ANNUAL REPORT 2015

Playmates TOYS 1966 50 2016 YEARS of EXCELLENCE!

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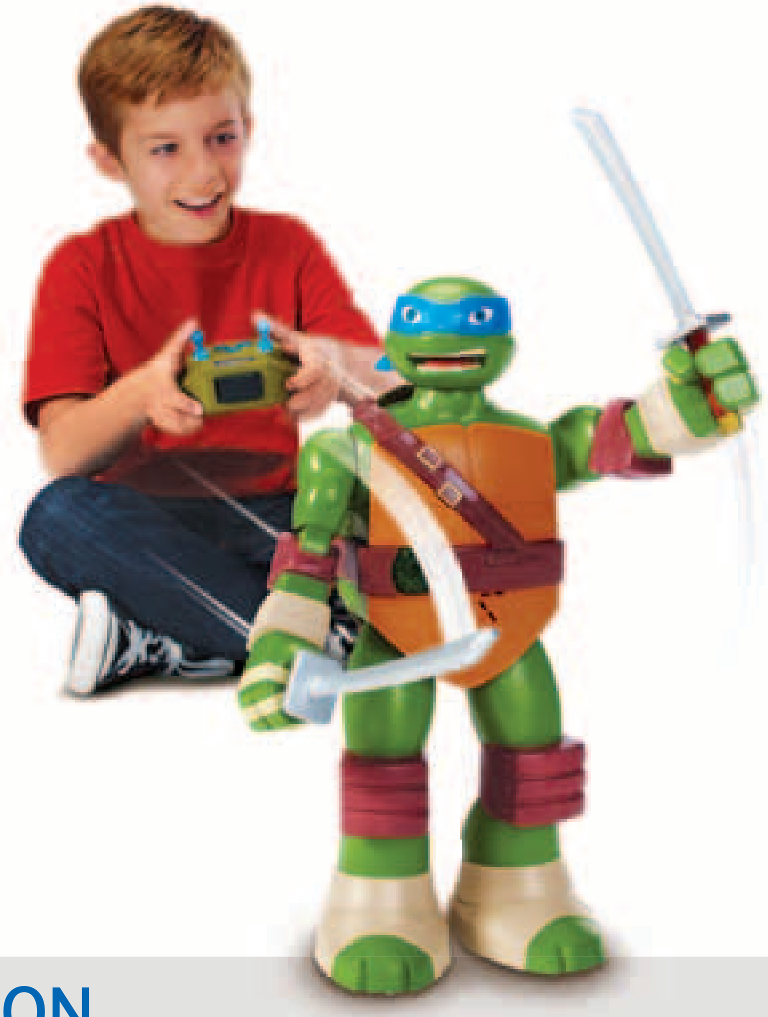


CORPORATE INFORMATION

Directors
CHAN Chun Hoo, Thomas (Chairman)
CHENG Bing Kin, Alain (Executive Director)
CHOW Yu Chun, Alexander (Independent Non-executive Director)
LEE Ching Kwok, Rin (Independent Non-executive Director)
TO Shu Sing, Sidney (Executive Director)
YANG, Victor (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
Chong Hing Bank Limited
Hang Seng Bank Limited
UBS AG

Principal Share Registrars
Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Branch Share Registrars
Tricor Abacus Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

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

Website
www.playmatestoys.com

STATEMENT FROM THE CHAIRMAN

As expected and foretold, our lower level of performance in 2015 compared to the prior year reflected a year without the benefit of a movie driver; formidable competition from other action adventure franchises, and weakened international markets due to the relative strength of the US currency.

In 2016, we expect challenges and uncertainties in our business environment to persist. Nevertheless, we are encouraged that our ***Teenage Mutant Ninja Turtles ("TMNT")*** business will again benefit from the twin drivers of the popular Nickelodeon TV show and the blockbuster movie sequel from Paramount, ***Teenage Mutant Ninja Turtles: Out of the Shadows.***

The results we have achieved in recent years have strengthened and reaffirmed our position in the trade as a leading toy company in the action figure category. Such recognition is vital in our continuing effort to invest in new licenses for well-established brands or top quality new properties from major licensors.

We are very excited to sign on as the global master toy partner for several new properties over the past twelve months, including ***Ben 10***, ***Voltron*** and ***Mysticons***, all backed by significant entertainment contents from major animation studios. Development works for these new brands are well under way in preparation for toys to be launched in 2017 and beyond.

The Playmates Toys Group was founded fifty years ago in 1966. As we celebrate our golden anniversary, we are thankful to the many people who have contributed to the successes of Playmates we have enjoyed. I look forward to working with our business partners, colleagues and associates to further build upon our strong foundation in the years to come.

CHAN Chun Hoo, Thomas
Chairman of the board

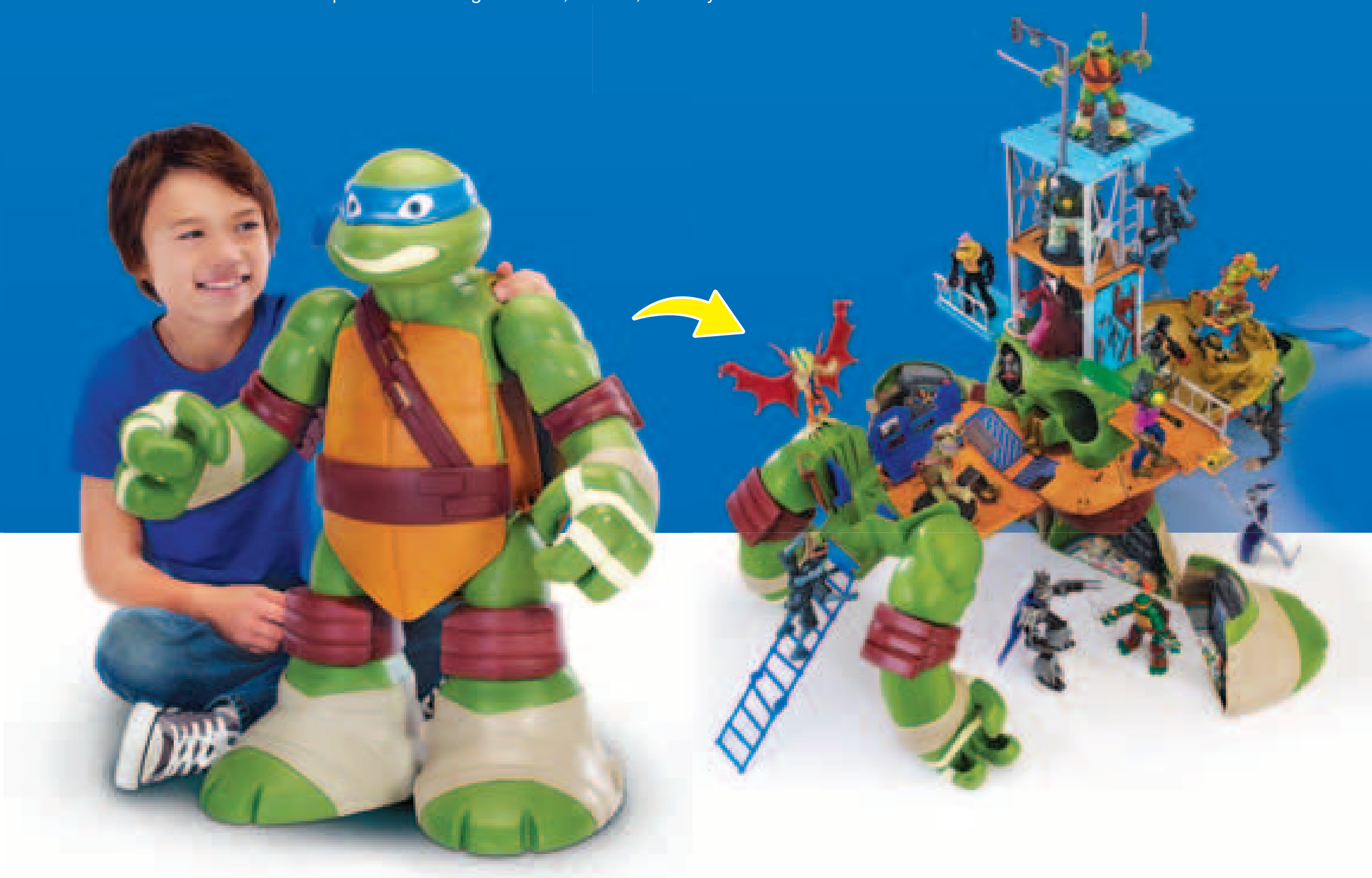
Hong Kong, 24 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Playmates Toys group worldwide turnover for the year ended 31 December 2015 was HK$1,551 million (2014: HK$2,160 million), a decrease of 28% compared to the prior year. The decrease in turnover was driven by stronger competitions, weaker sales particularly in markets outside the US, as well as the disparate comparison against the prior year period, which benefited from the blockbuster *TMNT* movie from Paramount Pictures.

The US continued to be our biggest market in 2015, contributing 76% of revenue. Europe as a whole contributed 14%, the rest of the Americas 5% and 4% came from Asia Pacific. During the year, the US market continued its recovery. According to The NPD Group, the leading provider of toys point-of-sale market research data, in 2015 US retail dollar sales of toys were up by about 6.7% year-on-year, marking one of the strongest performances the industry has seen in a number of years[1]. A number of major action adventure movies prompted strong competitions among boy's action toys. On the other hand, our key international markets, in particular those in Europe, were impacted by the continued weaknesses of most currencies against the US Dollar, as well as economic and political uncertainties in certain territories.

[1] Source: The NPD Group/Retail Tracking Services; Dollars, January-December 2015.



Gross profit ratio on toy sales was 61.6% (2014: 61.9%). The slight decrease in gross profit ratio was attributable to higher level of development and tooling expenses related to new product introductions, partially offset by a higher percentage of overall sales generated in the US market. Recurring operating expenses decreased by 19% from the prior year period, reflecting lower selling, royalty and overhead expenses, but increased promotional expenses.

The group reported an operating profit for 2015 of HK$396 million, a decrease of 38.9% compared to prior year (2014: HK$648 million). Net profit attributable to shareholders was HK$276 million (2014: HK$491 million).

The Board declared a HK Cents 5 per share second dividend distribution.

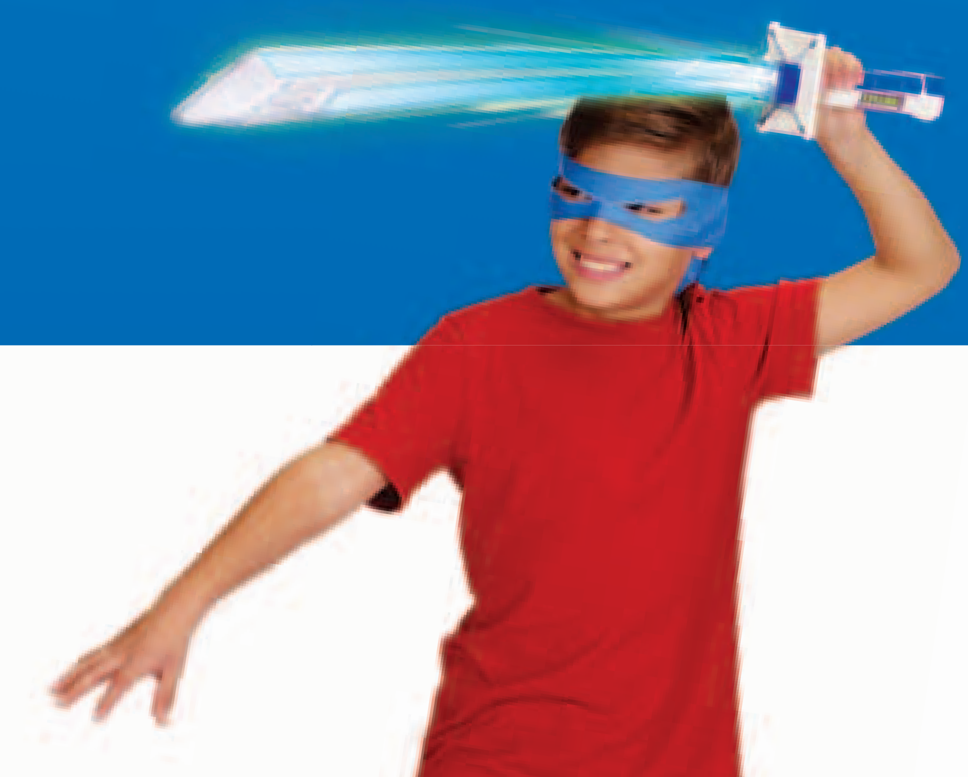
Brand Overview

Teenage Mutant Ninja Turtles

Throughout 2015, Nickelodeon's ***TMNT*** TV show continued to be popular among the core boys' audience. Season 4 premiered in October 2015 in the US, followed by the launch of the hour-long Half-Shell Heroes TV special in November, developed specifically for younger fans. On the theatrical front, Paramount Pictures has begun marketing efforts for the movie sequel, ***Teenage Mutant Ninja Turtles: Out of the Shadows***, scheduled to debut in summer 2016. The first trailer, released in December, featured classic characters from the ***TMNT*** legacy, including Bebop, Rocksteady and Casey Jones, as well as exciting new storylines, vehicles and environments.

Driven by the popular TV show, as well as new product introductions, Playmates' ***TMNT*** toys continued to perform well at retail in the US, despite strong competitions from a number of major action adventure movies. According to NPD and trade reports, ***TMNT*** continued to rank among the top selling boy's action toy brands in the US and key international markets during 2015. Retail sell-through ratio of our Turtles toys in the US at the end of the year was close to 90%.

In 2016, we expect strong competitions, uncertainties in the global economy and challenging conditions in our international markets to persist. On the other hand, the performance of our ***TMNT*** business should benefit from continued ***TMNT*** TV entertainment from Nickelodeon as well as the ***TMNT*** movie sequel from Paramount.

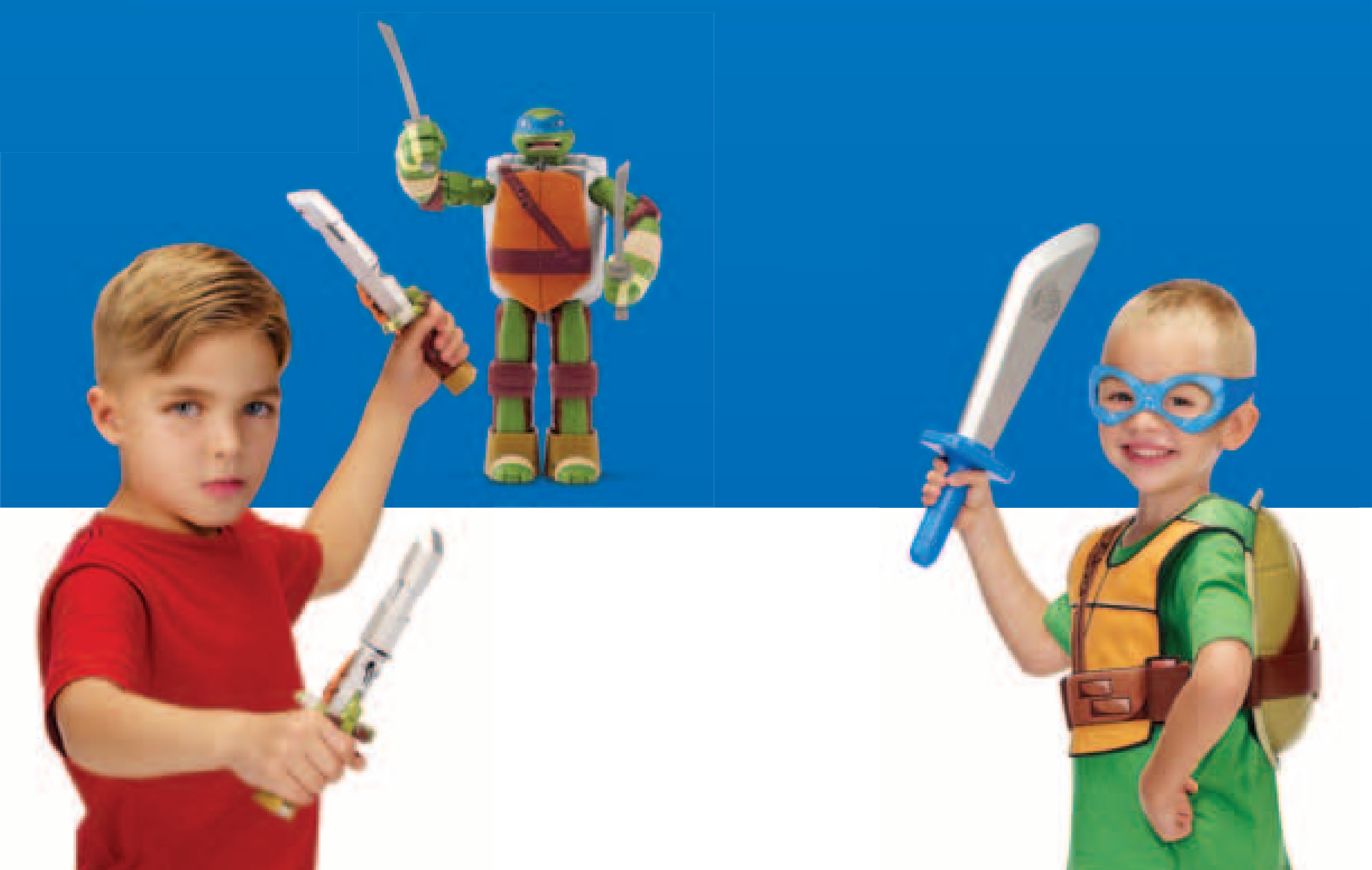


Ben 10

Playmates Toys will serve as the global master toy partner for Cartoon Network's re-launch of ***Ben 10***. The new series will introduce a new generation of fans to the story of Ben, a 10 year old kid who, with the help of a mysterious watch, can transform into 10 alien heroes, each with its own unique powers. The original ***Ben 10*** series premiered on Cartoon Network in 2006 to high ratings and the success of the original series spawned three additional animated series, one animated movie and two live-action movies. This powerful global franchise for Cartoon Network is a proven ratings and merchandise success in major markets around the world. The new ***Ben 10*** animated TV series will premiere in selected markets in Fall 2016 and across North America in 2017, followed by the launch of our ***Ben 10*** toy line in Fall 2017.

Voltron

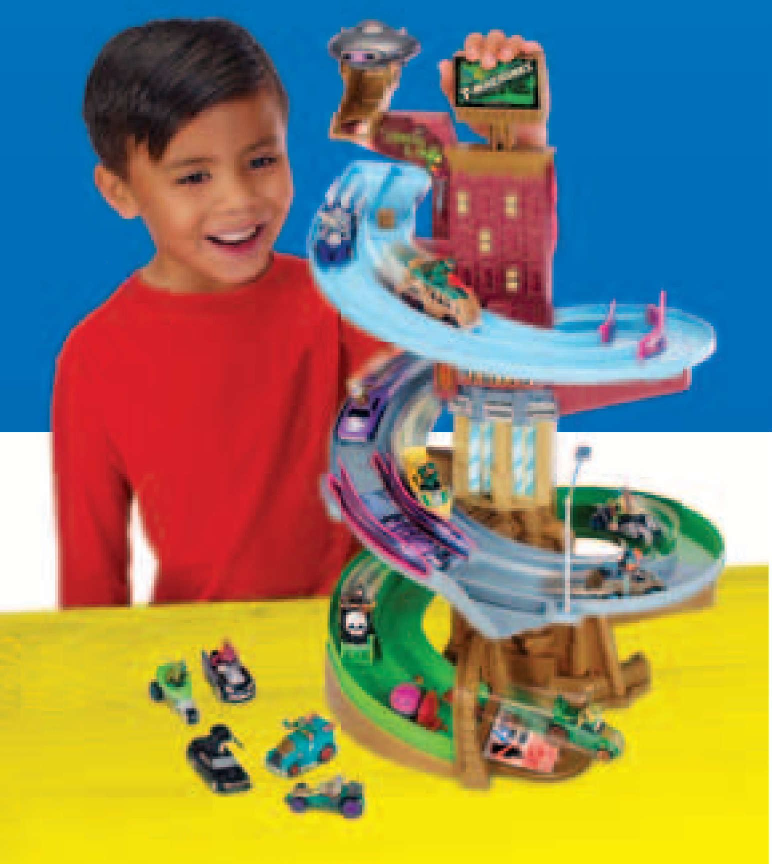
Playmates Toys and DreamWorks Animation announced during the recent New York Toy Fair plans for a new toy line based on the new animated series ***Voltron: Legendary Defender***, a reimagining of the classic property set to debut as a Netflix Original Series in 2016. According to Netflix, it is the world's leading internet television network with currently over 75 million members in over 190 countries. The series follows the story of five teenagers as they are transported from Earth into the middle of a sprawling intergalactic war and become pilots for five mystical robotic lions in a battle to protect the universe from evil. Playmates Toys will serve as the master toy licensee and will create an expansive line of toys set to launch in spring 2017.



Mysticons

Playmates Toys will be the global master toy partner for ***Mysticons***, a brand new animated action TV series targeting the girls audience developed by Nelvana Studio, in partnership with Nickelodeon and The Topps Company. ***Mysticons***, which tells the epic tale of four girls who transform into legendary warriors, will debut globally in 2017.

We remain committed to the proven strategy of focusing our resources and efforts to manage our established brands for long term profitability, while actively pursuing selective new opportunities that are good fits for our core competence.



DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors are shown below:

CHAN Chun Hoo, Thomas

Chairman and Executive Director

Mr. Chan, age 65, joined the Group in 1967. He has been the principal driving force behind the growth, global expansion and diversification of the Group's business activities into multiple segments and markets. His decision to take on the promotional toy business in 1985 led to the evolution of the Group from a manufacturing entity into a pure toy development and marketing group. The Group's high level of productivity is attributable to his guiding management principles of creativity, flexibility and simplicity. Mr. Chan is also the chairman of the board of Playmates Holdings Limited.

CHENG Bing Kin, Alain

Executive Director

Mr. Cheng, age 53, was appointed a director of the Company in March 2010. He is the Group Legal Counsel and also an executive director of Playmates Holdings Limited. Mr. Cheng was admitted to practise as solicitor in Hong Kong in 1996 and in England and Wales in 1997. Mr. Cheng is also a Chartered Accountant and a CPA of the Hong Kong Institute of Certified Public Accountants.

CHOW Yu Chun, Alexander

Independent Non-executive Director

Mr. Chow, age 69, joined the Group in 2007. He is a CPA of the Hong Kong Institute of Certified Public Accountants. He has over 37 years of experience in commercial, financial and investment management in Hong Kong and China. Mr. Chow is currently an independent non-executive director of Sympony Holdings Limited, Top Form International Limited and China Strategic Holdings Limited. On 7 September 2015, he was appointed an independent non-executive director of Aquis Entertainment Limited, a public company listed on the Australian Stock Exchange.

LEE Ching Kwok, Rin

Independent Non-executive Director

Mr. Lee, age 67, joined the Group in 2007. He has over 32 years of experience as a legal practitioner in the fields of property and financing, and was a partner and consultant in one of Hong Kong's largest law firms. Mr. Lee is previously a solicitor qualified to practise in Hong Kong and England and Wales, he now serves as an adviser to a number of private companies and organizations.

TO Shu Sing, Sidney

Executive Director

Mr. To, age 58, joined the Group in 1986. Prior to joining the Group, he had 9 years working experience with multi-national marketing and manufacturing companies. Over the years, he has served the Group in a number of functional areas including sales and marketing, licensing, strategic business development and corporate communication. He was appointed an executive director in May 2008. Mr. To is also an executive director of Playmates Holdings Limited. He holds an Executive Master of Business Administration degree from Simon Fraser University, British Columbia, Canada.

YANG, Victor

Independent Non-executive Director

Mr. Yang, age 70, joined the Group in 2007. Mr. Yang holds a Bachelor of Commerce degree and a Juris Doctorate degree from the University of British Columbia, Canada. He is a founding partner of Messrs. Boughton Peterson Yang Anderson, a Canadian based law firm, and is presently the managing partner of Messrs. Zhong Lun Law Firm (formerly known as Boughton Peterson Yang Anderson) in Hong Kong SAR. He has over 40 years experience in legal practice and is a solicitor of the High Court of Hong Kong, a Barrister and Solicitor in British Columbia, Canada and a Solicitor in England and Wales.

He is presently an executive committee member and an immediate past governor of the Canadian Chamber of Commerce, a council member of Haw Par Music Foundation Limited, a director of the Hong Kong Foundation for UBC Limited and a member of the University of British Columbia, Dean of Law's Council of Advisors. Mr. Yang was a past board member of the Canadian International School of Hong Kong Limited and a past member of the Major Sports Events Committee of the Home Affairs Bureau, Hong Kong Special Administrative Region. Mr. Yang is also an independent non-executive director of One Media Group Limited and Singamas Container Holdings Limited, all of which are listed on the main board of The Stock Exchange of Hong Kong. Mr. Yang remained as a non-executive director of Lei Shing Hong Limited after the company privatized in March 2008 and resigned as an independent non-executive director of Media Chinese International Limited, China Agri-Industries Holdings Limited and China Hanking Holdings Limited on 1 October 2009, 26 August 2015 and 19 January 2016. All the above companies are third parties independent of the Company and connected persons of the Company.

REPORT OF THE DIRECTORS

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2015.

Principal Activities and Geographical Analysis of Operation

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 14 to the financial statements.

An analysis of the Group's performance for the year by geographical segments is set out in note 5.1 to the financial statements.

Business Review

Information about a fair review of, and an indication of likely future development in, the Group's business is set out in the "Statement from the Chairman" and "Management Discussion and Analysis" of this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year, if any, can also be found in the abovementioned sections and the notes to the financial statements. An analysis of the financial key performance indicators is set out in the "Management Discussion and Analysis" and the "Five Year Financial Summary" of this annual report.

Principal risks and uncertainties facing the Group are set out in the "Statement from the Chairman" and "Management Discussion and Analysis" of this annual report. For details of the Group's financial risks, please refer to note 30.2 to the financial statements.

Relationships with stakeholders

Our business requires that we collaborate with an array of stakeholders including customers, licensors, suppliers and employees. We strive to deal fairly with our stakeholders and to establish a long-standing and close relationship with them. We expect our stakeholders to work with us on the basis of a shared commitment to integrity, legal and ethical behaviour and mutual trust.

Customers

We consider customers as one of the most important stakeholders. Our commitment to and continued vigilance over quality and safety are essential in maintaining the trust of our consumers. In the U.S., we sell directly to various customers including national mass merchandise retailers and national toy specialty stores. Outside the U.S., we sell to over 60 countries, primarily in Europe, North America, Latin America and Asia Pacific including Australia. Our international sales and distribution efforts are managed through our network of independent distributors.

Licensors

The entertainment industry and toy invention and design community are major sources of concepts and ideas for the creation and development of new products. We maintain close working relationships or contacts with major entertainment licensors and the toy invention and design community worldwide. These relationships or contacts help us gain access to licensed rights in entertainment properties, technologies and toy inventions.

Suppliers

Supply chain is a critical part of our operations. Our suppliers must meet our selection criteria, which include security, safety, cost and delivery. Our selection criteria of suppliers are also based on their reliability and quality of products, and with whom we can build long-term relationships. We require all of our suppliers to comply with relevant manufacturing requirements and safety standards of the industry.

Employees

Employees are important to our sustainable development. We are committed to providing equal employment opportunity and a safe and harassment-free working environment. Employees are encouraged to attend trainings including professional development programs offered by professional organizations so as to refresh their skills and knowledge. We also strive to ensure that the employees are reasonably remunerated based on industry practice.

Environmental policies

We are committed to minimizing the environmental impact of our operations and to complying with all applicable environmental laws in the countries in which we conduct business. We also require our suppliers to obtain all necessary permission from the relevant regulators and operate in strict compliance with all applicable environmental laws including the environmental requirements as required by the International Council of Toys Industries CARE Seal of Compliance or other equivalent standards.

Compliance with laws and regulations

Compliance procedures are in place to ensure compliance with applicable laws and regulations. Our professional employees attend on-going professional development programs in order to keep them abreast of the latest development of the laws and regulations. External legal advisors are engaged to advise on the compliance matters if and when necessary. The Company complies with the relevant laws and regulations that have a significant impact on the Company including the Companies Ordinance, Securities and Futures Ordinance ("SFO") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Major Suppliers and Customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers were as follows:

Purchases	
– the largest supplier	22%
– five largest suppliers in aggregate	81%
Sales	
– the largest customer	33%
– five largest customers in aggregate	79%

None of the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in the major suppliers or customers noted above.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 30.

The directors have declared a first interim dividend of HK$0.05 per ordinary share, totalling HK$60,615,000, which was paid on 30 September 2015.

The directors have declared a second interim dividend of HK$0.05 per ordinary share, totally HK$60,500,000, which is calculated on the basis of 1,210,000,000 ordinary shares in issue at the date of board meeting held on 24 March 2016.

REPORT OF THE DIRECTORS

Reserves

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 35 to 36. Movements in the reserves of the Company during the year are set out in note 25.2 to the financial statements.

Distributable reserves of the Company at 31 December 2015, calculated under the Companies Act 1981 of Bermuda, amounted to HK$652,122,000 (2014: HK$208,594,000).

Financial Analysis

Analysis of bank loans and other borrowings

As at 31 December 2015, the Group has no banking facilities (2014: HK$ nil).

Liquidity and financial resources

The toy business is inherently seasonal in nature. In general, sales in the second half-year are much higher than those in the first half. As a result, a disproportionately high balance of trade receivables is 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 31 December 2015, trade receivables were HK$311,020,000 (2014: HK$529,727,000) and inventories were at a seasonal low level of HK$28,242,000 or 1.8% of turnover (2014: HK$44,165,000 or 2.0% of turnover).

The current ratio, calculated as the ratio of current assets to current liabilities, was 5.3 at 31 December 2015 and 3.4 at 31 December 2014.

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 31 December 2015, the Group's cash and bank balances were HK$877,487,000 (2014: HK$785,784,000), of which HK$660,036,000 (2014: HK$735,687,000) was denominated in United States dollar and the remaining balance was mainly denominated in Hong Kong dollar.

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 31 December 2015, the Group had a total of 71 employees in Hong Kong and the United States of America. This compares to 62 employees as at 31 December 2014.

The Group remunerates its employees largely based on industry practice, including contributory provident funds, insurance and medical benefits. The Group has also adopted a discretionary bonus programme for all management and staff and share option plans for its employees with awards under both programmes determined annually based upon the performance of the Group and the individual employees.

Donations

Charitable and other donations made by the Group during the year amounted to HK$2,613,000 (2014: HK$3,619,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the financial statements.

Investment in an Associated Company

Details of the investment are set out in note 15 to the financial statements.

Share Capital

During the year, the Company issued a total of 7,099,000 ordinary shares as a result of the exercise of share options granted under the share option scheme of the Company. Details of the movements in share capital of the Company are set out in note 25.1 to the financial statements.

Five Year Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 76.

Purchase, Sale or Redemption of Shares

During the year, 3,348,500 shares of HK$0.01 each were repurchased by the Company at prices ranging from HK$1.41 to HK$1.68 per share through The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The particulars of the repurchases are set out in note 25.1 to the financial statements.

Directors

The directors who held office during the year and up to the date of this report were:

Mr. CHAN Chun Hoo, Thomas *(Chairman)*
Mr. CHENG Bing Kin, Alain *(Executive Director)*
Mr. CHOW Yu Chun, Alexander *(Independent Non-executive Director)*
Mr. LEE Ching Kwok, Rin *(Independent Non-executive Director)*
Mr. TO Shu Sing, Sidney *(Executive Director)*
Mr. YANG, Victor *(Independent Non-executive Director)*

Pursuant to Bye-law 87(1) of the Company’s Bye-laws, Mr. Cheng Bing Kin, Alain and Mr. Yang, Victor shall retire by rotation and offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of Chapter 3 of the Listing Rules and the Company considers such directors to be independent.

Directors' Service Contracts

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any director proposed for re-election at the forthcoming annual general meeting.

Directors' Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its holding companies, subsidiaries or fellow subsidiaries was a party and in which any director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Permitted Indemnity Provision

Pursuant to the Bye-laws of the Company, the directors are entitled to be indemnified out of the Company's assets against actions and damages in connection with execution of their duties. Pursuant to a code provision of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, the Company has also arranged appropriate director and officer liability insurance policy covering potential legal actions that might be taken against its directors.

Share Options

Share options of the Company are granted to directors, employees and other eligible participants specified under a Share Option Scheme ("Scheme") adopted on 25 January 2008. Details of the Scheme are as follows:

Purpose	:	(i) To motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group; and (ii) To attract and retain or otherwise maintain ongoing business relationship with eligible participants whose contributions are or will be beneficial to the Group.
Participants	:	(i) Directors, employees, consultants, professionals, customers, suppliers, agents, partners or advisers of or contractors to the Group or a company in which the Group holds an interest or a subsidiary of such company; or (ii) The trustees of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any person/party mentioned in (i) above; or (iii) A company beneficially owned by any person/party mentioned in (i) above.
Total number of ordinary shares available for issue under the Scheme and the percentage of issued share capital that it represents as at 24 March 2016	:	20,366,500 ordinary shares, representing 1.68% of the issued capital.

Maximum entitlement of each participant	:	Unless approved by shareholders, the total number of securities issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued ordinary shares of the Company.
The period within which the ordinary shares must be taken up under an option	:	The options are exercisable in stages and no option will be exercisable later than 10 years after its date of grant.
The amount payable on acceptance of the option	:	HK$10.00 (or such other nominal sum in any currency as the board may determine).
Period within which payments/calls must/may be made or loans for such purposes must be repaid	:	Not applicable.
The basis for determining the exercise price	:	Determined by the board and shall not be less than the highest of: (i) the closing price of an ordinary share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day; (ii) an amount equivalent to the average closing price of an ordinary share as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of an ordinary share on the date of grant.
The remaining life of the Scheme	:	Remains in force until 31 January 2018.

REPORT OF THE DIRECTORS

Share Options (Continued)

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 that are required to be disclosed under Rule 17.07 of Chapter 17 and Rule 13(1)(b) of Appendix 16 of the Listing Rules during the year:

			Number of share options			
Participant	**Date of grant**	**Exercise price** *HK$*	**Balance at 1 January 2015**	**Exercised during the year** *(Notes (1)&(2))*	**Lapsed during the year**	**Balance at 31 December 2015**
CHENG Bing Kin, Alain *Director*	13 April 2012	0.415	250,000	250,000	–	–
	15 May 2013	0.930	900,000	450,000	–	450,000
CHOW Yu Chun, Alexander *Director*	13 April 2012	0.415	250,000	–	–	250,000
	15 May 2013	0.930	525,000	–	–	525,000
LEE Ching Kwok, Rin *Director*	13 April 2012	0.415	250,000	–	–	250,000
	15 May 2013	0.930	525,000	–	–	525,000
TO Shu Sing, Sidney *Director*	13 April 2012	0.415	300,000	300,000	–	–
	15 May 2013	0.930	971,000	480,000	–	491,000
YANG, Victor *Director*	13 April 2012	0.415	125,000	–	–	125,000
	15 May 2013	0.930	525,000	–	–	525,000
Continuous Contract Employees, excluding Directors	31 March 2008	0.316	27,000	–	–	27,000
	20 January 2010	0.828	1,098,000	51,000	–	1,047,000
	18 April 2011	0.315	582,000	22,000	–	560,000
	13 April 2012	0.415	3,538,000	2,016,500	–	1,521,500
	15 May 2013	0.930	8,552,500	2,214,000	125,000	6,213,500
Other participants	20 January 2010	0.828	443,000	–	–	443,000
	30 March 2010	0.673	1,110,000	–	–	1,110,000
	18 April 2011	0.315	950,000	200,000	–	750,000
	13 April 2012	0.415	2,737,000	588,000	–	2,149,000
	15 May 2013	0.930	3,992,000	527,500	60,000	3,404,500

Notes:

(1) The weighted average closing prices of the ordinary shares of the Company immediately before the dates on which the share options were exercised by continuous contract employees (excluding directors) and other participants during the year were HK$1.82 and HK$1.90 respectively.

(2) The weighted average closing price of the ordinary shares of the Company immediately before the dates on which the share options were exercised by the directors, namely Mr Cheng Bing Kin, Alain and Mr. To Shu Sing, Sidney during the year was HK$1.90.

The above share options are exercisable in stages in accordance with the terms of the Scheme within ten years after the date of grant. No options were cancelled during the year.

Apart from the aforesaid, at no time during the year 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, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 December 2015, the interests of each director of the Company in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules were as follows:

Long positions in shares of the Company

Name of director	Nature of interest	Number of shares held	Percentage interest held
CHAN Chun Hoo, Thomas	Corporate *(Note (a))*	600,000,000 ordinary shares	49.59%
CHENG Bing Kin, Alain	Personal	1,207,000 ordinary shares	0.10%
CHOW Yu Chun, Alexander	Personal	2,038,000 ordinary shares	0.17%
LEE Ching Kwok, Rin	Personal	1,090,000 ordinary shares	0.09%
TO Shu Sing, Sidney	Personal	9,380,000 ordinary shares	0.78%
YANG, Victor	Personal	1,215,000 ordinary shares	0.10%

REPORT OF THE DIRECTORS

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation (Continued)

Long positions in underlying shares and debentures of the Company

Name of director	Nature of interest	Number of equity derivatives held	Number of underlying shares *(ordinary shares)*	Percentage interest held
CHENG Bing Kin, Alain	Personal	450,000 share options	450,000 shares	0.04%
CHOW Yu Chun, Alexander	Personal	775,000 share options	775,000 shares	0.06%
LEE Ching Kwok, Rin	Personal	775,000 share options	775,000 shares	0.06%
TO Shu Sing, Sidney	Personal	491,000 share options	491,000 shares	0.04%
YANG, Victor	Personal	650,000 share options	650,000 shares	0.05%

Long positions in shares of Playmates Holdings Limited ("PHL")

Name of director	Nature of interest	Number of shares held	Percentage interest held
CHAN Chun Hoo, Thomas	Personal	12,000,000 ordinary shares	5.45%
	Corporate *(Note (b))*	92,000,000 ordinary shares	41.82%
	Associate *(Note (c))*	11,000,000 ordinary shares	5.00%
CHENG Bing Kin, Alain	Personal	228,000 ordinary shares	0.10%
TO Shu Sing, Sidney	Personal	2,000,000 ordinary shares	0.91%

Long positions in underlying shares of PHL

Name of director	Nature of interest	Number of equity derivatives held	Number of underlying shares *(ordinary shares)*	Percentage interest held
CHENG Bing Kin, Alain	Personal	37,500 share options	37,500 shares	0.02%
TO Shu Sing, Sidney	Personal	37,500 share options	37,500 shares	0.02%

Notes:

(a) Mr. Chan Chun Hoo, Thomas ("Mr. Chan") is the beneficial owner of all of the issued share capital of TGC Assets Limited ("TGC"), since TGC directly owns approximately 41.82% of the shareholding of PHL and is deemed to be interested in the 600,000,000 shares of the Company in aggregate which PHL is interested in, Mr. Chan is also deemed to be interested in the 600,000,000 shares of the Company in aggregate which PHL is interested in.

(b) Mr. Chan is the beneficial owner of all of the issued share capital of TGC and is therefore deemed to be interested in the 92,000,000 shares of PHL in aggregate which TGC is interested in.

(c) 11,000,000 shares of PHL were owned by Mr. Chan's wife and Mr. Chan is therefore deemed to be interested in those shares.

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, underlying shares or debentures the relevant director was interested expressed as a percentage of the number of issued shares of the relevant companies as at 31 December 2015.

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

As at 31 December 2015, none of the directors of the Company were interested or deemed to be interested in short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any associated corporation.

REPORT OF THE DIRECTORS

Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company Required to be Recorded under Section 336 of the SFO

As at 31 December 2015, persons (other than the directors of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company, being 5% or more of the Company's issued share capital, as 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
TGC	Corporate *(Note (i))*	600,000,000 ordinary shares	49.59%
PHL	Corporate *(Note (ii))*	600,000,000 ordinary shares	49.59%
PIL Management Limited	Corporate *(Note (ii))*	600,000,000 ordinary shares	49.59%
PIL Investments Limited	Corporate *(Note (ii))*	600,000,000 ordinary shares	49.59%
PIL Toys Limited	Corporate	600,000,000 ordinary shares	49.59%
The Capital Group Companies, Inc.	Corporate *(Note (iii))*	84,432,000 ordinary shares	6.98%
Capital Research and Management Company	Corporate	84,432,000 ordinary shares	6.98%

Notes:

(i) TGC directly owns approximately 41.82% of the shareholding of PHL and is therefore deemed to be interested in the 600,000,000 shares of the Company in aggregate which PHL is interested in.

(ii) 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 beneficial interested in.

(iii) Capital Research and Management Company is a wholly-owned subsidiary of The Capital Group Companies, Inc. The Capital Group Companies, Inc. is therefore deemed to be interested in the 84,432,000 shares of the Company in aggregate which Capital Research and Management Company is interested in.

Pre-emptive Rights

There are no pre-emptive rights provisions with respect to any issue or transfer of shares of the Company in the Bye-laws of the Company nor are there any such pre-emptive rights provisions generally applicable under Bermuda law.

Audit Committee

The written terms of reference which describe the authority and duties of the Audit Committee were adopted in 2007 and subsequently amended in 2009, 2012 and 2015.

The primary duties of our audit committee are to assist our board to provide an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, to oversee the audit process, and to perform other duties and responsibilities as assigned by the board.

Our audit committee comprises three independent non-executive directors, namely, Mr. Chow Yu Chun, Alexander, Mr. Lee Ching Kwok, Rin and Mr. Yang, Victor. The chairman of our audit committee is Mr. Chow Yu Chun, Alexander.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of its directors as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float as required under the Listing Rules during the year.

Auditors

Grant Thornton Hong Kong Limited will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting. There was no change in auditors of the Company in any of the preceding three years.

Continuing Connected Transaction

On 3 January 2014, Playmates International Company Limited, an indirect wholly-owned subsidiary of the Company, as tenant and Prestige Property Management Limited, an indirect wholly-owned subsidiary of PHL, as agent for landlord, Belmont Limited entered into a tenancy agreement ("Tenancy Agreement") in respect of the premises known as 11th, 22nd and 23rd Floor, The Toy House, No. 100 Canton Road, Tsimshatsui, Kowloon for a term of 36 months from 1 January 2014 to 31 December 2016 at the rental of HK$436,600 per month (exclusive of rates, government rent, utilities and other outgoings) and management charges of HK$65,490 per month (the management charges are subject to review by the landlord). PHL indirectly owns and controls approximately 49.59% of the Company. Consequently, PHL is a connected person of the Company under the Listing Rules. Pursuant to Chapter 14A of the Listing Rules, the Tenancy Agreement constitutes a continuing connected transaction. This continuing connected transaction, which details were contained in the announcement dated 3 January 2014, was exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

Continuing Connected Transaction (Continued)

The independent non-executive directors, who are not interested in any connected transaction with the Group, have reviewed the continuing connected transaction and confirmed that the transaction has been entered into by the Group in the ordinary and usual course of business, on normal commercial terms, and in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company were engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued unqualified letter containing their findings and conclusions in respect of the continuing connected transaction disclosed by the Group above in accordance with Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save and except the transactions disclosed above and in note 28.1 to the financial statements, there is no contract of significance between the Group and our controlling shareholder or any of its subsidiaries.

On behalf of the board
TO Shu Sing, Sidney
Director

Hong Kong, 24 March 2016

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The board considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders and enhancing the performance of the Group. The board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions ("Code Provisions") of the Corporate Governance Code ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended 31 December 2015, except in respect of one code provision providing for the roles of the chairman and the chief executive officer to be performed by different individuals. The board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Board of Directors

Composition and Responsibilities

The board of directors of the Company comprises:

CHAN Chun Hoo, Thomas *(Chairman)*
CHENG Bing Kin, Alain *(Executive Director)*
CHOW Yu Chun, Alexander *(Independent Non-executive Director)*
LEE Ching Kwok, Rin *(Independent Non-executive Director)*
TO Shu Sing, Sidney *(Executive Director)*
YANG, Victor *(Independent Non-executive Director)*

The board comprises three executive directors (one of whom is the Chairman) and three non-executive directors. All the non-executive directors are independent representing half of the board. One independent non-executive director possesses appropriate professional accounting qualifications and financial management expertise.

The principal focus of the board is on the overall strategic development of the Group. The board also monitors the financial performance and the internal controls of the Group's business operations. With a wide range of expertise and a balance of skills, the non-executive directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The independent non-executive directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of Chapter 3 of the Listing Rules. The independent non-executive directors are explicitly identified in all corporate communications.

In respect of the segregation of the roles of the chairman and chief executive officer, the Group's practice is that the Chairman also acts as chief executive officer. This allows him to focus on Group strategy and at the same time ensure that all key issues are considered by the board in a timely manner. 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 suitable and effective in facilitating the operations and business development of the Company and maintaining the checks and balances between the board and the management of the business of the Group. The structure outlined above will be reviewed regularly to ensure that sound corporate governance is in place.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election

Each of the directors of the Company has entered into a service contract with the Company for a term of three years. However, such term is subject to his re-appointment by the Company at general meeting upon retirement by rotation pursuant to the Bye-laws of the Company. In accordance with the relevant provisions in the Bye-laws of the Company, the appointment of directors is considered by the board and newly appointed directors are required to stand for election by shareholders at the first annual general meeting following their appointment. Each director, including the chairman of the board and/or the managing director, shall be subject to retirement by rotation at least once every three years.

Support and Professional Development of Directors

All directors are provided with monthly updates on the Group's performance, position and prospects.

All directors have participated in continuous professional development programmes such as in-house briefings and external seminars to develop and refresh their knowledge and skills. All directors have provided the Company with their respective training record pursuant to the Code.

There is an established procedure for directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties. The Company has also arranged appropriate director and officer liability insurance policy covering potential legal actions that might be taken against its directors.

Board Meetings and Proceedings

The board meets regularly throughout the year to review the overall strategy and to monitor the operation as well as the financial performance of the Group. Senior executives are from time to time invited to attend board meetings to make presentations or answer the board's enquiries. The Chairman focuses on Group strategy and is responsible for ensuring all key issues are considered by the board in a timely manner. Notice of at least 14 days has been given to all directors for all regular board meetings and the directors can include matters for discussion in the agenda whenever they consider appropriate and necessary. Agenda and accompanying board papers in respect of regular board meetings are dispatched in full to all directors within a reasonable time before the meeting. Directors have to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the board at board meetings and abstain from voting as appropriate.

Draft minutes of all board meetings are circulated to directors for comment within a reasonable time prior to confirmation. Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings; all directors have access to board papers and related materials, and are provided with adequate information in a timely manner; this enables the board to make informed decision on matters placed before it.

The board held four meetings in 2015. Details of directors' attendance at the board meetings, other committee meetings and the annual general meeting during the year are set out in the following table.

	Meetings attended/held				
Directors	Board	Audit Committee	Compensation Committee	Nomination Committee	AGM
CHAN Chun Hoo, Thomas	3/4	N/A	N/A	1/1	1/1
CHENG Bing Kin, Alain	4/4	N/A	N/A	N/A	1/1
CHOW Yu Chun, Alexander	4/4	2/2	2/2	1/1	1/1
LEE Ching Kwok, Rin	4/4	2/2	2/2	1/1	1/1
TO Shu Sing, Sidney	3/4	N/A	N/A	N/A	0/1
YANG, Victor	4/4	2/2	2/2	N/A	1/1

Board Committees

As an integral part of good corporate governance, the board has established the Audit Committee, Compensation Committee and Nomination Committee to oversee particular aspects of the Company's affairs. Each of these Committees comprises a majority of independent non-executive directors with defined written terms of reference.

Audit Committee

The Audit Committee was established in July 2007 and its current members include:

CHOW Yu Chun, Alexander-*Committee Chairman (Independent Non-executive Director)*
LEE Ching Kwok, Rin *(Independent Non-executive Director)*
YANG, Victor *(Independent Non-executive Director)*

All of the Audit Committee members are independent non-executive directors. The board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management on the Audit Committee. The written terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange.

The Audit Committee meets at least twice a year to review the reporting of financial and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the board and the Company's external auditors in matters coming within the scope of its written terms of reference and keeps under review the independence and objectivity of the external auditors.

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 accounts for the year ended 31 December 2015.

CORPORATE GOVERNANCE REPORT

Board Committees (Continued)

Audit Committee (Continued)

At the meeting held on 24 March 2016, the Audit Committee reviewed this report, the Directors' Report and accounts for the year ended 31 December 2015 together with the annual results announcement, with a recommendation to the board of directors for approval.

Compensation Committee

The Compensation Committee was established in July 2007 and its current members include:

YANG, Victor-Committee Chairman *(Independent Non-executive Director)*
CHOW Yu Chun, Alexander *(Independent Non-executive Director)*
LEE Ching Kwok, Rin *(Independent Non-executive Director)*

All of the Compensation Committee members are independent non-executive directors. The Compensation Committee advises the board on the Group's overall policy and structure for the remuneration of directors and senior management. The written terms of reference of the Compensation Committee are posted on the websites of the Company and the Stock Exchange.

The Compensation Committee meets to determine the policy for the remuneration of directors and assess the performance of executive directors and members of senior management. The Compensation Committee held one meeting during the year.

Remuneration Policy for Non-executive Director and Executive Directors

The Compensation Committee is charged with the duties to advise the board on the Group's overall policy and structure for the remuneration of directors and senior management. The Compensation Committee also makes recommendations to the board from time to time on the remuneration of the non-executive directors. Pursuant to the written terms of reference of the Compensation Committee, the compensation of non-executive directors, including the Compensation Committee members, shall be reviewed by executive directors initially, and the executive directors shall communicate their findings to the Compensation Committee. The Compensation Committee will then consider and make recommendations to the full board for final approval. The Compensation Committee is also responsible for determining the remuneration for executive directors and the Chairman of the board. In carrying out its functions and responsibilities, the Compensation Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and the desirability of performance-based remuneration. The Compensation Committee ensures that no director or any of his associate is involved in deciding his own remuneration.

Details of the directors' fee and other emoluments of the directors of the Company are set out in note 12.1 to the financial statements.

Nomination Committee

The Nomination Committee was established in February 2012 and its current members include:

CHAN Chun Hoo, Thomas-*Committee Chairman (Chairman)*
CHOW Yu Chun, Alexander *(Independent Non-executive Director)*
LEE Ching Kwok, Rin *(Independent Non-executive Director)*

The majority of the Nomination Committee members are independent non-executive directors. The principal responsibility of the Nomination Committee is to review the size, structure and composition of the board, identify individuals suitably qualified to become board members, and assess the independence of independent non-executive directors. The written terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange. The Nomination Committee held one meeting during the year.

The board has adopted a Board Diversity Policy in August 2013. Such policy aims at achieving board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the board.

Corporate Governance Functions

The board is collectively responsible for performing the corporate governance duties as below:

(i) develop and review the Company's policies and practices on corporate governance;

(ii) review and monitor the training and continuous professional development of directors and senior management;

(iii) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) develop, review and monitor the code of conduct applicable to employees and directors; and

(v) review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 year ended 31 December 2015. The Model Code also applies to other specified senior management of the Group.

CORPORATE GOVERNANCE REPORT

Directors' Interests

Details of directors' interests in the securities of the Company are set out in pages 15 to 17 of this annual report.

Internal Controls

The board has overall responsibility for maintaining an adequate system of internal controls of the Group and reviewing its effectiveness. The board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Company's assets. The board has conducted an annual review of the system of internal controls which covered the relevant financial, operational, compliance controls and risk management functions within an established framework. The board's annual review has also considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The internal control process is accomplished by the board, management and other designated personnel, and designed to provide reasonable assurance regarding the achievement of objectives.

The Group's internal control system is designed in consideration of the nature of business as well as the organization structure. The system is designed to manage rather than eliminate the risk of failure in operational systems and to provide reasonable, but not absolute, assurance against material misstatement or loss. The system is designed further to safeguard the Group's assets, maintain appropriate accounting records and financial reporting, maintain efficiency of operations and ensure compliance with applicable laws and regulations.

Control Effectiveness

The directors are satisfied with the effectiveness of the Group's internal controls and consider that key areas of the Group's system of internal controls are reasonably implemented, which provide prevention of material misstatement or loss, safeguard the Group's assets, maintain appropriate accounting records and financial reporting, efficiency of operations and ensure compliance with the Listing Rules and all other applicable laws and regulations.

There was no internal audit function within the Group during the year. The directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit functions for the Group as the need arises. The board has appointed an external independent professional to perform the internal audit function for the Group for 2016.

Auditors' Remuneration

For the year ended 31 December 2015, the auditors of the Company only provided audit services to the Company and the remuneration paid by the Company to the auditors for the performance of audit services was HK$1,160,000. In order to maintain their independence, the auditors will not be employed for non-audit work unless prior approval is obtained from the Audit Committee.

Directors' and Independent Auditors' Responsibility for the Financial Statements

The directors acknowledge their responsibility for preparing the accounts of the Company for the year ended 31 December 2015. The statement of the auditors of the Company about their reporting responsibilities on the accounts is set out in the auditors report on pages 28 to 29 of this annual report.

Communications With Shareholders

The Company regards the annual general meeting as an important event in which the Chairman and all directors will make an effort to attend. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In order to enhance minority shareholders' rights, all resolutions put to votes by shareholders at general meetings were passed by poll. The poll results will be published on the websites of the Company and the Stock Exchange on the same date of the meetings. The Company's corporate communications including interim and annual reports, announcements and circulars as required under the Listing Rules are published on the websites of the Company and the Stock Exchange.

Shareholders' Rights

Procedures for shareholders to convene a special general meeting ("SGM") and putting forward proposals at general meetings

Pursuant to the Bye-laws of the Company, shareholders holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition to the board or the secretary of the Company, to require a special general meeting to be called by the board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981 ("Act").

Pursuant to the Act, either any number of the shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than one hundred of such shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution and not less than one week before the meeting in the case of any other requisition. Provided that if an annual general meeting is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Shareholders may make enquiries to the board by writing to the company secretary at the principal office of the Company.

Changes In Constitutional Documents

During the year, there is no substantial change in the Memorandum of Association and Bye-Laws of the Company.

INDEPENDENT AUDITORS' REPORT

Grant Thornton
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To the members of
Playmates Toys Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Playmates Toys Limited (the "Company") and its subsidiaries set out on pages 30 to 75, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton
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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

24 March 2016

Chan Tze Kit
Practising Certificate No.: P05707

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 US$'000 (Note 29)	2015 HK$'000	2014 HK$'000
Revenue	4	**200,189**	**1,551,464**	2,160,206
Cost of sales		**(76,834)**	**(595,462)**	(823,862)
Gross profit		**123,355**	**956,002**	1,336,344
Marketing expenses		**(41,855)**	**(324,374)**	(398,729)
Selling and distribution expenses		**(11,754)**	**(91,095)**	(130,709)
Administration expenses		**(18,643)**	**(144,479)**	(158,668)
Operating profit		**51,103**	**396,054**	648,238
Other net (loss)/income		**(31)**	**(241)**	2,742
Finance costs	7	**(923)**	**(7,157)**	(9,387)
Share of profit/(loss) of an associated company		**121**	**939**	(5,681)
Profit before income tax	6	**50,270**	**389,595**	635,912
Income tax expense	8	**(14,626)**	**(113,350)**	(145,240)
Profit for the year attributable to owners of the Company		**35,644**	**276,245**	490,672
		US cents	***HK cents***	*HK cents*
Earnings per share	10			
Basic		**2.95**	**22.84**	41.44
Diluted		**2.92**	**22.62**	40.75

The notes on pages 37 to 75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 US$'000 (Note 29)	2015 HK$'000	2014 HK$'000
Profit for the year	**35,644**	**276,245**	490,672
Other comprehensive income, including reclassification adjustments:			
Item that may be reclassified subsequently to profit or loss:			
Reclassified to profit or loss on dissolution of foreign subsidiaries	–	–	(531)
Total comprehensive income for the year attributable to owners of the Company	**35,644**	**276,245**	490,141

The notes on pages 37 to 75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 US$'000 (Note 29)	2015 HK$'000	2014 HK$'000
Non-current assets				
Property, plant and equipment	13	805	6,241	4,339
Interest in an associated company	15	781	6,053	5,114
Deferred tax assets	23	4,401	34,105	48,502
		5,987	46,399	57,955
Current assets				
Inventories	16	3,644	28,242	44,165
Trade receivables	17	40,132	311,020	529,727
Deposits paid, other receivables and prepayments		4,866	37,711	19,567
Taxation recoverable		6,897	53,449	–
Financial assets at fair value through profit or loss	18	4,010	31,078	–
Cash and bank balances	26.2	113,224	877,487	785,784
		172,773	1,338,987	1,379,243
Current liabilities				
Trade payables	19	6,289	48,737	77,734
Deposits received, other payables and accrued charges	20	19,131	148,263	193,223
Loan from an associated company	21	752	5,831	–
Provisions	22	6,314	48,930	45,819
Taxation payable		–	–	84,061
		32,486	251,761	400,837
Net current assets		140,287	1,087,226	978,406
Net assets		146,274	1,133,625	1,036,361

	Note	2015 US$'000 (Note 29)	2015 HK$'000	2014 HK$'000
Equity				
Share capital	25.1	1,561	12,100	12,062
Reserves		144,713	1,121,525	1,024,299
Total equity		146,274	1,133,625	1,036,361

On behalf of the board

CHENG Bing Kin, Alain
Director

TO Shu Sing, Sidney
Director

The notes on pages 37 to 75 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

	Note	**2015 US$'000** (Note 29)	**2015 HK$'000**	2014 HK$'000
Cash flows from operating activities				
Cash generated from operations	26.1	**69,799**	**540,947**	546,776
Overseas tax paid		**(9,480)**	**(73,466)**	(55,299)
Hong Kong profits tax paid		**(20,953)**	**(162,388)**	(410)
Net cash generated from operating activities		**39,366**	**305,093**	491,067
Cash flows from investing activities				
Purchases of property, plant and equipment		**(479)**	**(3,716)**	(4,115)
Purchases of financial assets at fair value through profit or loss		**(6,906)**	**(53,523)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**2,241**	**17,366**	–
Loan from an associated company		**752**	**5,831**	–
Dividends received		**68**	**525**	–
Interest received		**256**	**1,982**	2,742
Net cash used in investing activities		**(4,068)**	**(31,535)**	(1,373)
Cash flows from financing activities				
Issue of shares		**624**	**4,836**	16,789
Repurchase of shares of the Company		**(675)**	**(5,234)**	–
Dividends paid		**(23,414)**	**(181,457)**	(240,262)
Net cash used in financing activities		**(23,465)**	**(181,855)**	(223,473)
Net increase in cash and cash equivalents		**11,833**	**91,703**	266,221
Cash and cash equivalents at 1 January		**101,391**	**785,784**	519,563
Cash and cash equivalents at 31 December	26.2	**113,224**	**877,487**	785,784

The notes on pages 37 to 75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000* *(Note 25.2 (ii))*	Exchange reserve *HK$'000*	Share-based compensation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2014	11,798	328,510	167,613	(17)	19,067	224,772	751,743
Profit for the year	–	–	–	–	–	490,672	490,672
Other comprehensive income:							
Reclassified to profit or loss on dissolution of foreign subsidiaries	–	–	–	(531)	–	–	(531)
Total comprehensive income for the year	–	–	–	(531)	–	490,672	490,141
Share option scheme							
– value of services	–	–	–	–	5,850	–	5,850
– shares issued	264	29,437	–	–	(12,912)	–	16,789
Share premium reduction *(Note 25.3)*	–	(350,096)	350,096	–	–	–	–
2013 first interim dividend paid	–	–	(59,983)	–	–	–	(59,983)
2013 special dividend paid	–	–	(119,966)	–	–	–	(119,966)
2014 first interim dividend paid	–	–	(60,313)	–	–	–	(60,313)
Tax benefits arising from share option scheme in overseas tax jurisdiction	–	–	12,100	–	–	–	12,100
Transactions with owners	264	(320,659)	121,934	–	(7,062)	–	(205,523)
At 31 December 2014	12,062	7,851	289,547	(548)	12,005	715,444	1,036,361

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000 (Note 25.2 (ii))	Exchange reserve HK$'000	Share-based compensation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2015	12,062	7,851	–	289,547	(548)	12,005	715,444	1,036,361
Profit and total comprehensive income for the year	–	–	–	–	–	–	276,245	276,245
Share option scheme								
– value of services	–	–	–	–	–	2,265	–	2,265
– shares issued	71	8,191	–	–	–	(3,426)	–	4,836
– share options lapsed	–	–	–	–	–	(118)	118	–
Repurchase of shares of the Company	(33)	(5,201)	33	–	–	–	(33)	(5,234)
2014 second interim dividend paid	–	–	–	(60,421)	–	–	–	(60,421)
2014 special interim dividend paid	–	–	–	(60,421)	–	–	–	(60,421)
2015 first interim dividend paid	–	–	–	(60,615)	–	–	–	(60,615)
Tax benefits arising from share option scheme in overseas tax jurisdiction	–	–	–	609	–	–	–	609
Transactions with owners	38	2,990	33	(180,848)	–	(1,279)	85	(178,981)
At 31 December 2015	**12,100**	**10,841**	**33**	**108,699**	**(548)**	**10,726**	**991,774**	**1,133,625**

The notes on pages 37 to 75 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 General Information

The Company was incorporated in Bermuda on 11 April 2005. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal office is 23/F., The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The ultimate holding company of the Company is Playmates Holdings Limited ("PHL"), which is incorporated in Bermuda. The immediate holding company of the Company is PIL Toys Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 14 to the financial statements.

The financial statements for the year ended 31 December 2015 were approved for issue by the board of directors on 24 March 2016.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The amendments to the Listing Rules relating to financial information with reference to Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance came into effect for the first time during the current financial year and the main impact is on the presentation and disclosure of certain information in these financial statements.

The significant accounting policies that have been used in preparation of the financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3 to the financial statements.

The financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on the Group's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.6 "Inventories", note 2.10 "Provisions" and note 2.18 "Current taxation" to the financial statements.

2 Summary of Significant Accounting Policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as the "Group") made up to 31 December each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective.

2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

In the Company's statement of financial position, subsidiaries are recorded at cost less any impairment losses unless the subsidiary is held for sale or included in a disposal group. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.4 Associated companies

An associated company is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

In the consolidated financial statements, an investment in an associated company is initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associated company is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associated company's net assets less any identified impairment loss, unless it is classified as held for sale. The profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the associated company for the year, including any impairment loss on the investment in the associated company recognised for the year.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Where unrealised losses on asset sales between the Group and its associated company are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associated company. At the end of each reporting period, the Group determines whether there is any objective evidence that the investment in associated company is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs of disposal) of the associated company and its carrying amount.

2.5 Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Gains or losses arising from the retirement or disposal are determined as the difference between the sales proceeds and the carrying amount of the asset and recognised in profit or loss.

Depreciation is calculated using the straight-line method to write off cost less the residual values over the estimated useful lives, as follows:

Leasehold improvements	3-10 years
Vehicle, equipment, furniture and fixtures	3-10 years
Computers	3-5 years

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

The Group reviews the condition of inventories at the end of each reporting period, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable. The Group carries out the inventory review on product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

2 Summary of Significant Accounting Policies (Continued)

2.7 Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses and allowance for customer concession.

Trade and other receivables are derecognised when the rights to receive cash flows from the assets expire or are transferred and substantially all the risks and rewards of ownership have been transferred.

At the end of each reporting period, trade and other receivables are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- It becomes probable that the debtor will enter bankruptcy or other financial reorganisation.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such objective evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Impairment losses on financial assets other than trade receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Financial assets at fair value through profit or loss

The Group classifies its investments as financial assets at fair value through profit or loss. The Group determines the classification of investments at initial recognition. The classification depends on the purpose for which the investments were acquired and where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

A financial asset is classified as financial assets at fair value through profit or loss if acquired principally for the purpose of selling in the short term or if so designated by the Group, which these financial assets are managed according to internal policies and the performance is evaluated periodically on a fair value basis. Assets in this category are classified as current assets.

All financial assets are recognised when and only when the Group becomes a contractual party of the investment. Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value, and in the case of financial assets not carried at fair value through profit or loss, plus directly attributable transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognised in profit or loss in the period in which they arise. The fair values of quoted investments are based on current bid prices and unlisted managed funds are carried at the fair value of the managed fund's assets as at the end of the reporting period. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 2.12 to these financial statements.

2 Summary of Significant Accounting Policies (Continued)

2.8 Impairment of non-financial assets

Property, plant and equipment, interest in subsidiaries and an associated company are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.9 Financial liabilities

The Group's financial liabilities include trade and other payables and loan from an associated company. They are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade and other payables and loan from an associated company are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. All provisions are current in nature and therefore the effect of the time value of money is not material.

(i) Consumer returns

The Group uses agreed customer allowances based on a percentage of sales and information on actual consumer returns of goods to estimate return percentages. The provision is calculated based on these factors and is adjusted for any fluctuations in the returns expected by management as of each period end.

A portion of the Group's retail customers receive a fixed percentage of sales as their allowance. Some of these customers receive a higher percentage rate on certain electronic products. The allowance for each retail customer is agreed and documented in the terms of trade. Certain customers receive an allowance based on their actual consumer return experience.

In evaluating the adequacy of the prior year provision, the Group prepares an analysis to determine the reasons for unclaimed deductions. If the analysis determines that some carry forward provision amounts were no longer appropriate based on actual claims experience, the proper adjustments will be made to release the over-accrued portion.

(ii) Cooperative advertising

The Group participates in customer advertising programmes and allows certain customers to take a percentage of sales deduction, which is negotiated on an individual basis. In addition, the Group contributes toward specific expenses of the customers for in-store sales promotions and advertising circulars.

In the case of fixed percentage, the amounts are negotiated and documented in the terms of trade with the respective customer. In the case of all special programs, the program application, limits and amounts are offered on a case by case basis by the Group. Some of the programs are set for defined periods of time or limited to a maximum number of units sold, and confirming data is provided by the retailer to finalise the actual program cost.

Claims for cooperative advertising may be received up to two years after the relevant reporting period end and, in certain cases, later. The Group reviews the provisions periodically and any unrequired amount will be reversed when determined.

(iii) Cancellation charges

The provision represents the estimated amounts that would be payable to suppliers to settle the cost incurred by them for production orders which have been or are likely to be cancelled. The Group generally settles these amounts in the year after the year that specific product ceases to be actively sold to customers.

In most cases, the vendor may try to mitigate the Group's exposure by utilising the unused components in its other products. Such arrangement may also reduce the Group's potential cancellation exposure.

At each relevant reporting period end, the Group will analyse the potential cancellation charge exposure for order cancellations due to commitments for finished goods, work in process items and material authorisations. The Group will also review if any items can be carried over to be produced and sold in the subsequent year. Once any adjustment is made, the remaining exposure is adjusted by a factor representing the historical negotiated discount agreed with the suppliers.

2 Summary of Significant Accounting Policies (Continued)

2.10 Provisions (Continued)

All provisions are established for specific exposures.

Management relies on available contemporary and historical information to evaluate each potential exposure and exercises its best judgement to estimate the amount of provision necessary and sufficient for each potential exposure.

Over- or under-provision for the above exposures, arising from subsequent events and the eventual settlement, are adjusted in that subsequent period where appropriate.

2.11 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Where any company of the Group repurchases the Company's equity share capital, the consideration paid, including any attributable costs, is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued.

2.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and the use by others of the Group's assets yielding interest, net of discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of toys are recognised upon the transfer of the significant risks and rewards of ownership to customers, which generally coincides with the time when the goods are delivered to the customers and title has been passed.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis, by reference to the principal outstanding and at the interest rate applicable.

2.13 Advertising and marketing expenses, advanced royalties and product development costs

2.13.1 Advertising and marketing expenses are expensed as incurred.

2.13.2 Advanced royalties represent prepayments made to licensors of intellectual properties under licensing agreements which are recoupable against future royalties. Advanced royalties are amortised at the contractual royalty rate based on actual product sales. Management evaluates the future realisation of advanced royalties periodically and charges to expense any amounts that management deems unlikely to be recoupable at the contractual royalty rate through product sales. All advanced royalties are amortised within the term of the license agreement and are written off upon the abandonment of the product or upon the determination that there is significant doubt as to the success of the product.

2.13.3 Product development costs are recognised as intangible assets when the following criteria are met:

(i) demonstration of technical feasibility of completing the product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

All other product development costs are charged to profit or loss as incurred.

2.14 Operating leases

Operating leases are leases where substantially all the rewards and risks of ownership of assets remain with the lessors. Related rental payments are charged to profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

2 Summary of Significant Accounting Policies (Continued)

2.15 Employee benefits

2.15.1 Employee leave entitlements

Employees' entitlements to leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave entitlements as a result of services rendered by employees up to the end of the reporting period.

2.15.2 Pension obligations

The Group operates defined contribution provident fund schemes for its employees, the assets of which are held separately from those of the Group in independently administered funds. The Group's contributions under the schemes are charged to profit or loss as incurred. The amount of the Group's contributions is based on specified percentages of the basic salaries of employees. Any contributions forfeited from employees who leave the Group, relating to unvested benefits, are used to reduce the Group's ongoing contributions otherwise payable.

2.15.3 Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in the share-based compensation reserve within equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At the end of each reporting period, the Group revises the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based compensation reserve until the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.16 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

2.17 Deferred taxation

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries and associated company, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2 Summary of Significant Accounting Policies (Continued)

2.18 Current taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense/credit in profit or loss.

Current tax assets and current tax liabilities are presented in net if, and only if,

(i) the Group has the legally enforceable right to set off the recognised amounts; and

(ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group is subject to income taxes in certain jurisdictions other than Hong Kong. The Group engages tax professionals to calculate provisions for income taxes. Judgment is required in such calculations. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period which such determination is made.

2.19 Foreign currency translation

The financial statements are presented in Hong Kong dollar (HK$), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting period end retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into Hong Kong dollar. Assets and liabilities have been translated into Hong Kong dollar at the closing rates at the end of the reporting period. Income and expenses have been converted into the Hong Kong dollar at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold or closed, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to profit or loss as part of the gain or loss.

2.20 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.21 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.

2.22 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family or a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Adoption of New or Amended HKFRSs

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The following new standards and amendments which have been issued by the HKICPA as of 31 December 2015 may be relevant to the Group in future years but are not yet effective for the year ended 31 December 2015:

Effective for the annual period beginning on or after 1 January 2016

- Annual Improvements to HKFRSs 2012-2014 Cycle
- Amendments to HKAS 1, Disclosure initiative
- Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation

Effective for the annual period beginning on or after 1 January 2018

- HKFRS 15, Revenue from contracts with customers
- HKFRS 9, Financial instruments

The above standards and amendments, if they are relevant to the Group, will be adopted in the annual periods listed. The Group is in the process of making an assessment of the impact of the above standards and amendments but is not yet in a position to ascertain their impact on its results of operations and financial position.

4 Revenue

The Group is principally engaged in the design, development, marketing and distribution of toys and family entertainment activity products. Turnover of the Group is the revenue from these activities.

Revenue recognised during the year ended 31 December 2015 from sales of toys was HK$1,551,464,000 (2014: HK$2,160,206,000).

5 Segment Information

5.1 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 interest in an associated company ("specified non-current assets"). The geographical location of revenue is based on the country in which the customer is located. The geographical location of the specified non-current assets is based on the physical location of the assets in case of property, plant and equipment, and the location of operation in case of interest in an associated company.

	Revenue		Specified non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**178**	2,261	**8,136**	6,808
Americas				
– U.S.A.	**1,178,109**	1,563,541	**4,158**	2,645
– Others	**78,081**	126,627	**–**	–
Europe	**221,384**	366,586	**–**	–
Asia Pacific other than Hong Kong	**62,225**	90,743	**–**	–
Others	**11,487**	10,448	**–**	–
	1,551,286	2,157,945	**4,158**	2,645
	1,551,464	2,160,206	**12,294**	9,453

5.2 Major customers

The Group's customer base is diversified and includes four (2014: four) customers with each of whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to approximately HK$513,229,000, HK$280,128,000, HK$225,976,000 and HK$169,522,000 (2014: HK$634,302,000, HK$415,404,000, HK$265,346,000 and HK$227,518,000) respectively.

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6 Profit before Income Tax

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

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold	**541,007**	763,993
Write-down of inventories	**355**	720
Product development costs	**10,758**	7,062
Royalties paid	**207,909**	287,295
Provision for consumer returns, cooperative advertising and cancellation charges *(Note 22)*	**61,478**	90,737
Reversal of unutilised provision for consumer returns, cooperative advertising and cancellation charges *(Note 22)*	**(1,344)**	(296)
Depreciation of property, plant and equipment	**1,814**	948
Directors' and staff remunerations *(Note 11)*	**94,950**	105,445
Allowance for impairment of trade receivables *(Note 17)*	**–**	2,004
Allowance for customer concession *(Note 17)*	**2,361**	–
Operating leases expense on office and warehouse facilities	**7,839**	7,545
Net foreign exchange gain	**(108)**	(140)
Net loss on financial assets at fair value through profit or loss	**5,079**	–
Auditors' remuneration	**1,160**	1,100

7 Finance Costs

	2015	2014
	HK$'000	*HK$'000*
Bank charges	**7,157**	9,387

8 Income Tax Expense

8.1 Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Overseas, mainly the U.S., taxation is provided on the estimated assessable profits of the overseas subsidiaries in accordance with the tax laws of the countries in which these entities operate. Subsidiaries operating in the U.S. are subject to U.S. federal and state tax on its assessable profits. The tax rate for federal tax is 35% (2014: 35%) whilst the tax rate for state tax of California, the principal place of business of the Company's major U.S. subsidiary is 8.84% (2014: 8.84%).

	2015	2014
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax	**31,609**	81,085
Overseas taxation	**61,748**	53,894
Under provision in prior years – overseas	**4,879**	2,592
Under provision in prior years – Hong Kong	**108**	–
	98,344	137,571
Deferred taxation		
Origination and reversal of temporary differences	**15,006**	7,669
Income tax expense	**113,350**	145,240

8.2 Reconciliation between tax expense and accounting profit at applicable tax rates:

	2015	2014
	HK$'000	*HK$'000*
Profit before income tax	**389,595**	635,912
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	**107,745**	140,542
Tax effect of:		
Non-taxable income	**(329)**	(316)
Non-deductible expenses	**734**	2,424
Unrecognised tax losses	**341**	118
Utilisation of previously unrecognised tax losses	**–**	(120)
Recognition of previously unrecognised temporary differences	**(128)**	–
Under provision in prior years	**4,987**	2,592
Income tax expense	**113,350**	145,240

9 Dividends

9.1 Dividends attributable to the year

	2015	2014
	HK$'000	*HK$'000*
First interim dividend of HK$0.05 (2014: HK$0.05) per share	**60,615**	60,313
Second interim dividend of HK$0.05 (2014: HK$0.05) per share	**60,500**	60,312
Special interim dividend of HK$nil (2014: HK$0.05) per share	**–**	60,312
	121,115	180,937

At a meeting held on 21 August 2015, the board of directors declared a first interim dividend of HK$0.05 per share, which was paid on 30 September 2015.

At a meeting held on 24 March 2016, the board of directors declared a second interim dividend of HK$0.05 per share to be paid on 28 April 2016 to shareholders whose names appear on the Company's register of members on 14 April 2016. This second interim dividend declared after the end of the reporting period have not been recognised as liabilities in the financial statements for the year ended 31 December 2015.

9.2 Dividends attributable to the previous financial year and paid during the year

	2015	2014
	HK$'000	*HK$'000*
Dividends in respect of the previous financial year and paid during the year:		
Second interim dividend of HK$0.05 (2014: HK$nil) per share	**60,421**	–
Special interim dividend of HK$0.05 (2014: HK$nil) per share	**60,421**	–
Interim dividend of HK$nil (2014: HK$0.05) per share	**–**	59,983
Special dividend of HK$nil (2014: HK$0.10) per share	**–**	119,966
	120,842	179,949

10 Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$276,245,000 (2014: HK$490,672,000) and the weighted average number of ordinary shares of 1,209,725,000 shares (2014: 1,184,037,000 shares) in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of HK$276,245,000 (2014: HK$490,672,000) and the weighted average number of ordinary shares of 1,221,077,000 shares (2014: 1,204,219,000 shares) in issue during the year, adjusted for the effects of 11,352,000 (2014: 20,182,000) dilutive potential shares on exercise of share options.

11 Directors' and Staff Remunerations

	2015 HK$'000	2014 HK$'000
Wages, salaries and other benefits	**91,204**	99,055
Share-based compensation	**1,855**	4,655
Employer's contributions to provident fund	**1,891**	1,735
	94,950	105,445

12 Directors' Remuneration and Senior Management's Emoluments

12.1 Directors' emoluments

The emoluments of each director disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are set out below:

Name of director	Fee 2015 HK$'000	Salary 2015 HK$'000	Bonus 2015 HK$'000	Share-based compensation 2015 HK$'000	Other benefits 2015 HK$'000 (Note)	Total 2015 HK$'000
CHAN Chun Hoo, Thomas	10	3,996	9,900	–	99	14,005
CHENG Bing Kin, Alain	10	1,145	255	157	7	1,574
CHOW Yu Chun, Alexander	330	–	–	62	–	392
LEE Ching Kwok, Rin	330	–	–	62	–	392
TO Shu Sing, Sidney	10	1,180	270	159	14	1,633
YANG, Victor	330	–	–	62	–	392
	1,020	6,321	10,425	502	120	18,388

Name of director	Fee 2014 HK$'000	Salary 2014 HK$'000	Bonus 2014 HK$'000	Share-based compensation 2014 HK$'000	Other benefits 2014 HK$'000 (Note)	Total 2014 HK$'000
CHAN Chun Hoo, Thomas	10	3,747	16,200	–	59	20,016
CHENG Bing Kin, Alain	10	1,109	490	391	7	2,007
CHOW Yu Chun, Alexander	226	–	–	154	112	492
LEE Ching Kwok, Rin	226	–	–	154	99	479
TO Shu Sing, Sidney	10	1,141	550	400	14	2,115
YANG, Victor	226	–	–	154	92	472
	708	5,997	17,240	1,253	383	25,581

12 Directors' Remuneration and Senior Management's Emoluments (Continued)

12.1 Directors' emoluments (Continued)

None of the directors have waived the right to receive their emoluments for the years ended 31 December 2015 and 2014.

Note: Other benefits include medical allowance and car allowance for executive directors, and committee work and meeting attendance allowance for non-executive directors.

12.2 Five highest paid individuals

One (2014: one) of the five highest paid individuals is a director, whose emoluments are disclosed above. Details of the emoluments of the other four (2014: four) highest paid individuals are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries, other allowances and benefits in kind	**7,928**	7,360
Bonuses	**5,662**	7,688
Share-based compensation	**363**	910
Employer's contributions to provident fund	**350**	290
	14,303	16,248

The emoluments of these four (2014: four) individuals are within the following bands:

	Number of individuals	
	2015	2014
HK$		
2,000,001 – 2,500,000	**1**	–
2,500,001 – 3,000,000	**1**	2
4,000,001 – 4,500,000	**1**	–
4,500,001 – 5,000,000	**1**	–
5,000,001 – 5,500,000	**–**	2
	4	4

13 Property, Plant and Equipment

	Leasehold improvements HK$'000	Vehicle, equipment, furniture and fixtures HK$'000	Computers HK$'000	Total HK$'000
Cost				
At 1 January 2015	**1,197**	**3,702**	**26,749**	**31,648**
Additions	**143**	**48**	**3,525**	**3,716**
Disposals	**–**	**(222)**	**(4,517)**	**(4,739)**
At 31 December 2015	**1,340**	**3,528**	**25,757**	**30,625**
Accumulated depreciation				
At 1 January 2015	**773**	**1,805**	**24,731**	**27,309**
Charge for the year	**294**	**542**	**978**	**1,814**
Disposals	**–**	**(222)**	**(4,517)**	**(4,739)**
At 31 December 2015	**1,067**	**2,125**	**21,192**	**24,384**
Net book value				
At 31 December 2015	**273**	**1,403**	**4,565**	**6,241**
Cost				
At 1 January 2014	752	1,981	24,800	27,533
Additions	445	1,721	1,949	4,115
At 31 December 2014	1,197	3,702	26,749	31,648
Accumulated depreciation				
At 1 January 2014	453	1,500	24,408	26,361
Charge for the year	320	305	323	948
At 31 December 2014	773	1,805	24,731	27,309
Net book value				
At 31 December 2014	424	1,897	2,018	4,339

14 Interest in Subsidiaries

Details of the principal subsidiaries of the Company as at 31 December 2015 are as follows:

Name of company	Place of incorporation	Total issued and fully paid shares	Effective percentage holding	Principal activities, place of operation
Shares held indirectly:				
Playmates International Company Limited	Hong Kong	1 ordinary share	100%	Toy development, marketing and distribution, and related investment activities, Hong Kong
Playmates Toys Inc.	U.S.A.	305,000 common stocks of US$30 each	100%	Toy marketing and distribution, U.S.A.
Team Green Innovation Inc.	U.S.A.	10 common stocks of US$0.01 each	100%	Product design and development services, U.S.A.

The above table includes subsidiaries of the Company which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

15 Interest in an Associated Company

	2015 HK$'000	2014 HK$'000
Cost of investment	18,077	18,077
Share of post-acquisition loss, other comprehensive income, net of dividends received	(12,024)	(12,963)
	6,053	5,114

As at 31 December 2015, the Group held interests in the following associated company:

Name of company	Place of incorporation	Particulars of issued shares	Effective percentage holding
Unimax Holdings Limited ("Unimax")	The British Virgin Islands	200 ordinary shares of US$1 each	49%

The associated company is held indirectly by the Company and operates in Hong Kong. It is an unlisted corporate entity whose market value is not readily available and is accounted for using the equity method in the consolidated financial statements.

Unimax is an investment holding company whose subsidiaries are principally engaged in the design and marketing of pre-school toys, dolls and die cast models, and which was a strategic investment of the Group at the time of initial investment in 1992.

On 31 December 2015, one of the major subsidiaries of Unimax has applied to Hong Kong Companies Registry for voluntary winding up.

Summarised financial information of the associated company and its subsidiaries is disclosed below:

	2015 *HK$'000*	2014 *HK$'000*
Gross amounts of the associated company		
Non-current assets	–	–
Current assets	12,364	16,797
Current liabilities	(10)	(6,353)
Non-current liabilities	–	(7)
Equity	12,354	10,437
Group's effective interest	49%	49%
Group's share of net assets of the associated company and carrying amount in the consolidated financial statements	6,053	5,114
Revenue	8,236	42,577
Profit/(Loss) from continuing operations	1,917	(11,594)
Post-tax profit or loss from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	1,917	(11,594)
Dividend from the associated company	–	–

16 Inventories

As at 31 December 2015, the carrying amount of inventories after provision for impairment amounted to HK$28,242,000 (2014: HK$44,165,000) and the carring amount of inventories that are carried at net realisable value amounted to HK$1,180,000 (2014: HK$1,762,000).

17 Trade Receivables

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**315,385**	531,731
Less: Allowance for impairment *(Note 17.2)*	**(2,004)**	(2,004)
Less: Allowance for customer concession	**(2,361)**	–
	311,020	529,727

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.

17.1 Aging analysis

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:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**302,481**	515,580
31 – 60 days	**4,563**	4,713
Over 60 days	**3,976**	9,434
	311,020	529,727

17.2 Impairment of trade receivables

The movement in the allowance for impairment during the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**2,004**	–
Impairment loss recognised	**–**	2,004
At 31 December	**2,004**	2,004

At 31 December 2015, trade receivables of HK$2,647,000 (2014: HK$2,779,000) were individually determined to be impaired. The individually impaired receivables related to a customer that was in financial difficulties and the Group assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for impairment of HK$2,004,000 (2014: HK$2,004,000) was recognised.

17.3 Trade receivables that are not impaired

The aging analysis of trade receivables that are not impaired is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Neither past due nor impaired	**301,883**	345,758
1 – 90 days past due	**5,967**	177,305
91 – 180 days past due	**351**	2,567
Over 180 days past due	**2,176**	3,322
	8,494	183,194
	310,377	528,952

Receivables that were neither past due nor impaired related to customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to customers that have a good track record of credit with the Group. Based on past experience, no impairment allowance is considered necessary in respect of these balances as there has not been a significant change in credit quality and the balances are expected to be fully recoverable. The Group does not hold any collateral over these balances.

18 Financial Assets at Fair Value through Profit or Loss

	2015 *HK$'000*	2014 *HK$'000*
Listed equity investment outside Hong Kong	**31,078**	–

19 Trade Payables

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

	2015 *HK$'000*	2014 *HK$'000*
0 – 30 days	**41,206**	76,067
31 – 60 days	**2,082**	517
Over 60 days	**5,449**	1,150
	48,737	77,734

20 Deposits Received, Other Payables and Accrued Charges

	2015 HK$'000	2014 HK$'000
Deposits from customers and distributors	26,680	27,319
Accrued product development, sales, marketing and distribution expenses	15,401	19,148
Accrued royalties	49,465	90,326
Accrued directors' and staff remunerations	29,000	39,591
Withholding tax payable	22,783	11,525
Accrued administrative expenses and professional fees	4,934	5,314
	148,263	193,223

21 Loan from an Associated Company

The loan from Unimax is unsecured, interest free and repayable on demand without a fixed repayment term.

22 Provisions

	Consumer returns HK$'000	Cooperative advertising HK$'000	Cancellation charges HK$'000	Total HK$'000
At 1 January 2015	16,671	28,303	845	45,819
Additional provisions made	13,513	47,760	205	61,478
Provisions utilised	(13,749)	(43,274)	–	(57,023)
Reversal of unutilised provisions	(863)	(473)	(8)	(1,344)
At 31 December 2015	15,572	32,316	1,042	48,930

23 Deferred Taxation

Deferred taxation is calculated in full on temporary differences under the liability method using taxation rate of 16.5% (2014: 16.5%) in Hong Kong, and federal and state tax rates of 35% (2014: 35%) and 8.84% (2014: 8.84%) respectively in the U.S..

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accelerated depreciation *HK$'000*	Other temporary differences *HK$'000* *(Note (a))*	Employee benefits *HK$'000* *(Note (b))*	Total *HK$'000*
At 1 January 2014	4,187	27,907	11,977	44,071
(Charged)/Credited to profit or loss	(3,070)	16,049	(20,648)	(7,669)
Credited directly to equity	–	–	12,100	12,100
At 31 December 2014 and 1 January 2015	**1,117**	**43,956**	**3,429**	**48,502**
Charged to profit or loss	**(2,081)**	**(12,488)**	**(437)**	**(15,006)**
Credited directly to equity	**–**	**–**	**609**	**609**
At 31 December 2015	**(964)**	**31,468**	**3,601**	**34,105**

Notes:

(a) Other temporary differences mainly represent the provisions, foreign tax credits and unrealised profits on inventories.

(b) Employee benefits represents share-based compensation.

Deferred tax assets not recognised

The Group has not recognised tax losses of HK$13,782,000 (2014: HK$11,758,000). The tax losses do not expire under respective current tax legislation.

Deferred tax liabilities not recognised

As at 31 December 2015, temporary differences relating to the undistributed profits of certain subsidiaries of the Group amounted to HK$485,632,000 (2014: HK$394,667,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of these retained profits.

24 Equity Settled Share-based Transactions

A Share Option Scheme of the Company ("Scheme") was adopted on 25 January 2008. A nominal consideration at HK$10 or US$1.5 was paid by each option holder for each lot of share option granted. Share options are exercisable in stages in accordance with the terms of the Scheme within ten years after the date of grant. All share-based compensation will be settled in equity. The number and weighted average exercise price of share options are as follows:

	2015		2014	
	Weighted average exercise price ***HK$***	**Number of options** ***'000***	Weighted average exercise price *HK$*	Number of options *'000*
At 1 January	**0.741**	**27,651**	0.688	54,149
Exercised *(Note)*	**0.681**	**(7,099)**	0.634	(26,498)
Lapsed	**0.930**	**(185)**	–	–
At 31 December	**0.760**	**20,367**	0.741	27,651
Exercisable at 31 December	**0.685**	**14,144**	0.654	10,191

Note:

These share options were exercised during the year ended 31 December 2015 at exercise prices ranging from HK$0.315 to HK$0.930 (2014: ranging from HK$0.315 to HK$0.930). The weighted average closing price of ordinary shares of the Company immediately before the dates on which the options were exercised during the year was HK$1.86 (2014: HK$3.53).

Subject to the waiver or variation by the board from time to time at its sole discretion, in general 25% of the shares options granted shall be vested each year commencing on the date of grant and exercisable until the expiration of the relevant option period. No share options were cancelled during the year.

The share options outstanding at 31 December 2015 had a weighted average remaining contractual life of 6.65 years (2014: 7.65 years).

In total, HK$2,265,000 of share-based compensation expense has been included in the consolidated income statement for 2015 (2014: HK$5,850,000) and the corresponding amount of which has been credited to share-based compensation reserve. No liabilities were recognised due to share-based payment transactions.

25 Equity – Group and Company

25.1 Share capital

	Authorised Ordinary shares of HK$0.01 each	
	No. of shares	*HK$'000*
At 31 December 2015 and 2014	**3,000,000,000**	**30,000**

	Issued and fully paid Ordinary shares of HK$0.01 each	
	No. of shares	*HK$'000*
At 1 January 2014	1,179,751,500	11,798
Exercise of share options	26,498,000	264
At 31 December 2014 and 1 January 2015	**1,206,249,500**	**12,062**
Exercise of share options	**7,099,000**	**71**
Cancellation of repurchased shares *(Note)*	**(3,348,500)**	**(33)**
At 31 December 2015	**1,210,000,000**	**12,100**

Note:

During the year, the Company repurchased a total of 3,348,500 shares of the Company on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate price paid *HK$'000*
September 2015	**1,172,000**	**1.45**	**1.41**	**1,691**
October 2015	**1,126,500**	**1.68**	**1.52**	**1,813**
November 2015	**1,050,000**	**1.65**	**1.63**	**1,730**

All of the above repurchased shares were cancelled during the year. The issued share 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.

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25 Equity – Group and Company (Continued)

25.2 Reserves

Company

	Share premium HK$'000	Share-based compensation reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (Note (i))	(Accumulated losses)/ Retained profits HK$'000	Total HK$'000
At 1 January 2014	328,510	19,067	–	142,523	(45,918)	444,182
Profit for the year	–	–	–	–	2,155	2,155
Share option scheme						
– value of services	–	5,850	–	–	–	5,850
– shares issued	29,437	(12,912)	–	–	–	16,525
Share premium reduction *(Note 25.3)*	(350,096)	–	–	350,096	–	–
2013 first interim dividend paid	–	–	–	(59,983)	–	(59,983)
2013 special dividend paid	–	–	–	(119,966)	–	(119,966)
2014 first interim dividend paid	–	–	–	(60,313)	–	(60,313)
At 31 December 2014	7,851	12,005	–	252,357	(43,763)	228,450
At 1 January 2015	**7,851**	**12,005**	**–**	**252,357**	**(43,763)**	**228,450**
Profit for the year	**–**	**–**	**–**	**–**	**624,867**	**624,867**
Share option scheme						
– value of services	**–**	**2,265**	**–**	**–**	**–**	**2,265**
– shares issued	**8,191**	**(3,426)**	**–**	**–**	**–**	**4,765**
– share options lapsed	**–**	**(118)**	**–**	**–**	**118**	**–**
Repurchase of shares of the Company	**(5,201)**	**–**	**33**	**–**	**(33)**	**(5,201)**
2014 second interim dividend paid	**–**	**–**	**–**	**(60,421)**	**–**	**(60,421)**
2014 special interim dividend paid	**–**	**–**	**–**	**(60,421)**	**–**	**(60,421)**
2015 first interim dividend paid	**–**	**–**	**–**	**(60,615)**	**–**	**(60,615)**
At 31 December 2015	**10,841**	**10,726**	**33**	**70,900**	**581,189**	**673,689**

Nature and purpose of reserves

Company

(i) Contributed surplus

The contributed surplus includes (i) an amount of HK$142,523,000 representing the book value of assets contributed by an intermediate holding company pursuant to the reorganisation in 2007; and (ii) an amount of HK$350,096,000 transferred from the share premium account as disclosed in note 25.3, less distribution of dividends to owners of the Company during the current and prior years.

The application of the contributed surplus is governed by the Companies Act 1981 of Bermuda.

Group

(ii) Capital reserve

The capital reserve includes (i) an amount of HK$105,683,000 representing the aggregate amount of the share capital and share premium of the companies comprising the Group; (ii) a contribution of HK$36,840,000 made by an intermediate holding company pursuant to the reorganisation in 2007; (iii) a reserve on consolidation in the amount of HK$25,090,000 arose from the acquisition of an associated company from an intermediate holding company as part of the reorganisation in 2007; (iv) an amount of HK$350,096,000 transferred from the share premium account of the Company as disclosed in note 25.3, less distribution of dividends to owners of the Company during the current and prior years; and (v) capital reserve of a subsidiary.

25.3 Share premium reduction

At the Annual General Meeting of the Company held on 19 May 2014, the shareholders of the Company approved that HK$350,096,000 being the entire amount standing to the credit of the share premium account of the Company as at the date of the meeting be reduced to HK$nil and the credit arising therefrom be transferred to the contributed surplus account of the Company during the year ended 31 December 2014.

25.4 Capital management

The Group's capital management is primarily to provide a reasonable return for owners of the Company and benefits for other stakeholders and to safeguard the Group's ability to continue as a going concern.

Capital represents total equity and debts. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. The Group may maintain or adjust the capital structure by taking necessary measures including issuing new shares and raising new debt financing.

The net debt to equity ratio defined and calculated by the Group as total borrowings less cash and cash equivalents expressed as a percentage of total equity. The ratio is not presented as the Group has no net debt at 31 December 2015 and 2014.

26 Notes to the Consolidated Cash Flow Statement

26.1 Reconciliation of profit before income tax to cash generated from operations

	2015 HK$'000	2014 HK$'000
Profit before income tax	389,595	635,912
Interest income	(1,982)	(2,742)
Dividend income	(525)	–
Depreciation of property, plant and equipment	1,814	948
Share-based compensation	2,265	5,850
Net loss on financial assets at fair value through profit or loss	5,079	–
Gain on dissolution of foreign subsidiaries	–	(531)
Share of (profit)/loss of an associated company	(939)	5,681
Operating profit before working capital changes	395,307	645,118
Decrease/(Increase) in inventories	15,923	(7,206)
Decrease/(Increase) in trade receivables, deposits paid, other receivables and prepayments	200,563	(116,478)
(Decrease)/Increase in trade payables, deposits received, other payables and accrued charges and provisions	(70,846)	25,342
Cash generated from operations	540,947	546,776

26.2 Analysis of cash and cash equivalents

	2015 HK$'000	2014 HK$'000
Cash and bank balances	877,487	785,784

27 Commitments

27.1 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 the end of the year were payable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	22,743	21,968
In the second to fifth years	116,715	29,062
After five years	3,875	–
	143,333	51,030

27.2 Operating lease commitments

The Group acts as lessee under operating leases for its office and warehouse locations. At 31 December 2015, the future aggregate minimum lease payments under non-cancellable operating leases for office and warehouse facilities payable by the Group were as follows:

	2015 HK$'000	2014 HK$'000
Within one year	8,095	6,859
In the second to fifth years	11,147	5,239
	19,242	12,098

28 Related Party Transactions

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

	2015 HK$'000	2014 HK$'000
Rent and building management fee paid to fellow subsidiary, Belmont Limited (Note (a))	**6,025**	6,025
Rent and building management fee paid to fellow subsidiary, Bagnols Limited (Note (b))	**266**	234

Notes:

(a) This transaction constitutes a continuing connected transaction and is disclosed in the Report of the Directors under the section headed "Continuing Connected Transaction" as required by the Listing Rules. This continuing connected transaction was exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

(b) This transaction, constitutes a continuing connected transaction, was exempt from reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

28.2 No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 12.1.

29 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 31 December 2015.

30 Financial Risk Management and Fair Value Measurement

30.1 Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (include cash and cash equivalents)		
Trade receivables	**311,020**	529,727
Deposits paid and other receivables	**2,035**	1,870
Cash and bank balances	**877,487**	785,784
Financial assets at fair value through profit or loss	**31,078**	–
	1,221,620	1,317,381

	2015 *HK$'000*	2014 *HK$'000*
Financial liabilities at amortised cost		
Trade payables	**48,737**	77,734
Other payables and accrued charges	**126,782**	166,181
Loan from an associated company	**5,831**	–
	181,350	243,915

30.2 Financial risk factors

Exposure to currency risk, price risk, credit risk and liquidity risk arises in the normal course of business. The risks are minimised by the financial management policies and practices described below:

30.2.1 Currency risk

The Group is exposed to foreign currency risk primarily through sales that are denominated in a currency different from domestic currencies used to fund the operations of the relevant group companies. The currency giving rise to this risk is mainly 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 may have an impact on consolidated earnings.

30.2.2 Price risk

The Group is exposed to equity securities price risk arising from investments held by the Group which are classified in the consolidated statement of financial position as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

At 31 December 2015, it is estimated that a general increase/decrease of 5 per cent of global major indices, with all other variables held constant, would increase/decrease the Group's profit for the year and equity by approximately HK$1,554,000 (2014: HK$nil).

30.2.3 Credit risk

Financial instruments held by the Group that may be subject to credit risk include cash equivalents and trade and other receivables. Cash equivalents consist principally of deposits and short-term money market funds placed with major financial institutions. These instruments are short-term in nature and bear minimal risk. To date, the Group has not experienced any losses on cash equivalents.

30 Financial Risk Management and Fair Value Measurement (Continued)

30.2 Financial risk factors (Continued)

30.2.3 Credit risk (Continued)

The Group sells its products primarily to national and regional mass-market retailers in the United States and to third party independent distributors outside the United States. Credit is extended to United States customers for domestic sales based on an evaluation of the customers' financial condition, and generally collateral is not required. The Group assigns the majority of its trade receivables to factoring and receivable agencies. The factoring and receivable processing agents would analyse the Group's customers, credit approval and collection processing of the receivables. These agreements transfer the credit risk due to a customer's inability to pay to the factoring and receivable agents so as to mitigate credit exposure of the Group. Direct shipments to customers who are located outside the United States are normally secured by letters of credit or advance payment as credit is only extended to a limited number of customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position as summarised in note 30.1 above.

Concentrations of credit risk

The Group markets a substantial portion of its products to customers in the retail industry. The Group continually evaluates the credit risk of these customers. The percentages of sales for the year attributable to the Group's major customers were:

	2015	2014
Sales		
– the largest customer	33%	29%
– five largest customers in aggregate	79%	74%

30.2.4 Liquidity risk

The Group aims to maintain prudent liquidity risk management through maintaining sufficient cash and flexibility in funding by keeping adequate credit lines available.

The analysis of the Group's contractual maturities of its financial liabilities as at the end of the reporting period below is based on the undiscounted cash flows of financial liabilities.

	2015				
	Within 1 year or on demand *HK$'000*	**Over 1 year but within 2 years** *HK$'000*	**Over 2 years but within 5 years** *HK$'000*	**Total undiscounted amount** *HK$'000*	**Carrying amount** *HK$'000*
Trade payables	**48,737**	**–**	**–**	**48,737**	**48,737**
Other payables and accrued charges	**126,782**	**–**	**–**	**126,782**	**126,782**
Loan from an associated company	**5,831**	**–**	**–**	**5,831**	**5,831**
	181,350	**–**	**–**	**181,350**	**181,350**

	2014				
	Within 1 year or on demand *HK$'000*	Over 1 year but within 2 years *HK$'000*	Over 2 years but within 5 years *HK$'000*	Total undiscounted amount *HK$'000*	Carrying amount *HK$'000*
Trade payables	77,734	–	–	77,734	77,734
Other payables and accrued charges	166,181	–	–	166,181	166,181
	243,915	–	–	243,915	243,915

30 Financial Risk Management and Fair Value Measurement (Continued)

30.3 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

	2015			
	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Listed equity investment outside Hong Kong	31,078	–	–	31,078

As at 31 December 2014, the Group did not have any financial assets and liabilities measured at fair value.

During the years ended 31 December 2015 and 2014, 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.

30.4 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, trade payables, other payables and accrued charges and loan from an associated company carried at amortised cost) approximate their fair values as at 31 December 2015 and 2014.

31 Company Level Statement of Financial Position

	Note	2015 US$'000 (Note 29)	2015 HK$'000	2014 HK$'000
Non-current assets				
Interest in subsidiaries		**19,017**	**147,380**	147,380
Current assets				
Other receivables and prepayments		**37**	**287**	277
Amounts due from subsidiaries		**54**	**421**	4,361
Financial assets at fair value through profit or loss		**4,010**	**31,078**	–
Cash and bank balances		**68,495**	**530,838**	557,081
		72,596	**562,624**	561,719
Current liabilities				
Other payables and accrued charges		**64**	**499**	1,543
Amount due to subsidiaries		**3,060**	**23,716**	467,044
		3,124	**24,215**	468,587
Net current assets		**69,472**	**538,409**	93,132
Net assets		**88,489**	**685,789**	240,512
Equity				
Share capital	*25.1*	**1,561**	**12,100**	12,062
Reserves	*25.2*	**86,928**	**673,689**	228,450
Total equity		**88,489**	**685,789**	240,512

On behalf of the board

CHENG Bing Kin, Alain
Director

TO Shu Sing, Sidney
Director

FIVE YEAR FINANCIAL SUMMARY

The following table summarises the results, assets and liabilities of the Group for each of the five years ended 31 December:

	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,551,464**	2,160,206	1,658,527	371,615	44,947
Profit/(Loss) before income tax	**389,595**	635,912	539,657	43,881	(90,308)
Income tax expense	**(113,350)**	(145,240)	(6,283)	(486)	(213)
Profit/(Loss) for the year attributable to owners of the Company	**276,245**	490,672	533,374	43,395	(90,521)
Total assets	**1,385,386**	1,437,198	1,045,376	380,424	244,408
Total liabilities	**(251,761)**	(400,837)	(293,633)	(189,066)	(150,124)
Net assets	**1,133,625**	1,036,361	751,743	191,358	94,284

Playmates Toys Limited
(Incorporated in Bermuda with limited liability)
(Stock code 869)
www.playmatestoys.com