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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 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2020 HK\$'000	2019 HK\$'000
Group revenue	209,024	291,594
- from toy business	83,988	157,156
- from property investments and associated businesses	121,335	128,753
- from investment business	3,701	5,685
Gross profit	154,633	203,954
Net revaluation (deficit)/surplus on investment properties	(309,514)	90,700
Operating (loss)/profit	(272,758)	182,300
(Loss)/Profit before income tax	(272,596)	180,322
(Loss)/Profit attributable to owners of the Company	(264,505)	176,007
(Loss)/Earnings per share	HK cents	HK cents
- Basic	(12.51)	8.53
- Diluted	(12.51)	8.53
Interim dividend per share	1.50	1.50
Special interim dividend per share	-	10.00

Property Investments and Associated Businesses

The property investments and associated businesses recorded a 5.8% decrease in revenue to HK\$121.3 million during the first half of 2020 compared to the same period last year (same period in 2019: HK\$128.8 million). Revenue from the property investments and property management businesses decreased by 2.5% to HK\$114.7 million (same period in 2019: HK\$117.7 million), while revenue generated from the food and beverage business decreased by 39.1% to HK\$6.7 million (same period in 2019: HK\$11.0 million). The Group's investment properties were revalued by independent professional

surveyors at the fair value of HK\$5.8 billion. A net revaluation deficit of HK\$309.5 million was recorded in the consolidated income statement of the Group (same period in 2019: net revaluation surplus of HK\$90.7 million). Segment operating loss including net revaluation deficit was HK\$214.2 million (same period in 2019: segment operating profit of HK\$190.2 million including net revaluation surplus).

(a) Property Investments

The Group's major investment properties include (i) a commercial building, The Toy House, at 100 Canton Road; (ii) a number of residential units at Hillview, 21-23A MacDonnell Road, and (iii) Playmates Factory Building at 1 Tin Hau Road, Tuen Mun. The Group's property portfolio also includes overseas investment properties in the United Kingdom, the United States of America and Japan, which in aggregate accounted for 7.2% of the fair value of the Group's overall investment property portfolio (31 December 2019: 7.2%).

Aggregate rental income generated from the investment properties of the Group was HK\$104.2 million, a decrease of 2.5% from prior period (same period in 2019: HK\$106.9 million), with an overall occupancy rate of 68% (31 December 2019: 68%).

(i) Commercial

The Group's investment in commercial properties consists of the building, The Toy House, on Canton Road in Tsimshatsui, Kowloon, Hong Kong. With a flagship store of a leading global brand as a tenant, the building is a landmark on Canton Road, which is one of the premier shopping districts in Hong Kong. The outbreak of COVID-19 and the associated travel restrictions, social distancing measures put in place in Hong Kong have caused the number of tourists visiting the area to drop significantly.

(ii) Residential

The Group's principal investment in residential properties includes units in Hillview on MacDonnell Road, Mid-Levels, Hong Kong. A major renovation of the exterior and common facilities of the building started in 2019 is expected to enhance the value of the property over the longer term. With limited supply of up-market residential properties in Mid-Levels, we are optimistic that our investment in the Hillview units will benefit from this renovation.

(iii) Industrial

The Group's investment in industrial properties consists of Playmates Factory Building in Tuen Mun, New Territories, Hong Kong. With the revived government policy to revitalize and optimize the use of existing industrial buildings, the Group had submitted a planning application in June 2019 to the Town Planning Board of Hong Kong to seek permission for the wholesale conversion of Playmates Factory Building for commercial uses. On January 3, 2020, this application was conditionally approved. The Group will continue to monitor the social economic environment before proceeding with the building conversion and deciding on the scale of the project.

(b) Property Management

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

Income generated from the property management business segment decreased by 2.8% to HK\$10.5 million as compared to HK\$10.8 million during the same period last year.

(c) Food & Beverage Business

Revenue generated from the food and beverage business during the first half of 2020 decreased by 39.1% to HK\$6.7 million as compared to HK\$11 million of the same period last year. The decrease is attributed primarily to the outbreak of COVID-19 and the associated government restrictions on dine-in services and weakened consumer sentiment in the first half of the year.

We will continue to maintain a long-term view of our property investments and associated businesses, and adjust the balance of our property portfolio to achieve our strategic objective of seeking investment returns through capital appreciation and growth in recurring income. In the meantime, we will closely monitor the risks and uncertainties in connection with the pandemic and continue to take necessary and appropriate measures to protect the health and safety of our tenants and visitors.

Playmates Toys

Playmates Toys group worldwide turnover during the first half of 2020 was HK\$84 million (same period in 2019: HK\$157 million), representing a decrease of 47% compared to the prior year period. The decline in turnover was partly due to the planned hiatus of *Teenage Mutant Ninja Turtles*® (“TMNT”) and a contraction in *Ben 10*™ & © – both were main brands during the prior year. In addition, the COVID-19 pandemic severely disrupted the global supply chain, had a significant negative impact on retail sales around the world starting in March, and created an extremely challenging environment in which to launch new brands. As a result, sales from our new brand launches during the first half of 2020 did not offset the contraction in TMNT and *Ben 10*™ & ©.

Gross profit ratio on toy sales was 46% (same period in 2019: 51%). The decrease in gross profit ratio was attributable to higher product development and tooling expenses related to new product introductions, partially offset by a higher percentage of overall sales generated in the U.S. market, which carries a higher gross margin. Recurring operating expenses decreased by 16% compared to the prior year period, reflecting: (i) lower marketing expenses, which increased however as a percentage of turnover, driven by promotional expenses and provisions for unfulfilled advanced royalties related to new brands; and (ii) a reduction in overhead expenses, which increased however as a percentage of turnover.

Playmates Toys group reported an operating loss for the period of HK\$54 million (same period in 2019: operating loss of HK\$31 million). Net loss during the first half of 2020 was HK\$53 million (same period in 2019: net loss of HK\$20 million).

The COVID-19 pandemic continues to present severe challenges to our operating environment in the near term. However, we will continue to prudently manage operating costs and adhere to the proven strategy of focusing our resources and efforts on selective new opportunities that are good fits for our core competence and reflect the changing consumer behaviours.

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 and interest income.

As of 30 June 2020, fair market value of the Group's investment portfolio was HK\$74.5 million (31 December 2019: HK\$72.1 million) representing 1.0% of the total assets of the Group (31 December 2019: 0.9%). This comprised HK\$44.3 million of equities listed in Hong Kong (31 December 2019: HK\$58.6 million), HK\$27.5 million of equities listed overseas (31 December 2019: HK\$10.6 million) and HK\$2.7 million of unlisted managed funds (31 December 2019: HK\$2.9 million). None of the individual securities positions held by the Group had a market value that exceeded 0.2% of the total assets of the Group. The top 10 listed securities in aggregate represented 0.9% of the total assets of the Group and included The Walt Disney Company (DIS.US), Wharf Real Estate Investment Company Limited (1997.HK), Amazon.com, Inc. (AMZN.US), Sun Hung Kai Properties Limited (16.HK), Henderson Land Development Company Limited (12.HK), CK Hutchison Holdings Limited (1.HK), Hong Kong Exchanges and Clearing Limited (388.HK), New World Development Company Limited (17.HK), HSBC Holdings plc (5.HK) and Kerry Properties Limited (683.HK).

The Group reported a net loss from investments of HK\$5.2 million in the first half of 2020 (same period in 2019: net gain of HK\$19.8 million). During the first half of 2020, dividend and interest income generated from the portfolio were HK\$3.7 million (same period in 2019: HK\$5.7 million).

The Group will remain vigilant in monitoring and balancing the investment portfolio, taking into account developments in the major global economies and securities markets.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

For the six months ended 30 June 2020

	Note	Unaudited		
		Six months ended 30 June		
		2020	2020	2019
		US\$'000	HK\$'000	HK\$'000
		(Note 11)		
Revenue	3	26,798	209,024	291,594
Cost of sales		(6,973)	(54,391)	(87,640)
Gross profit		19,825	154,633	203,954
Marketing expenses		(4,297)	(33,518)	(41,184)
Selling and distribution expenses		(835)	(6,513)	(8,608)
Administration expenses		(9,319)	(72,685)	(82,373)
Net (loss)/gain on financial assets at fair value through profit or loss		(662)	(5,161)	19,811
Net revaluation (deficit)/surplus on investment properties		(39,681)	(309,514)	90,700
Operating (loss)/profit		(34,969)	(272,758)	182,300
Other net income	4	1,396	10,890	8,768
Finance costs		(1,375)	(10,728)	(10,746)
(Loss)/Profit before income tax	5	(34,948)	(272,596)	180,322
Income tax expense	6	(2,345)	(18,290)	(14,257)
(Loss)/Profit for the period		(37,293)	(290,886)	166,065
(Loss)/Profit for the period attributable to:				
Owners of the Company		(33,911)	(264,505)	176,007
Non-controlling interests		(3,382)	(26,381)	(9,942)
		(37,293)	(290,886)	166,065
		US cents	HK cents	HK cents
(Loss)/Earnings per share	8			
Basic		(1.60)	(12.51)	8.53
Diluted		(1.60)	(12.51)	8.53

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Unaudited		
	Six months ended 30 June		
	2020	2020	2019
	US\$'000	HK\$'000	HK\$'000
	(Note 11)		
(Loss)/Profit for the period	(37,293)	(290,886)	166,065
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign subsidiaries	<u>(1,942)</u>	<u>(15,151)</u>	<u>1,467</u>
Total comprehensive income for the period	<u>(39,235)</u>	<u>(306,037)</u>	<u>167,532</u>
Total comprehensive income attributable to:			
Owners of the Company	(35,853)	(279,656)	177,474
Non-controlling interests	<u>(3,382)</u>	<u>(26,381)</u>	<u>(9,942)</u>
	<u>(39,235)</u>	<u>(306,037)</u>	<u>167,532</u>

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		Unaudited 30 June 2020 US\$'000 (Note 11)	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Non-current assets				
Fixed assets				
- Investment properties		743,284	5,797,618	6,119,436
- Other property, plant and equipment		28,417	221,648	229,932
		771,701	6,019,266	6,349,368
Prepayments for fixed assets		4,746	37,018	22,374
Right-of-use assets		66	515	2,741
Goodwill		766	5,976	5,976
Deferred tax assets		2,899	22,609	24,007
		780,178	6,085,384	6,404,466
Current assets				
Inventories		1,373	10,709	19,691
Trade receivables	9	1,990	15,523	67,226
Deposits paid, other receivables and prepayments		11,461	89,394	80,640
Taxation recoverable		4	29	2,720
Financial assets at fair value through profit or loss		9,545	74,454	72,060
Cash and bank balances		189,325	1,476,738	1,541,334
		213,698	1,666,847	1,783,671
Current liabilities				
Bank loans		67,590	527,200	532,300
Trade payables	10	1,573	12,266	35,461
Deposits received, other payables and accrued charges		17,771	138,628	142,346
Provisions		4,519	35,246	42,348
Lease liabilities		90	701	2,852
Taxation payable		3,774	29,435	41,505
		95,317	743,476	796,812
Net current assets		118,381	923,371	986,859
Total assets less current liabilities		898,559	7,008,755	7,391,325

	Unaudited 30 June 2020 <i>Note</i> <i>US\$'000</i> <i>(Note 11)</i>	Unaudited 30 June 2020 <i>HK\$'000</i>	Audited 31 December 2019 <i>HK\$'000</i>
Non-current liabilities			
Bank loans	28,587	222,975	231,075
Deferred tax liabilities	3,907	30,473	30,273
	32,494	253,448	261,348
Net assets	866,065	6,755,307	7,129,977
Equity			
Share capital	2,705	21,100	21,169
Reserves	804,769	6,277,201	6,625,995
Equity attributable to owners of the Company	807,474	6,298,301	6,647,164
Non-controlling interests	58,591	457,006	482,813
Total equity	866,065	6,755,307	7,129,977

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 2019 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 2019.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. None of these amendments have had a material effect on the Group’s results and financial position for the current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue and segment reporting

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

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

Revenue by major products or service lines is as follows:

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers:		
- Sale of toys	83,988	157,156
- Restaurant income	6,669	11,064
- Property management income	10,451	10,754
	101,108	178,974
Revenue from other sources:		
- Rental income from investment properties	104,215	106,935
- Dividend income	1,186	1,335
- Interest income	2,515	4,350
	107,916	112,620
Total revenue	209,024	291,594

3.1 Segment results, assets and liabilities

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

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

The segment results for the six months ended 30 June 2020 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 revenue from contracts with customers by timing of revenue recognition				
- Point in time	6,669	-	83,988	90,657
- Over time	11,743	-	-	11,743
Gross revenue from other sources	109,330	3,701	-	113,031
<u>Inter-segment revenue</u>	<u>(6,407)</u>	<u>-</u>	<u>-</u>	<u>(6,407)</u>
<u>Revenue from external customers</u>	<u>121,335</u>	<u>3,701</u>	<u>83,988</u>	<u>209,024</u>
Segment loss before depreciation	(208,216)	(1,631)	(52,814)	(262,661)
<u>Depreciation</u>	<u>(5,952)</u>	<u>-</u>	<u>(1,892)</u>	<u>(7,844)</u>
<u>Segment operating loss</u>	<u>(214,168)</u>	<u>(1,631)</u>	<u>(54,706)</u>	<u>(270,505)</u>
Other net income	813	-	5,976	6,789
<u>Finance costs</u>	<u>(9,979)</u>	<u>(13)</u>	<u>(696)</u>	<u>(10,688)</u>
	<u>(9,166)</u>	<u>(13)</u>	<u>5,280</u>	<u>(3,899)</u>
<u>Segment loss before income tax</u>	<u>(223,334)</u>	<u>(1,644)</u>	<u>(49,426)</u>	<u>(274,404)</u>
Unallocated other income				4,087
Unallocated corporate expenses				<u>(2,279)</u>
Loss before income tax				<u>(272,596)</u>

The segment results for the six months ended 30 June 2019 are as follows:

	Property investments and associated businesses <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross revenue from contracts with customers by timing of revenue recognition				
- Point in time	11,064	-	157,156	168,220
- Over time	12,041	-	-	12,041
Gross revenue from other sources	112,362	5,685	-	118,047
<u>Inter-segment revenue</u>	<u>(6,714)</u>	<u>-</u>	<u>-</u>	<u>(6,714)</u>
<u>Revenue from external customers</u>	<u>128,753</u>	<u>5,685</u>	<u>157,156</u>	<u>291,594</u>
Segment profit/(loss) before depreciation	196,254	25,300	(27,305)	194,249
<u>Depreciation</u>	<u>(6,014)</u>	<u>-</u>	<u>(3,766)</u>	<u>(9,780)</u>
<u>Segment operating profit/(loss)</u>	<u>190,240</u>	<u>25,300</u>	<u>(31,071)</u>	<u>184,469</u>
Other net (loss)/income	(1,874)	-	10,468	8,594
<u>Finance costs</u>	<u>(9,586)</u>	<u>(12)</u>	<u>(679)</u>	<u>(10,277)</u>
	<u>(11,460)</u>	<u>(12)</u>	<u>9,789</u>	<u>(1,683)</u>
<u>Segment profit/(loss) before income tax</u>	<u>178,780</u>	<u>25,288</u>	<u>(21,282)</u>	<u>182,786</u>
Unallocated corporate expenses				<u>(2,464)</u>
Profit before income tax				<u>180,322</u>

The segment assets and liabilities as at 30 June 2020 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>
<u>Reportable segment assets</u>	<u>6,087,626</u>	<u>565,043</u>	<u>1,084,729</u>	<u>7,737,398</u>
Inter-segment elimination	-	-	(16,016)	(16,016)
Deferred tax assets				22,609
Taxation recoverable				29
Unallocated assets				<u>8,211</u>
Total assets				<u>7,752,231</u>
<u>Reportable segment liabilities</u>	<u>793,539</u>	-	<u>157,463</u>	<u>951,002</u>
Inter-segment elimination	(1,670)	-	(14,346)	(16,016)
Deferred tax liabilities				30,473
Taxation payable				29,435
Unallocated liabilities				<u>2,030</u>
Total liabilities				<u>996,924</u>

The segment assets and liabilities as at 31 December 2019 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>
<u>Reportable segment assets</u>	6,424,395	578,099	1,146,362	8,148,856
Inter-segment elimination	-	-	(1,980)	(1,980)
Deferred tax assets				24,007
Taxation recoverable				2,720
Unallocated assets				<u>14,534</u>
Total assets				<u>8,188,137</u>
<u>Reportable segment liabilities</u>	808,432	-	173,811	982,243
Inter-segment elimination	(1,670)	-	(310)	(1,980)
Deferred tax liabilities				30,273
Taxation payable				41,505
Unallocated liabilities				<u>6,119</u>
Total liabilities				<u>1,058,160</u>

3.2 Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, prepayments for fixed assets, right-of-use assets and goodwill ("specified non-current assets"). The geographical location of revenue is based on the country in which the customer is located. The geographical location of the specified non-current assets is based on the physical location of the assets in case of fixed assets and right-of-use assets and the location of operation to which they are allocated in case of goodwill.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	122,517	133,085	5,582,676	5,869,619
Americas				
- U.S.A.	63,168	85,925	168,060	181,448
- Others	7,455	16,172	-	-
Europe	11,868	45,868	214,267	232,518
Asia Pacific other than Hong Kong	3,525	10,140	97,772	96,874
Others	491	404	-	-
	86,507	158,509	480,099	510,840
	209,024	291,594	6,062,775	6,380,459

3.3 Major customers

The Group's customer base includes two (2019: two) customers with each of whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to each of these customers amounted to approximately HK\$85,861,000 and HK\$40,441,000 (2019: HK\$83,443,000 and HK\$52,967,000) respectively.

4. Other net income

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Net foreign exchange loss on translation of bank loans	(500)	(1,875)
Net investment gain and income from		
Playmates Toys' treasury investments	5,930	10,394
Government subsidies	1,312	-
Others (<i>Note</i>)	4,148	249
	<u>10,890</u>	<u>8,768</u>

Note:

It included a reversal of provision for legal costs of HK\$3.9 million which was made by Profit Point Limited, an indirect wholly-owned subsidiary of the Company, after settlement of legal proceedings.

5. (Loss)/Profit before income tax

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Cost of inventories sold	37,241	72,116
Product development and tooling costs	9,992	8,898
Royalties expenses	11,856	21,715
Directors' and staff remunerations	41,062	45,178
Depreciation		
- other property, plant and equipment	6,624	8,608
- right-of-use assets	1,228	1,370
Interest expenses		
- on bank loans	9,964	9,549
- on lease liabilities	53	124
Net foreign exchange loss	<u>2,306</u>	<u>2,672</u>

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the period. Overseas taxation of overseas subsidiaries is provided in accordance with the applicable tax laws.

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	14,826	15,951
Overseas taxation	1,763	4,264
Over provision in prior years – Hong Kong	(129)	-
	<u>16,460</u>	<u>20,215</u>
Deferred taxation		
Origination and reversal of temporary differences <Note>	1,830	(5,958)
Income tax expense	<u>18,290</u>	<u>14,257</u>

Note:

The Group has not recognised any deferred tax credit in relation to tax loss of the toys business during the period ended 30 June 2020 due to the uncertainties in global business environment in light of the ongoing pandemic (2019: the Group recognised HK\$7,652,000 deferred tax credit in relation to tax loss of the toys business).

The Group's cumulative unrecognised tax losses as of 30 June 2020 amounted to HK\$222,284,000 (31 December 2019: HK\$155,242,000). These tax losses do not expire under respective current tax legislation.

7. Dividends

7.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Interim dividend of HK cents 1.50 per share (2019: HK cents 1.50 per share)	31,635	30,405
Special interim dividend of HK cents nil per share (2019: HK cents 10.00 per share)	-	202,700
	<u>31,635</u>	<u>233,105</u>

At a meeting held on 21 August 2020, the board of directors has resolved to pay an interim dividend of HK cents 1.50 per share to be paid on 24 September 2020 to shareholders whose names appear on the Company's Register of Members on 9 September 2020.

The interim dividend declared after the end of the reporting period have not been recognised as liabilities in this condensed consolidated financial information for the six months ended 30 June 2020.

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

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends in respect of the previous financial year and paid during the interim period:		
Second interim dividend of HK cents 1.50 per share (2019: HK cents 1.50 per share)	31,747	31,500
Second special interim dividend of HK cents 1.50 per share (2019: HK cents 1.50 per share)	31,748	31,500
	63,495	63,000

8. (Loss)/Earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of HK\$264,505,000 (2019: profit of HK\$176,007,000) and the weighted average number of ordinary shares of 2,113,736,000 shares (2019: 2,062,785,000 shares) in issue during the period.

Diluted (loss)/earnings per share for the six months ended 30 June 2020 and 2019 equals to the basic (loss)/earnings per share as there were no potential ordinary shares.

The dilutive effect of the share options issued by the Group's listed subsidiary, Playmates Toys Limited was insignificant for the six months ended 30 June 2020 and 2019.

9. Trade receivables

	30 June	31 December
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	33,320	84,009
Less: Allowance for customer concession	(17,797)	(16,783)
	15,523	<u>67,226</u>

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

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

	30 June	31 December
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 60 days	11,891	44,648
61 – 90 days	758	16,761
91 – 180 days	1,257	3,231
Over 180 days	1,617	2,586
	15,523	<u>67,226</u>

10. Trade payables

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

	30 June	31 December
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	11,164	28,382
31 – 60 days	248	5,248
Over 60 days	854	1,831
	12,266	<u>35,461</u>

11. US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.8 to US\$1 ruling at 30 June 2020.

FINANCIAL ANALYSIS

The property investments and associated businesses generated a relatively steady income stream throughout the period. Overall occupancy rate was 68% as at 30 June 2020 (31 December 2019: 68%).

Financial assets at fair value through profit or loss include investments in listed equities and managed funds. As at 30 June 2020, the Group's financial assets at fair value through profit or loss amounted to HK\$74,454,000 (31 December 2019: HK\$72,060,000).

The toy business is inherently seasonal in nature. As a result, a disproportionately high balance of trade receivables is typically generated during the peak selling season in the second half of the year. Consistent with usual trade practices, a significant portion of the trade receivables is collected in the final weeks of the fourth quarter and in the first quarter of the subsequent year, resulting in a seasonal demand for working capital during the peak selling season. As at 30 June 2020, trade receivables related to toy business were HK\$11,955,000 (31 December 2019: HK\$66,116,000) and inventories were HK\$10,564,000 (31 December 2019: HK\$19,518,000).

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 30 June 2020 was 9.7% compared to 9.3% at 31 December 2019. The current ratio, calculated as the ratio of current assets to current liabilities, remained stable at 2.2 as at both 30 June 2020 and 31 December 2019.

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 2020, the Group's cash and bank balances were HK\$1,476,738,000 (31 December 2019: HK\$1,541,334,000), of which HK\$1,339,421,000 (31 December 2019: HK\$1,374,760,000) was denominated in United States dollar, HK\$14,238,000 (31 December 2019: HK\$16,810,000) in British pound, HK\$45,284,000 (31 December 2019: HK\$45,763,000) in Euro and the remaining balance was mainly denominated in Hong Kong dollar.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, 6,640,000 shares of HK\$0.01 each were repurchased by the Company at prices ranging from HK\$0.87 to HK\$0.96 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 Listing Rules throughout the six months ended 30 June 2020, 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 Company does not have a designated chief executive officer. The board oversees the management, businesses, strategy and financial performance of the Group. The day-to-day business of the Group is handled by the executive directors collectively. The executive directors supported by the senior executives are delegated with the responsibilities of running the business operations and making operational and business decisions of the Group. The board considers that this structure is adequate to ensure an effective management and control of the Group's businesses and operations. The structure outlined above will be reviewed regularly to ensure that sound corporate governance is in place.

The 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 2020.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 8 September 2020 to 9 September 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the declared dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 7 September 2020. The interim dividend will be paid on 24 September 2020 to the shareholders on the Register of Members of the Company on 9 September 2020.

On behalf of the Board
To Shu Sing, Sidney
Chairman

Hong Kong, 21 August 2020

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

Mr. To Shu Sing, Sidney (*Chairman*); Ms. Chan, Helen (*Executive Director*); Mr. Cheng Bing Kin, Alain (*Executive Director*); Mr. Ip Shu Wing, Charles (*Independent Non-executive Director*); Mr. Lee Ka Sze, Carmelo (*Non-executive Director*); Mr. Lo Kai Yiu, Anthony (*Independent Non-executive Director*); Mr. Tang Wing Yung, Thomas (*Independent Non-executive Director*); Mr. Tsim Tak Lung (*Deputy Chairman and Non-executive Director*) and Mr. Yu Hon To, David (*Independent Non-executive Director*)