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PLAYMATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 635)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
For the six months ended 30 June		
Group revenue	701,852	84,926
- from toy business	596,185	24,461
- from property investments and associated businesses	104,985	58,428
- from investment business	682	2,037
Gross profit	469,157	58,498
Revaluation surplus on investment properties	514,786	474,673
Operating profit	764,295	496,626
Profit before income tax	740,861	491,117
Profit attributable to equity holders of the Company	661,386	504,262
	<i>HK\$</i>	<i>HK\$</i>
Earnings per share		
- Basic	2.80	2.05
- Diluted	2.80	2.05
Interim dividend per share	0.05	0.05

Property Investments and Associated Businesses

The property investments and associated businesses recorded a 79.7% growth in revenue to about HK\$105.0 million (2012: HK\$58.4 million) during the first half of 2013 compared to the same period last year. Revenue from the property investments and property management businesses increased by 115.3% to approximately HK\$87.8 million (2012: HK\$40.8 million), while revenue from the food and beverage business decreased by 2.8% to about HK\$17.1 million (2012: HK\$17.6 million). The Group's investment properties were revalued by independent professional surveyors at the fair value of about HK\$4.6 billion (fair value as at 31 December 2012: about HK\$4.1 billion). A revaluation surplus of HK\$514.8 million was reported in the consolidated income statement of the Group. Segment operating profit was HK\$570.4 million including revaluation surplus, compared to HK\$500.3 million (including revaluation surplus of HK\$474.7 million) for the same period last year.

(a) Property Investments

The Group's major investment properties include (i) a commercial building, The Toy House, at 100 Canton Road; (ii) a number of residential units at Hillview, 21-23A MacDonnell Road, and (iii) Playmates Factory Building at 1 Tin Hau Road, Tuen Mun. Overall occupancy rate of the investment properties in Hong Kong was about 94% as of 30 June 2013 as compared to 90% as of 31 December 2012. The Group's property portfolio also includes two investment properties in the United Kingdom.

(i) *The Toy House*

Rental income generated by The Toy House increased substantially by 205.4% to HK\$65.0 million as compared to HK\$21.3 million of the same period last year, driven by the start of a long term lease with a leading global brand on the commercial podium floors of the building. With this significant lease in place, and as Canton Road continues to develop as a luxury shopping, entertainment and dining destination, we are optimistic that the value and recurring rental income of The Toy House will remain strong over the long term.

(ii) *Hillview*

Rental income generated by the residential properties at Hillview was approximately \$7.4 million, an increase of 6.2% as compared to HK\$7.0 million of the same period last year. Ongoing construction works on two adjoining sites had a negative impact on leasing activity of this property during both periods, but occupancy rate began to improve during the first half of 2013. We expect the impact will be temporary and, over the long term, this investment will benefit from growing demand for and limited supply of upmarket residential properties in Mid-Levels.

(iii) *Playmates Factory Building*

Rental income generated by Playmates Factory Building increased by 28.5% to about HK\$7.6 million as compared to HK\$5.9 million of the same period last year, driven by rental increases from lease renewals during the past year, and a high occupancy rate of close to 100%. We are optimistic that the investment will benefit from continual developments in Tuen Mun.

(b) Property Management

The Group engaged Savills Property Management Limited to manage The Toy House and Playmates Factory Building since 2010. Savills provides comprehensive property management services, including repair and maintenance, building security, general cleaning for common areas, hand-over and take-over of premises, and the monitoring of reinstatement and refurbishment works.

Income generated from the property management business segment increased by 19.3% to HK\$7.4 million as compared to HK\$6.2 million of the same period last year, driven by the start of a long term lease with a leading global brand in The Toy House.

(c) **Food & Beverage Business**

Revenue generated from the food and beverage business during the first half of 2013 was around HK\$17.1 million, a slight decrease of 2.8% as compared to HK\$17.6 million of the same period last year.

Management continues to hold a favorable long term view of the real estate market and retail sector in Hong Kong, and a positive outlook for our property investments and associated businesses. We will maintain our strategic objective of seeking investment returns through capital appreciation and growth in recurring income.

Playmates Toys

Playmates Toys worldwide sales during the first half of 2013 were HK\$596.2 million (same period in 2012: HK\$24.5 million). Sales comparison with the same period last year primarily reflected the continued strong sales during the period of *Teenage Mutant Ninja Turtles*® (“*TMNT*”) products which were only launched in late June in 2012, and a significant increase in the number of markets in which our products were distributed.

Gross profit ratio on toy sales was 62.6% (same period in 2012: 32.5%). Improvement in gross profit ratio reflected more efficient utilization at higher sales volume of investments in development and tooling of new products.

Despite higher marketing and other operating expenses to support the increased sales volume, Playmates Toys reported a net profit for the period of HK\$211.0 million (same period in 2012: net loss of HK\$40.6 million) as a result of higher turnover and higher gross profit ratio.

During the period, the economic recovery in our key markets in North America and Europe showed signs of gathering strength. Consumer confidence in the US reached the highest level since the 2008 recession amidst slowly improving job market, increasing asset value and easier access to consumer credit. Retail sales for the US toy industry were strong at the beginning of the year but weaker results were reported since February. Overall US toy industry retail sales in the first six months of 2013 were up in dollar terms by about 2.2% compared to the same period last year.

We are confident that our programs during the peak selling season in the second half of 2013 will stay on course and we expect that sales of *TMNT* products, driven by sustained popularity of the Nickelodeon® TV show and introduction of innovative new products, will continue to be strong. Historically retail toy sales in the second half of the year accounted for the majority of sales for the whole year.

Portfolio Investments

The Group engages in portfolio investments which involve investing in listed equity shares and managed funds. The investment policy provides for a set of prudent guidance and control framework to achieve the objective of managing a portfolio that is highly liquid and offers reasonable risk-adjusted returns through capital appreciation and dividend income.

During the first half of 2012, management substantially reduced the Group's exposure to equities, and has since maintained approximately the same level of exposure. As at 30 June 2013, fair market value of the Group's investment portfolio was HK\$28.4 million (HK\$33.0 million as at 31 December 2012). The Group reported a net loss from investments of approximately HK\$4.5 million during the first half of 2013. In comparison, a net gain from investments of approximately HK\$28.0 million was recorded for the same period last year. During the first half of 2013, dividend and interest income generated from portfolio investments were HK\$0.7 million (HK\$2.0 million in the first half of 2012) and have been included in the revenue of the Group.

In light of continued uncertainties in the major global economies, the Group will remain vigilant in monitoring and adjusting the investment portfolio.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

For the six months ended 30 June 2013

	Note	Unaudited Six months ended 30 June		
		2013 US\$'000 (Note 10)	2013 HK\$'000	2012 HK\$'000
Revenue	3	90,561	701,852	84,926
Cost of sales		(30,025)	(232,695)	(26,428)
Gross profit		60,536	469,157	58,498
Marketing expenses		(13,543)	(104,962)	(3,935)
Selling and distribution expenses		(2,522)	(19,546)	(1,290)
Administration expenses		(11,690)	(90,597)	(59,333)
Net (loss)/gain on financial assets at fair value through profit or loss		(586)	(4,543)	28,013
Revaluation surplus on investment properties		66,424	514,786	474,673
Operating profit		98,619	764,295	496,626
Other net (loss)/income		(1,721)	(13,340)	3,397
Finance costs		(1,080)	(8,369)	(5,342)
Share of loss of an associated company		(223)	(1,725)	(3,564)
Profit before income tax	4	95,595	740,861	491,117
Income tax credit/(expense)	5	1,364	10,570	(4,080)
Profit for the period		96,959	751,431	487,037
Profit for the period attributable to:				
Equity holders of the Company		85,340	661,386	504,262
Non-controlling interests		11,619	90,045	(17,225)
		96,959	751,431	487,037
		US\$	HK\$	HK\$
Earnings per share	7			
Basic		0.36	2.80	2.05
Diluted		0.36	2.80	2.05

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2013

	Unaudited		
	Six months ended 30 June		
	2013	2013	2012
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 10)</i>		
Profit for the period	96,959	751,431	487,037
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of the financial statements of foreign subsidiaries	929	7,203	(772)
Total comprehensive income for the period	97,888	758,634	486,265
Total comprehensive income attributable to:			
Equity holders of the Company	86,261	668,520	503,490
Non-controlling interests	11,627	90,114	(17,225)
	97,888	758,634	486,265

Condensed Consolidated Balance Sheet
As at 30 June 2013

		Unaudited 30 June 2013 <i>US\$'000</i> <i>(Note 10)</i>	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
Non-current assets				
Fixed assets				
- Investment properties		594,152	4,604,675	4,098,998
- Other property, plant and equipment		24,034	186,269	140,024
		618,186	4,790,944	4,239,022
Goodwill		771	5,976	5,976
Interest in an associated company		1,287	9,976	11,701
Deferred tax assets		4,250	32,940	912
		624,494	4,839,836	4,257,611
Current assets				
Inventories		5,571	43,175	22,267
Trade receivables	8	24,860	192,667	178,911
Deposits paid, other receivables and prepayments		5,097	39,502	12,594
Taxation recoverable		78	603	1,614
Financial assets at fair value through profit or loss		3,668	28,425	32,968
Cash and bank balances		78,162	605,759	465,772
		117,436	910,131	714,126
Current liabilities				
Bank loans		46,942	363,800	363,800
Trade payables	9	9,049	70,133	47,898
Deposits received, other payables and accrued charges		24,683	191,297	159,758
Provisions		1,341	10,393	13,330
Taxation payable		1,382	10,708	3,689
		83,397	646,331	588,475
Net current assets		34,039	263,800	125,651
Total assets less current liabilities		658,533	5,103,636	4,383,262

	Unaudited 30 June 2013 <i>US\$'000</i> <i>(Note 10)</i>	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
Non-current liabilities			
Bank loans	17,432	135,100	163,000
Deferred tax liabilities	2,926	22,679	23,296
	20,358	157,779	186,296
Net assets	638,175	4,945,857	4,196,966
Equity			
Share capital	3,035	23,525	23,699
Reserves	610,947	4,734,836	4,082,255
Declared dividends	1,515	11,740	11,821
Equity attributable to the equity holders of the Company	615,497	4,770,101	4,117,775
Non-controlling interests	22,678	175,756	79,191
Total equity	638,175	4,945,857	4,196,966

Notes to the Condensed Consolidated Financial Information

1. Basis of preparation and accounting policies

This condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated financial information should be read in conjunction with the 2012 annual financial statements.

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2012, except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2013. Details of these changes in accounting policies are set out in note 2.

2. Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and 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:

Amendments to HKAS 1	Presentation of items of other comprehensive income
HKFRS 10	Consolidated financial statements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (1) items that will not be reclassified subsequently to profit or loss; and (2) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The Group’s presentation of other comprehensive income has been modified accordingly.

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12, Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12 Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those required by the respective standards. Since those disclosure requirements only apply to the annual financial statements, the Group has not made additional disclosures in this condensed consolidated financial information as a result of adopting HKFRS 12.

HKFRS 13 Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 Disclosure – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and liabilities. Those new disclosures are required for all recognised financial instruments that are set off under HKAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's condensed consolidated financial information because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

3. Segment information

3.1 Segment results, assets and liabilities

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's senior executive management for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. Based on the internal reports reviewed by the senior executive management of the Group that are used to make strategic decision, the Group has presented the following three reportable segments.

Property investments and associated businesses: this segment invests and leases commercial, industrial and residential premises for rental income, to gain from the appreciation in properties' values in the long term and to provide property management services for property management fee income, and operates restaurants.

Investment business: this segment invests in financial instruments including listed equity and managed funds for interest income and dividend income and to gain from the appreciation in instruments' values.

Toy business: this segment engages in the design, development, marketing and distribution of toys and family entertainment activity products.

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

Inter-segment revenue represents inter-company rental and property management fee charged on properties owned by the Group. Inter-segment transactions are conducted at arm's length.

The segment results for the six months ended 30 June 2013 are as follows:

	Property investments and associated businesses	Investment business	Toy business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross segment revenue	108,755	682	596,185	705,622
Inter-segment revenue	(3,770)	-	-	(3,770)
Revenue from external customers	104,985	682	596,185	701,852
Segment profit/(loss) before depreciation	575,866	(3,861)	200,388	772,393
Depreciation	(5,440)	-	(352)	(5,792)
Segment operating profit/(loss)	570,426	(3,861)	200,036	766,601
Other net (loss)/income	6,255	-	409	6,664
Finance costs	(5,203)	(36)	(3,073)	(8,312)
Share of loss of an associated company	-	-	(1,725)	(1,725)
	1,052	(36)	(4,389)	(3,373)
Segment profit/(loss) before income tax	571,478	(3,897)	195,647	763,228
Unallocated corporate expenses				(22,367)
Profit before income tax				740,861

The segment results for the six months ended 30 June 2012 are as follows:

	Property investments and associated businesses <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross segment revenue	62,080	2,037	24,461	88,578
<u>Inter-segment revenue</u>	<u>(3,652)</u>	<u>-</u>	<u>-</u>	<u>(3,652)</u>
Revenue from external customers	58,428	2,037	24,461	84,926
Segment profit/(loss) before depreciation	504,221	30,050	(32,740)	501,531
<u>Depreciation</u>	<u>(3,925)</u>	<u>-</u>	<u>(417)</u>	<u>(4,342)</u>
<u>Segment operating profit/(loss)</u>	<u>500,296</u>	<u>30,050</u>	<u>(33,157)</u>	<u>497,189</u>
Other net (loss)/income	-	-	1,009	1,009
Finance costs	(4,906)	(56)	(215)	(5,177)
Share of loss of an associated company	-	-	(3,564)	(3,564)
	<u>(4,906)</u>	<u>(56)</u>	<u>(2,770)</u>	<u>(7,732)</u>
Segment profit/(loss) before <u>income tax</u>	<u>495,390</u>	<u>29,994</u>	<u>(35,927)</u>	<u>489,457</u>
Unallocated corporate income				<u>1,660</u>
Profit before income tax				<u>491,117</u>

The segment assets and liabilities as at 30 June 2013 are as follows:

	Property investments and associated businesses	Investment business	Toy business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets (including cash and bank balances)	4,853,126	242,200	609,375	5,704,701
Interest in an associated company	-	-	9,976	9,976
Total reportable segment assets	4,853,126	242,200	619,351	5,714,677
Inter-segment elimination	(2)	-	(482)	(484)
Deferred tax assets				32,940
Taxation recoverable				603
Unallocated assets				<u>2,231</u>
Total assets				<u>5,749,967</u>
Reportable segment liabilities	542,299	-	227,306	769,605
Inter-segment elimination	(482)	-	(2)	(484)
Deferred tax liabilities				22,679
Taxation payable				10,708
Unallocated liabilities				<u>1,602</u>
Total liabilities				<u>804,110</u>

The segment assets and liabilities as at 31 December 2012 are as follows:

	Property investments and associated businesses <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets (including cash and bank balances)	4,259,711	326,137	368,414	4,954,262
<u>Interest in an associated company</u>	-	-	11,701	11,701
<u>Total reportable segment assets</u>	<u>4,259,711</u>	<u>326,137</u>	<u>380,115</u>	<u>4,965,963</u>
Inter-segment elimination	-	-	(475)	(475)
Deferred tax assets				912
Taxation recoverable				1,614
Unallocated assets				<u>3,723</u>
Total assets				<u>4,971,737</u>
<u>Reportable segment liabilities</u>	<u>556,730</u>	-	188,676	745,406
Inter-segment elimination	(475)	-	-	(475)
Deferred tax liabilities				23,296
Taxation payable				3,689
Unallocated liabilities				<u>2,855</u>
Total liabilities				<u>774,771</u>

3.2 Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, goodwill 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 fixed assets, the location of operation to which they are allocated in case of goodwill, and the location of operation in case of interest in an associated company.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June 2013 HK\$'000	2012 HK\$'000	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Hong Kong (place of domicile)	106,108	60,300	4,583,625	4,032,673
Americas				
- U.S.A.	369,181	20,494	855	808
- Others	40,337	3,562	-	-
Europe	133,180	206	222,416	223,218
Asia Pacific other than Hong Kong	50,442	354	-	-
Others	2,604	10	-	-
	595,744	24,626	223,271	224,026
	701,852	84,926	4,806,896	4,256,699

3.3 Major customers

The Group's customer base is diversified and includes four (2012: one) customers with each of whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to each of these customers amounted to approximately HK\$156.1 million, HK\$102.5 million, HK\$73.1 million and HK\$70.9 million respectively (2012: HK\$14 million).

4. Profit before income tax

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

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Cost of inventories sold	219,218	14,481
Product development costs	3,185	2,122
Royalties paid	75,396	1,544
Employee benefit expenses	43,921	32,578
Depreciation of other property, plant and equipment	6,154	4,705
Interest on borrowings	4,852	4,544
Net foreign exchange loss/(gain)	20,975	(3,185)
Compensation received from a tenant	(6,255)	-
Loss on disposal of other property, plant and equipment	143	-

5. Income tax (credit)/expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period. Overseas 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.

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	5,713	3,100
Overseas taxation	16,411	-
Over provision in prior years – Hong Kong	(49)	-
	22,075	3,100
Deferred taxation		
Origination and reversal of temporary differences	(32,645)	980
Income tax (credit)/expense	(10,570)	4,080

6. Dividends

6.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared after the interim period of HK\$0.05 (2012: HK\$0.05) per share	11,740	11,849

At a meeting held on 27 August 2013, the board of directors declared an interim dividend of HK\$0.05 per share to be paid on 27 September 2013 to shareholders on the Company's Register of Members on 18 September 2013. This declared dividend declared after balance sheet date has not been recognised as liabilities in this condensed consolidated financial information, but reflected as an appropriation of retained profits for the six months ended 30 June 2013.

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

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Second interim dividend in respect of the previous financial year and paid during the interim period of HK\$0.05 (2012: HK\$0.05) per share	11,803	12,293

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$661,386,000 (2012: HK\$504,262,000) and the weighted average number of ordinary shares of 236,017,000 (2012: 245,560,000) in issue during the period.

Diluted earnings per share for the period ended 30 June 2013 equals to the basic earnings per share as the potential ordinary shares on exercise of share options were not included in the calculation of diluted earnings per share because they are anti-dilutive.

The calculation of diluted earnings per share for the period ended 30 June 2012 is based on the profit attributable to equity holders of the Company of HK\$504,262,000 and the weighted average number of ordinary shares of 245,578,000 in issue during the period, adjusted for the effects of 18,000 dilutive potential shares on exercise of share options.

8. Trade receivables

	30 June 2013	31 December 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	192,667	179,887
<u>Less: Allowance for customer concession</u>	<u>-</u>	<u>(976)</u>
	192,667	178,911

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

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

	30 June 2013	31 December 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	189,369	176,971
31 – 60 days	2,194	1,631
<u>Over 60 days</u>	<u>1,104</u>	<u>309</u>
	192,667	178,911

9. Trade payables

The following is an aging analysis of trade payables at the balance sheet date:

	30 June 2013	31 December 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	62,351	38,758
31 – 60 days	6,974	7,527
<u>Over 60 days</u>	<u>808</u>	<u>1,613</u>
	70,133	47,898

10. US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.75 to US\$1 ruling at 30 June 2013.

11. Comparative figures

Certain comparative figures have been reclassified from administration expenses to other net (loss)/income to conform to current period's presentation.

FINANCIAL ANALYSIS

The property investments and associated businesses generated a relatively steady income stream throughout the period. Approximately 94% of the total gross floor area of the Group's investment properties in Hong Kong were leased out as at 30 June 2013. Accounts receivables were minimal as at the period end.

The investment portfolio includes listed equity and managed funds. As at 30 June 2013, the Group's investment portfolio amounts to HK\$28,425,000 (31 December 2012: HK\$32,968,000) of which approximately 66% (31 December 2012: 69%) are listed equity.

The toy business is inherently seasonal in nature. In general, sales in the second half-year are 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 30 June 2013, trade receivables related to toy business were HK\$192,241,000 (31 December 2012: HK\$177,304,000) and inventories were HK\$42,749,000 (31 December 2012: HK\$21,783,000). The higher trade receivables and inventories at interim period end resulted from a continued strong pickup in customer orders and shipments during the period.

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2013 was 8.7% compared to 10.6% at 31 December 2012. The current ratio, calculated as the ratio of current assets to current liabilities, was 1.4 at 30 June 2013 compared to 1.2 at 31 December 2012.

The Group maintains a level of cash that is necessary and sufficient to serve recurring operations as well as further growth and developmental needs. As at 30 June 2013, the Group's cash and bank balances were HK\$605,759,000 (31 December 2012: HK\$465,772,000).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, 1,989,000 shares of HK\$0.10 each were repurchased by the Company at prices ranging from HK\$6.08 to HK\$7.95 per share through the Stock Exchange.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the applicable code provisions (“Code Provisions”) of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the six months ended 30 June 2013, 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.

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.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 17 September 2013 to 18 September 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the declared dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrars, Tricor Abacus Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong no later than 4:30 p.m. on 16 September 2013. The interim dividend will be paid on 27 September 2013 to the shareholders on the Register of Members of the Company on 18 September 2013.

On behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

Hong Kong, 27 August 2013

As at the date hereof, the board of directors of the Company comprises the following directors:

Mr. Chan Chun Hoo, Thomas (*Chairman*), Mr. Cheng Bing Kin, Alain (*Executive Director*), Mr. Ip Shu Wing, Charles (*Independent Non-executive Director*), Mr. Lee Peng Fei, Allen (*Independent Non-executive Director*), Mr. Lo Kai Yiu, Anthony (*Independent Non-executive Director*), Mr. To Shu Sing, Sidney (*Executive Director*), Mr. Tsim Tak Lung (*Deputy Chairman and Non-executive Director*) and Mr. Yu Hon To, David (*Independent Non-executive Director*)