. Following the adoption of Share Award Plan, 2018 PTL Scheme was terminated on 19 May 2023 and no further options will be granted thereunder. In other respects, the provisions of the 2018 PTL Scheme remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the rules of the 2018 PTL Scheme. The above outstanding options already granted under the 2018 PTL Scheme shall continue to be valid and exercisable in accordance with the provisions of the 2018 PTL Scheme and their terms of issue.

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.

During the period, neither the Company nor the trustee of Share Award Plan held or transferred any treasury shares for the purpose of satisfying share options or awards granted or to be granted under the Share Award Plan and 2018 PTL Scheme.

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

As at 30 June 2024, 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%
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	1,241,600 ordinary shares	0.11%

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, 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%
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	5.02%
CHAN, Helen	Personal	28,000,000 ordinary shares	1.35%
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	5,700,000 ordinary shares	0.28%

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 2024.

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 2024, 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 2024, 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	53.02%
TGC Assets Limited	Corporate and Beneficial Owner <i>(Note (ii))</i>	626,000,000 ordinary shares	53.02%
PHL	Corporate <i>(Note (iii))</i>	600,000,000 ordinary shares	50.82%
PIL Management Limited	Corporate <i>(Note (iii))</i>	600,000,000 ordinary shares	50.82%
PIL Investments Limited	Corporate <i>(Note (iii))</i>	600,000,000 ordinary shares	50.82%
PIL Toys Limited	Beneficial Owner	600,000,000 ordinary shares	50.82%
Edward A. COLLERY	Personal <i>(Note (iv))</i>	59,052,000 ordinary shares	5.00%

Name	Nature of interest	Number of shares held	Percentage interest held
Peter M. COLLERY	Personal (<i>Note (v)</i>)	59,052,000 ordinary shares	5.00%
Part V Capital Management, LLC	Corporate (<i>Note (iv)</i>)	59,052,000 ordinary shares	5.00%
Pelham Investment Partners, LP	Beneficial Owner	59,052,000 ordinary shares	5.00%

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 52.10% 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.
- (iv) Part V Capital Management, LLC (“Part V”) is wholly controlled by Mr. Edward A. Collery (“Mr. Edward Collery”). Part V is a general partner of Pelham Investment Partners, LP (“Pelham”). Mr. Edward Collery and Part V are therefore deemed to be interested in the 59,052,000 shares of the Company which Pelham is interested in.
- (v) Mr. Peter M. Collery is a limited partner contributed 39% of capital of Pelham and he is therefore deemed to be interested in the 59,052,000 shares of the Company which Pelham is interested in.

Save as disclosed above, as at 30 June 2024, 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. The Company did not have any treasury share during the period ended 30 June 2024.

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 C1 of the Listing Rules throughout the six months ended 30 June 2024, 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 2024. 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 2024.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix C3 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 2024.

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.

Closure of Register of Members

The Register of Members of the Company will be closed from 9 September 2024 to 10 September 2024, 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 6 September 2024. The interim dividend will be paid on 27 September 2024 to the shareholders on the Register of Members of the Company on 10 September 2024.

On behalf of the Board
Chan Kwong Fai, Michael
Chairman

Hong Kong, 23 August 2024

CORPORATE INFORMATION

Directors

CHAN Kwong Fai, Michael
(Chairman and Executive Director)
CHAN Helen
(Executive Director)
CHAN Kong Keung, Stephen
(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

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
Registered Public Interest Entity Auditor

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
Merrill Lynch, Pierce, Fenner & Smith Inc.

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 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