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## PLAYMATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 635)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

#### RESULTS

The directors of the Company are pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024 as follows:

#### Consolidated Income Statement

For the year ended 31 December 2024

	Note	2024 US\$'000 (Note 11)	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	3	<b>140,028</b>	<b>1,092,218</b>	1,271,590
Cost of sales		(57,274)	(446,738)	(487,506)
<b>Gross profit</b>		<b>82,754</b>	<b>645,480</b>	784,084
Marketing and licensing expenses		(24,548)	(191,470)	(203,199)
Selling and distribution expenses		(10,683)	(83,321)	(99,317)
Administration expenses		(20,818)	(162,377)	(156,850)
Net revaluation deficit on investment properties		(69,213)	(539,864)	(184,129)
<b>Operating (loss)/profit</b>		<b>(42,508)</b>	<b>(331,552)</b>	140,589
Other net income	4	11,213	87,459	49,841
Finance costs		(1,858)	(14,494)	(20,923)
<b>(Loss)/Profit before income tax</b>	5	<b>(33,153)</b>	<b>(258,587)</b>	169,507
<b>Income tax expense</b>	6	<b>(7,560)</b>	<b>(58,970)</b>	(49,131)
<b>(Loss)/Profit for the year</b>		<b>(40,713)</b>	<b>(317,557)</b>	120,376

	Note	2024 US\$'000 (Note 11)	2024 HK\$'000	2023 HK\$'000
<b>(Loss)/Profit for the year attributable to:</b>				
Owners of the Company		(49,010)	(382,276)	10,340
Non-controlling interests		8,297	64,719	110,036
		(40,713)	(317,557)	120,376
<b>(Loss)/Earnings per share</b>				
	8	US cents	HK cents	HK cents
Basic		(2.37)	(18.48)	0.50
Diluted		(2.37)	(18.48)	0.50

### Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

		2024 US\$'000 (Note 11)	2024 HK\$'000	2023 HK\$'000
<b>(Loss)/Profit for the year</b>		<b>(40,713)</b>	<b>(317,557)</b>	120,376
<b>Other comprehensive income, including reclassification adjustments:</b>				
Items that may be reclassified subsequently to profit or loss:				
- Exchange differences arising on translation of foreign subsidiaries		(1,632)	(12,734)	3,671
Items that will not be reclassified subsequently to profit or loss:				
- Remeasurement of long service payment liabilities				
- Gross		44	346	(89)
- Tax impact		(2)	(14)	15
		42	332	(74)
<b>Other comprehensive income for the year</b>		<b>(1,590)</b>	<b>(12,402)</b>	3,597
<b>Total comprehensive income for the year</b>		<b>(42,303)</b>	<b>(329,959)</b>	123,973
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		(50,610)	(394,754)	13,958
Non-controlling interests		8,307	64,795	110,015
		(42,303)	(329,959)	123,973

## Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 US\$'000 (Note 11)	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>				
Fixed assets				
- Investment properties		566,278	4,416,969	4,933,614
- Other property, plant and equipment		17,122	133,551	139,337
		583,400	4,550,520	5,072,951
Right-of-use assets		661	5,152	8,789
Goodwill		766	5,976	5,976
Deferred tax assets		4,829	37,665	52,126
		589,656	4,599,313	5,139,842
<b>Current assets</b>				
Inventories		3,545	27,654	58,886
Trade receivables	9	17,753	138,475	330,521
Deposits paid, other receivables and prepayments		8,738	68,155	45,759
Taxation recoverable		2,862	22,324	12,340
Financial assets at fair value through profit or loss		13,989	109,116	95,324
Cash and deposits with banks		141,396	1,102,889	1,094,933
		188,283	1,468,613	1,637,763
<b>Current liabilities</b>				
Bank loans		22,077	172,200	217,175
Trade payables	10	2,984	23,274	91,390
Deposits received, other payables and accrued charges		20,047	156,375	218,908
Provisions		7,061	55,074	65,413
Lease liabilities		555	4,326	3,987
Taxation payable		2,294	17,890	53,792
		55,018	429,139	650,665
<b>Net current assets</b>		133,265	1,039,474	987,098
<b>Total assets less current liabilities</b>		722,921	5,638,787	6,126,940

	2024 <i>Note</i> <b>US\$'000</b> <i>(Note 11)</i>	2024 <b>HK\$'000</b>	2023 <b>HK\$'000</b>
<b>Non-current liabilities</b>			
Bank loans	410	3,200	10,400
Lease liabilities	247	1,924	6,250
Long service payment liabilities	242	1,889	1,938
Deferred tax liabilities	4,668	36,410	42,265
	<b>5,567</b>	<b>43,423</b>	<b>60,853</b>
<b>Net assets</b>	<b>717,354</b>	<b>5,595,364</b>	<b>6,066,087</b>
<b>Equity</b>			
Share capital	2,651	20,680	20,700
Reserves	639,013	4,984,302	5,472,941
<b>Equity attributable to the owners</b>			
<b>of the Company</b>	<b>641,664</b>	<b>5,004,982</b>	<b>5,493,641</b>
<b>Non-controlling interests</b>	<b>75,690</b>	<b>590,382</b>	<b>572,446</b>
<b>Total equity</b>	<b>717,354</b>	<b>5,595,364</b>	<b>6,066,087</b>

*Notes:*

#### **1. Basis of preparation**

The 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. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The financial statements have been prepared under the historical cost basis except for investment properties and financial assets at fair value through profit or loss which are stated at fair values.

The accounting policies used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023, except for the adoption of the new or amended HKFRSs which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2024. Details of these changes in accounting policies are set out in Note 2.

## 2. Changes in accounting policies

### *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:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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, amendment or interpretation that is not yet effective for the current accounting period.

## 3. Revenue and segment information

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

Revenue from the Group’s principal activities recognised during the year is as follows:

	<b>2024</b>	2023
	<b>HK\$’000</b>	HK\$’000
Revenue from contracts with customers:		
- Sale of toys	<b>931,334</b>	1,109,399
- Property management income	<b>21,322</b>	21,654
	<b>952,656</b>	1,131,053
Revenue from other sources:		
- Rental income from investment properties	<b>136,033</b>	133,651
- Dividend income	<b>974</b>	1,973
- Interest income	<b>2,555</b>	4,913
	<b>139,562</b>	140,537
<b>Total revenue</b>	<b>1,092,218</b>	1,271,590

### ***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 management 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.

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 year ended 31 December 2024 are as follows:

	<b>Property investments and management businesses</b>	<b>Investment business</b>	<b>Toy business</b>	<b>Total</b>
	<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	-	-	931,334	931,334
- Over time	22,098	-	-	22,098
Gross revenue from other sources	141,280	3,529	-	144,809
Inter-segment revenue	<u>(6,023)</u>	-	-	<u>(6,023)</u>
<b>Revenue from external customers</b>	<b>157,355</b>	<b>3,529</b>	<b>931,334</b>	<b>1,092,218</b>
Segment (loss)/profit before depreciation	(417,879)	3,479	97,987	(316,413)
Depreciation	<u>(7,900)</u>	-	<u>(4,085)</u>	<u>(11,985)</u>
<b>Segment operating (loss)/profit</b>	<b>(425,779)</b>	<b>3,479</b>	<b>93,902</b>	<b>(328,398)</b>
Other net income/(loss)	58	(516)	87,840	87,382
Finance costs	<u>(11,055)</u>	<u>(39)</u>	<u>(3,371)</u>	<u>(14,465)</u>
	<u>(10,997)</u>	<u>(555)</u>	<u>84,469</u>	<u>72,917</u>
Segment (loss)/profit before income tax <i>(Note)</i>	<u>(436,776)</u>	<u>2,924</u>	<u>178,371</u>	<u>(255,481)</u>
Unallocated corporate expenses				<u>(3,106)</u>
Loss before income tax				<u>(258,587)</u>

*Note:*

Segment (loss)/profit before income tax included the following:

Interest income	58	2,555	55,338
Dividend income	-	974	507
Net revaluation deficit on investment properties	(539,864)	-	-
Net (loss)/gain on financial assets at fair value through profit or loss	-	(515)	31,966

The segment results for the year ended 31 December 2023 are as follows:

	Property investments and management 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	-	-	1,109,399	1,109,399
- Over time	22,430	-	-	22,430
Gross revenue from other sources	138,911	6,886	-	145,797
<u>Inter-segment revenue</u>	<u>(6,036)</u>	<u>-</u>	<u>-</u>	<u>(6,036)</u>
<u>Revenue from external customers</u>	<u>155,305</u>	<u>6,886</u>	<u>1,109,399</u>	<u>1,271,590</u>
Segment (loss)/profit before depreciation	(67,302)	6,836	213,447	152,981
<u>Depreciation</u>	<u>(8,407)</u>	<u>-</u>	<u>(4,218)</u>	<u>(12,625)</u>
<u>Segment operating (loss)/profit</u>	<u>(75,709)</u>	<u>6,836</u>	<u>209,229</u>	<u>140,356</u>
Other net income/(loss)	128	(5,424)	55,068	49,772
<u>Finance costs</u>	<u>(17,295)</u>	<u>(31)</u>	<u>(3,550)</u>	<u>(20,876)</u>
	<u>(17,167)</u>	<u>(5,455)</u>	<u>51,518</u>	<u>28,896</u>
<u>Segment (loss)/profit before income tax (Note)</u>	<u>(92,876)</u>	<u>1,381</u>	<u>260,747</u>	<u>169,252</u>
Unallocated corporate income				<u>255</u>
Profit before income tax				<u>169,507</u>

*Note:*

Segment (loss)/profit before income tax included the following:

Interest income	23	4,913	36,089
Dividend income	-	1,973	664
Net revaluation deficit on investment properties	(184,129)	-	-
Net gain/(loss) on financial assets at fair value through profit or loss	-	(5,424)	18,315



The segment assets and liabilities as at 31 December 2024 are as follows:

	<b>Property investments and management businesses</b>	<b>Investment business</b>	<b>Toy business</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets (including cash and deposits with banks)	<b>4,565,614</b>	<b>74,191</b>	<b>1,370,418</b>	<b>6,010,223</b>
Inter-segment elimination	<b>(44)</b>	-	<b>(6,355)</b>	<b>(6,399)</b>
Deferred tax assets				<b>37,665</b>
Taxation recoverable				<b>22,324</b>
Unallocated assets				<b>4,113</b>
Total assets				<b>6,067,926</b>
<b>Reportable segment liabilities</b>	<b>214,595</b>	-	<b>209,200</b>	<b>423,795</b>
Inter-segment elimination	<b>(1,511)</b>	-	<b>(4,888)</b>	<b>(6,399)</b>
Deferred tax liabilities				<b>36,410</b>
Taxation payable				<b>17,890</b>
Unallocated liabilities				<b>866</b>
Total liabilities				<b>472,562</b>
<b>Capital expenditure</b>	<b>38,180</b>	-	<b>391</b>	

The segment assets and liabilities as at 31 December 2023 are as follows:

	Property investments and management 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 deposits with banks)	5,093,657	105,254	1,518,396	6,717,307
Inter-segment elimination	(41)	-	(11,202)	(11,243)
Deferred tax assets				52,126
Taxation recoverable				12,340
Unallocated assets				<u>7,075</u>
Total assets				<u>6,777,605</u>
<u>Reportable segment liabilities</u>	<u>272,871</u>	<u>-</u>	<u>352,957</u>	<u>625,828</u>
Inter-segment elimination	(1,514)	-	(9,729)	(11,243)
Deferred tax liabilities				42,265
Taxation payable				53,792
Unallocated liabilities				<u>876</u>
Total liabilities				<u>711,518</u>
<u>Capital expenditure</u>	<u>19,039</u>	<u>-</u>	<u>640</u>	

### ***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, 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 related in case of prepayments and goodwill.

	Revenue from external customers		Specified non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong (place of domicile)	<b>160,988</b>	161,121	<b>4,125,229</b>	4,629,707
Americas				
- U.S.A.	<b>653,368</b>	765,746	<b>181,226</b>	185,413
- Others	<b>54,441</b>	68,726	-	-
Europe	<b>190,287</b>	225,297	<b>181,703</b>	190,739
Asia Pacific other than Hong Kong	<b>32,746</b>	49,597	<b>73,490</b>	81,857
Others	<b>388</b>	1,103	-	-
	<b>931,230</b>	1,110,469	<b>436,419</b>	458,009
	<b>1,092,218</b>	1,271,590	<b>4,561,648</b>	5,087,716

#### *Major customers*

The Group's customer base includes two (2023: 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\$283,011,000 and HK\$215,710,000 (2023: HK\$292,271,000 and HK\$262,184,000) respectively.

#### 4. Other net income

	2024 HK\$'000	2023 HK\$'000
Net gain on financial assets at fair value through profit or loss ( <i>Note</i> ):		
- unrealised	<b>24,930</b>	4,006
- realised	<b>6,521</b>	8,885
From Playmates Toys' treasury:		
- interest income	<b>55,338</b>	36,089
- dividend income	<b>507</b>	664
Others	<b>163</b>	197
	<b>87,459</b>	49,841

#### *Note:*

In the net gain on financial assets at fair value through profit or loss, unrealised gain of HK\$26,517,000 (2023: HK\$14,643,000) and realised gain of HK\$5,449,000 (2023: HK\$3,672,000) was attributable to Playmates Toys' treasury investment.

## 5. (Loss)/Profit before income tax

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	391,499	437,726
Write down/(Reversal of write down) of inventories	252	(2,648)
Product development and tooling costs	31,535	30,803
Royalties expenses	135,586	164,879
Direct operating expenses arising from investment properties that generate rental income	5,322	5,499
Direct operating expenses arising from investment properties that did not generate rental income	2,081	1,854
Provision for consumer returns, cooperative advertising, cancellation charges and freight allowance	65,606	83,698
Reversal of unutilised provision for consumer returns, cooperative advertising, cancellation charges and freight allowance	(3,276)	(4,445)
Depreciation		
- other property, plant and equipment	8,724	9,378
- right-of-use assets	3,637	3,637
Directors' and staff remunerations	99,760	93,187
Allowance for customer concession	24,063	3,980
Net foreign exchange loss/(gain)	938	(4,935)
Loss/(Gain) on disposal of other property, plant and equipment	7	(40)
Auditors' remuneration	2,250	2,250

## 6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year. Overseas taxation of overseas subsidiaries is provided in accordance with the applicable tax laws.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	20,148	27,133
Overseas taxation	29,763	39,840
Over provision in prior years – Hong Kong	(18)	(18)
<u>(Over)/Under provision in prior years – overseas</u>	<u>(56)</u>	<u>244</u>
	<u>49,837</u>	<u>67,199</u>
Deferred taxation		
<u>Origination and reversal of temporary differences</u>	<u>9,133</u>	<u>(18,068)</u>
<u>Income tax expense</u>	<u>58,970</u>	<u>49,131</u>

## 7. Dividends

### (a) Dividends attributable to the year

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
First interim dividend of HK cents 1.5 per share (2023: HK cents 1.5 per share)	31,020	31,050
Second interim dividend of HK cents 1.5 per share (2023: HK cents 1.5 per share)	31,020	31,050
Special interim dividend of HK cents 1.5 per share (2023: HK cents 1.5 per share)	31,020	31,050
	<b>93,060</b>	<b>93,150</b>

At a meeting held on 23 August 2024, the board of directors declared a first interim dividend of HK cents 1.5 per share, which was paid on 27 September 2024.

At a meeting held on 14 March 2025, the board of directors declared a second interim dividend of HK cents 1.5 per share and a special interim dividend of HK cents 1.5 per share to be paid on 24 April 2025 to shareholders whose names appear on the Company's register of members on 8 April 2025. This second interim dividend and special 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 2024.

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

### (b) Dividends attributable to previous financial year and paid during the year

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividends in respect of the previous financial year and paid during the year:		
Second interim dividend of HK cents 1.5 per share (2023: HK cents 1.5 per share)	31,046	31,072
Special interim dividend of HK cents 1.5 per share (2023: HK cents 1.5 per share)	31,045	31,071
	<b>62,091</b>	<b>62,143</b>

## 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\$382,276,000 (2023: profit of HK\$10,340,000) and the weighted average number of ordinary shares of 2,068,969,000 shares (2023: 2,070,737,000 shares) in issue during the year.

Diluted (loss)/earnings per share for the years ended 31 December 2024 and 2023 equals to the basic (loss)/earnings per share as there were no potential ordinary shares.

The dilutive effect of the share options and share awards issued by the Group's listed subsidiary, Playmates Toys Limited was insignificant for the years ended 31 December 2024 and 2023.

## 9. Trade receivables

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 (2023: 60 to 90 days). For property investments and management business, 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 60 days	90,810	254,223
61 – 90 days	35,870	71,745
91 – 180 days	8,368	4,250
Over 180 days	3,427	303
	<hr/> <b>138,475</b>	<hr/> <b>330,521</b>

## 10. Trade payables

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	21,851	91,315
31 – 60 days	1,389	66
Over 60 days	34	9
	<hr/> <b>23,274</b>	<hr/> <b>91,390</b>

## 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 31 December 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Group Overview*

Playmates Holdings's global revenue for the year ended 31 December 2024 was HK\$1,092.2 million (2023: HK\$1,271.6 million); reflecting a decrease of 14.1% compared to the prior year. Before taking into account the net revaluation deficit on investment properties, the Group's operating profit was HK\$208.3 million (2023: HK\$324.7 million).

The Group recorded a net revaluation deficit on investment properties of HK\$539.9 million (2023: HK\$184.1 million). After taking into account such net revaluation deficit on investment properties, net loss attributable to shareholders was HK\$382.3 million (2023: net profit attributable to shareholders of HK\$10.3 million). Basic loss per share was HK cents 18.48 (2023: earnings per share of HK cents 0.50). Net asset value per share was HK\$2.71 as at 31 December 2024 (2023: HK\$2.93).

### *Property Investments and Management*

Turnover of property investments and management during 2024 was HK\$157.4 million (2023: HK\$155.3 million), reflecting a 1.3% increase compared to the prior year. The Group's investment properties were revalued by independent professional surveyors at the fair value of HK\$4.4 billion (2023: HK\$4.9 billion). A net revaluation deficit of HK\$539.9 million was recorded in the consolidated income statement of the Group (2023: HK\$184.1 million). Segment operating loss including net revaluation deficit was HK\$425.8 million (2023: HK\$75.7 million).

The revaluation deficit recorded on our investment properties in 2024 primarily reflected the downturn in the overall Hong Kong property market, influenced by economic uncertainties and elevated interest rates, which have impacted market values across the region.

#### **(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 8.6% of the fair value of the Group's overall investment property portfolio (2023: 8.1%).

Aggregate rental income generated from the investment properties of the Group was HK\$136.0 million, an increase of 1.8% from the prior year (2023: HK\$133.6 million). Overall occupancy rate was 60.3% as at 31 December 2024 (2023: 74%).

##### **(i) Commercial**

The Group's investment in commercial properties consists of The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong. The changes in consumption patterns of inbound tourists to Hong Kong, together with the increase in local consumers' outbound travel, have made 2024 a challenging year for many retail businesses in Hong Kong. This dynamic has dampened demand for retail and commercial premises in the vicinity. However, we expect Canton Road to remain one of the premier shopping districts in Hong Kong over the long term.

**(ii) Residential**

The Group's principal investment in residential properties includes units in Hillview on MacDonnell Road, Mid-Levels, Hong Kong. Continued high interest rates and a subdued economic environment have put Hong Kong's residential property market under pressure during the year 2024. On the other hand, our interior renovation and improvement works which have been carried out successively since 2021 should enhance the value of the property over the long term.

**(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 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 subsequent stage in the approval process (special waiver application) is currently in progress. The Group will continue to monitor the 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 was HK\$21.3 million, a decrease of 1.5% from prior year (2023: HK\$21.7 million).

We continue to maintain a long-term view of our property investments and will 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 arising from the ever-changing global economy and market conditions.

***Playmates Toys***

Playmates Toys worldwide turnover for the year ended 2024 was HK\$931 million (2023: HK\$1,109 million), representing a decline of 16% compared to prior year. The unfavourable comparison was driven by lower shipment volume of our *Teenage Mutant Ninja Turtles* toy line compared to prior year, which included the positive impact of the *Teenage Mutant Ninja Turtles: Mutant Mayhem* movie release, partially offset by the successful relaunch of our *Godzilla x Kong* product line, supported by the March 2024 release of the *Godzilla x Kong: The New Empire* movie. The U.S. continued to be our biggest market in 2024, contributing 70% of revenue. Europe as a whole contributed 20%, the rest of the Americas 6% and 3% came from Asia Pacific.

Gross profit ratio on toy sales was 54% (2023: 57%). Lower gross profit margin in 2024 reflected: (i) a promotional retail environment where retailers used more price discounts to compete for consumers, (ii) a mix shift to lower margin products, and (iii) higher product development costs as a percentage of sales, in preparation for new product launches in 2025. Operating expenses declined by 9% compared to prior



year, reflecting lower variable costs, partially offset by increased marketing expenses to drive revenue. Administration expenses increased 6% compared to prior year.

Playmates Toys group reported an operating profit of HK\$94 million in 2024 (2023: HK\$210 million). Other net income during the current year period included a HK\$32 million unrealized and realized gain on our equities investment position and HK\$55 million in interest income. During the prior year period, we recorded a HK\$18 million unrealized and realized investment gain and HK\$36 million in interest income. Playmates Toys group's net profit in 2024 was HK\$132 million (2023: HK\$224 million).

2025 will be a transition year for us, without any major entertainment events to support our *Teenage Mutant Ninja Turtles* or *Godzilla x Kong* product lines. Comparison against 2024 will be challenging especially as we lap the *Godzilla x Kong: The New Empire* movie release in March 2024. However, we will begin shipping our new *Power Rangers* product line in the summer of 2025, which should provide some support to our business in the second half of the year. The recently announced 20% U.S. tariff on all imports from China will affect our entire industry, and is expected to put negative pressure on our profitability. We will carefully assess sourcing alternatives and pricing adjustments as the tariff situation develops. We are also monitoring the impact of tariffs on consumer spending and the overall toy industry.

## **Brand Overview**

### ***Teenage Mutant Ninja Turtles (“TMNT”)***

Paramount Pictures and Nickelodeon Movies are developing a sequel to *Teenage Mutant Ninja Turtles: Mutant Mayhem*, slated to release in October 2026, along with a two-season series that will serve as a “bridge” between the films. Season 1 of the spinoff series, titled *Tales of The Teenage Mutant Ninja Turtles*, was released on Paramount+ in August 2024, followed by Netflix in January 2025 in the U.S. and other major markets around the world throughout 2025. Season 2 of the series is scheduled to debut on Paramount+ this summer. Both the movie sequel and the Paramount+ series will be produced by Seth Rogen's Point Grey Pictures. We are actively developing new products to coincide with the upcoming content.

### ***Godzilla x Kong***

In March 2024, Legendary Entertainment released *Godzilla x Kong: The New Empire*, which delivered the strongest global box office results yet for the *MonsterVerse* franchise and drove robust toy sales. As the global master toy licensee, we continue to develop extensions to our product line to include characters from across the *MonsterVerse* movies and TV shows.

### ***Power Rangers***

We have recently entered into a global license agreement with Hasbro, a leading toy and game company, to produce and distribute *Power Rangers* toys. We are developing an extensive kid-targeted *Mighty Morphin Power Rangers: Re-Ignition* toy line, including action figures, collectibles, combinable Zords and roleplay accessories, which we will start shipping this summer. This debut will be supported by new and enhanced content on YouTube, Netflix and other entertainment channels, all designed to engage a new generation of kids in the *Power Rangers* story.

## ***Portfolio Investments***

The Group engages in portfolio investments which involve investing in listed equity shares. 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 31 December 2024, fair market value of the Group's investment portfolio was HK\$109.1 million (31 December 2023: HK\$95.3 million) representing 1.8% of the total assets of the Group (31 December 2023: 1.4%). This comprised HK\$32.4 million of equities listed in Hong Kong (31 December 2023: HK\$33.2 million) and HK\$76.7 million of equities listed overseas (31 December 2023: HK\$62.1 million). None of the individual securities positions held by the Group had a market value that exceeded 0.3% of the total assets of the Group. The top 10 listed securities in aggregate represented 1.5% of the total assets of the Group and included NVIDIA Corporation (NVDA.US), Amazon.com, Inc. (AMZN.US), The Walt Disney Company (DIS.US), Apple Inc. (AAPL.US), Alphabet Inc. (GOOG.US), Tencent Holdings Limited (700.HK), Microsoft Corporation (MSFT.US), Netflix, Inc. (NFLX.US), Walmart Inc. (WMT.US) and Wharf Real Estate Investment Company Limited (1997.HK).

The Group reported a net gain from investments of HK\$31.5 million in 2024 (2023: HK\$12.9 million). In 2024, dividend and interest income generated from the portfolio were HK\$59.4 million (2023: HK\$43.7 million).

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

## **FINANCIAL ANALYSIS**

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 31 December 2024, trade receivables related to toy operation were HK\$136,670,000 (2023: HK\$328,827,000) and inventories related to toy operation were HK\$27,654,000 (2023: HK\$58,886,000) or 3.0% (2023: 5.3%) of revenue of toy operation. The lower trade receivables and inventories at 2024 year-end reflected lower shipments and customer orders during the fourth quarter of 2024.

The property investments and management businesses generated a relatively steady income stream throughout the year. Overall occupancy rate was 60.3% as at 31 December 2024 (2023: 74%). Accounts receivables were minimal as at the year end.

Financial assets at fair value through profit or loss include investment in listed equities. As at 31 December 2024, the Group's financial assets at fair value through profit or loss amounted to HK\$109,116,000 (2023: HK\$95,324,000).

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 31 December 2024 was 2.9% compared to 3.4% at 31 December 2023. The current ratio, calculated as the ratio of current assets to current liabilities, was 3.4 at 31 December 2024 (2023: 2.5).

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 2024, the Group's cash and

deposits with banks were HK\$1,102,889,000 (2023: HK\$1,094,933,000), of which HK\$990,191,000 (2023: HK\$1,000,777,000) was denominated in United States dollar, HK\$21,672,000 (2023: HK\$51,871,000) in British pound, HK\$4,159,000 (2023: HK\$4,297,000) in Euro and the remaining balance was mainly denominated in Hong Kong dollar.

## **PURCHASE, SALES OR REDEMPTION OF SHARES**

During the year, 2,000,000 shares of HK\$0.01 each were repurchased by the Company at the prices ranging from HK\$0.56 to HK\$0.57 per share on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company did not have any treasury share during the year. The said repurchased shares were cancelled for the enhancement of shareholder value in the long term.

## **CORPORATE GOVERNANCE**

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 Part 2 of the Corporate Governance Code (“Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) for the year ended 31 December 2024, except the followings:

The Code Provision C.2.1 provides that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The Company does not have a designated chief executive. The board oversees the management, businesses, strategy and financial performance of the Group. The day-to-day business of the Group is handled by the executive directors collectively. The executive directors supported by the senior executives are delegated with the responsibilities of running the business operations and making operational and business decisions of the Group. The board considers that this structure is adequate to ensure an effective management and control of the Group’s businesses and operations. The structure outlined above will be reviewed regularly to ensure that sound corporate governance is in place.

Following the passing away of Mr. Tang Wing Yung, Thomas on 17 October 2024, (1) the number of independent non-executive directors of the Company fell short of the minimum number required under Rule 3.10(1) of the Listing Rules; (2) the chairman of the Compensation Committee fell vacant under Rule 3.25 of the Listing Rules; and (3) the members of the Nomination Committee did not comprise a majority of independent non-executive directors as required under Rule 3.27A to the Listing Rules, during the period from 17 October 2024 to 5 December 2024. As announced by the Company on 6 December 2024, the said vacancy had been filled up in compliance with the relevant requirements.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the risk management and internal control system, the effectiveness of the internal audit function and financial reporting matters including a review of the accounts for the year ended 31 December 2024.

## **DIVIDENDS**

The board of directors declared a second interim dividend of HK cents 1.5 per share and a special interim dividend of HK cents 1.5 per share. The said second interim dividend and special interim dividend will be paid on 24 April 2025 to the shareholders on the Register of Members of the Company on 8 April 2025.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 7 April 2025 to 8 April 2025, 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 Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 3 April 2025.

On behalf of the Board  
**CHAN Kwong Fai, Michael**  
*Chairman*

Hong Kong, 14 March 2025

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

Mr. Chan Kwong Fai, Michael (*Chairman*), Ms. Chan, Helen (*Executive Director*), Mr. Chan Kong Keung, Stephen (*Executive Director*), Mr. Lee Ka Sze, Carmelo (*Non-executive Director*), Mr. Lo Kai Yiu, Anthony (*Independent Non-executive Director*), Dr. Or Ching Fai, Raymond (*Independent Non-executive Director*) and Mr. Tsim Tak Chee (*Independent Non-executive Director*)