1 GENERAL INFORMATION

The Company was incorporated in Bermuda on 10 October 1991. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal office is 23/F., The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 17 to the financial statements.

The financial statements for the year ended 31 December 2024 were approved for issue by the board of directors on 14 March 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on the Group's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.4 "Fixed assets", note 2.6 "Inventories", note 2.7 "Financial assets", note 2.8 "Impairment of non-financial assets", note 2.11 "Provisions", note 2.15 "Advertising and marketing expenses, advanced royalties and product development costs", note 2.16.3 "Long service payments", note 2.16.4 "Share-based compensation", note 2.18 "Deferred taxation" and note 2.19 "Current taxation" to the financial statements. Other than that, no significant accounting estimations and judgments have been made.

2.2 Basis of consolidation

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

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

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

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income respectively for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a financial asset or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.3 Subsidiaries

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

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

2.4 Fixed assets

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the nature and location of the investment property. The carrying amounts recognised at the end of the reporting period reflect the prevailing market conditions at the end of the reporting period.

When the use of a property changes such that it is reclassified as other property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Gains or losses arising from either changes in the fair value or the sale of an investment property are recognised in profit or loss in the period in which they arise.

Other property, plant and equipment

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

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

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

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

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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

Land and buildings	Over the shorter of remaining lease term and 40 years
Vehicle, equipment, furniture and fixtures	3-10 years
Computers	3-5 years

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

2.5 Goodwill

Goodwill represents the excess of (i) aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the date of acquisition.

When (ii) is greater than (i), then this excess, after remeasurement, is recognised immediately in profit or loss as a gain on bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2.6 Inventories

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

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

2.7 *Financial assets*

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

Except for those trade receivables that do not contain a significant financing component which are measured at the transaction price, all financial assets are initially measured at fair value. On initial recognition, transaction costs that are directly attributable to the purchase of financial assets are added to the carrying amount of the financial assets except for financial assets at fair value through profit or loss in which case such transaction costs are recognised in profit or loss. All purchases or sales of financial assets are recognised and derecognised on a trade date basis (i.e. the date on which the Group commits to purchase or sell the financial asset).

(i) Classification of financial assets

Investments other than equity investments

Non-equity financial assets held by the Group are classified into one of the following measurement categories:

- amortised cost, if the financial asset is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the financial asset is calculated using the effective interest method;
- fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the financial asset comprise solely payments of principal and interest and the financial asset is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECL"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the financial asset is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- fair value through profit or loss ("FVPL"), if the financial asset does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the financial asset (including interest) are recognised in profit or loss.

Equity investments

Investment in equity securities are classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) in equity until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss.

The Group currently classifies its equity investments at FVPL. These equity investments are managed according to internal policies and their performance is evaluated periodically on a fair value basis. Assets in this category are classified as current assets.

Trade receivables

Trade receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. They are stated at amortised cost using the effective interest method less allowance for impairment losses and allowance for customer concession.

Other financial assets

Deposits paid, other receivables and cash and deposits with banks of the Group are stated at amortised cost.

(ii) Measurement of financial assets

Financial assets measured at amortised cost

After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Interest income from these financial assets are recognised in profit or loss as other income in accordance with the Group's policies in note 2.14 to these financial statements. Any gain or loss on a financial asset that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at FVPL

Financial assets at FVPL are subsequently carried at fair value. Unrealised and realised gains and losses arising from changes in the fair value of such financial assets are recognised in profit or loss in the period in which they arise.

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial assets measured at amortised cost, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At the end of each reporting period, the Group assesses on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is regarded as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the debtor;

– a breach of contract such as a default or past due event;

– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

– the disappearance of an active market for that financial asset because of financial difficulties.

The Group provides for impairment on the financial asset based on forward looking information and when there is information indicating that the debtor is in severe financial difficulty. Impaired financial assets may still be subject to enforcement activities under the Group's recovery procedures. Any subsequent recoveries made are recognised in profit or loss as reversal of impairment in the period in which the recovery occurs.

(iv) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.8 Impairment of non-financial assets

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. Other property, plant and equipment, right-of-use assets, advanced royalties and interest in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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

For the purposes of assessing impairment, where an asset does not generate cash inflows which are largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

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

2.9 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and restoration, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term and is stated at cost less accumulated depreciation and impairment losses (see note 2.8).

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification. When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

Payments for capitalised leases are allocated between lease liabilities and interest expenses. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Rental income from operating leases is recognised in accordance with note 2.14.

2.10 Financial liabilities

The Group's financial liabilities include trade and other payables, bank loans and lease liabilities. They are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (note 2.17). A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade and other payables

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

Bank loans

Bank loans are recognised initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Bank loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Accounting policies for lease liabilities are set out in note 2.9.

2.11 Provisions

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

(i) Consumer returns

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

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

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

(ii) Cooperative advertising

The Group participates in customer advertising programmes which are negotiated on an individual basis. In addition, the Group contributes toward specific expenses of the customers for in-store sales promotions and advertising circulars.

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

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

(iii) Cancellation charges

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

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

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

(iv) *Freight allowance*

The provision represents the estimated amounts that would be payable to the Group's US retail customers for the transportation of products from the Group's third-party warehouse to the customers' distribution centers. A portion of the Group's US retail customers receive a fixed percentage of sales as their allowance. For those customers, the standard allowance is agreed and documented in the terms of trade. In addition, the Group is responsible for incidental freight-related charges, such as quantity discrepancies, late shipments and other non-compliance with the customers' shipping requirements. The Group uses information on actual incidental freight-related charges to estimate the provision percentage.

The provision is calculated based on these factors and is adjusted for any fluctuations in freight charges expected by management at the end of each reporting period. The Group also reverses any over-accrued amounts if the analysis determines that those carry forward provision amounts are no longer appropriate based on actual experience.

All provisions are established for specific exposures.

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

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

2.12 Share capital

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

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

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

2.13 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

A financial guarantee contract is initially recognised as deferred income within trade and other payables at fair value. Where consideration is received or receivable for issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequent to initial recognition, the amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised less accumulated amortisation, where appropriate).

2.14 Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled.

(i) Sale of toys

Revenue from sales of toys is recognised when control of the goods has been transferred to the customers, being at the point in time when the goods are delivered. Delivery occurs when the title of the products has been passed to the customers or when the risks of obsolescence and loss have been transferred to the customers according to the sales contract. Revenue from sales of toys excludes sales tax and is after deduction of any trade discounts, allowances and returns.

Historical experience is used to estimate and provide for the discount, using the most likely outcome method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Allowances and returns which give rise to variable consideration are disclosed in note 2.11 (i) and (iv).

Deposits from customers and distributors are recognised as a contract liability when the customer or distributor pays consideration before the Group recognises the related revenue.

(ii) Rental income

Rental income from letting the Group’s portfolio of investment properties is recognised on a straight-line basis over the lease term.

(iii) Property management income

Property management income is recognised when services are rendered over time.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on a time proportion basis as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

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

2.15.1 *Advertising and marketing expenses are expensed as incurred.*

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

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

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

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

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

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

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

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

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

2.16 Employee benefits

2.16.1 Employee leave entitlements

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

2.16.2 Pension obligations

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

2.16.3 Long service payments

The Group is obliged to pay long service payment ("LSP") to Hong Kong employees under the Hong Kong Employment Ordinance. The Group's net obligation in respect of LSP, which is a defined benefit plan, is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The cost of providing the long service payment liabilities is charged to profit or loss so as to spread the costs over the service lives of employees. Net interest expense related to the discounting of long service payment liabilities is also recognised in profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the other comprehensive income in the period when they arise.

The present value of the long service payment depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of long service payment liabilities.

2.16.4 Share-based compensation

The Group operates equity-settled, share-based compensation plans under which the Group receives services from employees as consideration for equity instruments of the Company. These plans comprise a share option scheme and a share award scheme adopted by Playmates Toys Limited ("PTL"), a subsidiary of the Company.

The fair value of the employee services received in exchange for the grant of options and awarded shares is recognised as an expense in profit or loss with a corresponding increase in the "share-based compensation reserve" within equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted or shares awarded, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At the end of each reporting period, the Group revises the number of options or awarded shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity.

For share options, the equity amount is recognised in the "share-based compensation reserve" until the option is exercised (when it is transferred to reserve) or the option expires (when it is released directly to retained profits). The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium of PTL when the options are exercised.

For share awards, PTL may either issue new shares or purchase its own shares from the open market through the trustee of the share award scheme. The shares issued or purchased by PTL that are not yet vested under the share award scheme were recorded as treasury shares and recorded as "shares held for share award scheme" of PTL as a reduction under equity. Upon vesting of the awarded shares, the related costs of the issued shares or purchased shares are reduced from the "share held for share award scheme" account, and the related fair value of the awarded shares are debited to the "share-based compensation reserve" with the difference charged/ credited to retained profits.

2.17 Borrowing costs

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

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.18 Deferred taxation

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

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

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

For investment properties measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment properties entirely through sale.

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

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

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

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

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

(i) the same taxable entity; or

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

2.19 Current taxation

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

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

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

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

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

2.20 Foreign currency translation

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

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

When a foreign operation is sold or closed, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to profit or loss as part of the gain or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

2.21 Cash and cash equivalents

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

2.22 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 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 equities 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.

Each of these reportable segments is managed separately as each of the product and service lines requires different resources. All inter-segment transfers are carried out at arm's length prices.

Segment assets include all tangible and intangible non-current and current assets except deferred tax assets, taxation recoverable and other corporate assets which namely "unallocated assets". Segment liabilities include all current and non-current liabilities except deferred tax liabilities, taxation payable and other corporate payables which namely "unallocated liabilities". Corporate assets and liabilities are not allocated to a segment as they are not directly attributable to the business activities of any reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

2.23 Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

3 ADOPTION OF NEW OR AMENDED HKFRSs

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- 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.

4 REVENUE

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:

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

5 SEGMENT INFORMATION

5.1 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 year ended 31 December 2024 are as follows:

	Property investments and management businesses HK$'000	Investment business HK$'000	Toy business HK$'000	Total HK$'000
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	(6,023)	–	–	(6,023)
Revenue from external customers	157,355	3,529	931,334	1,092,218
Segment (loss)/profit before depreciation	(417,879)	3,479	97,987	(316,413)
Depreciation	(7,900)	–	(4,085)	(11,985)
Segment operating (loss)/profit	(425,779)	3,479	93,902	(328,398)
Other net income/(loss)	58	(516)	87,840	87,382
Finance costs	(11,055)	(39)	(3,371)	(14,465)
	(10,997)	(555)	84,469	72,917
Segment (loss)/profit before income tax *(Note)*	(436,776)	2,924	178,371	(255,481)
Unallocated corporate expenses				(3,106)
Loss before income tax				(258,587)

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 *HK$'000*	Investment business *HK$'000*	Toy business *HK$'000*	Total *HK$'000*
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
Inter-segment revenue	(6,036)	–	–	(6,036)
Revenue from external customers	155,305	6,886	1,109,399	1,271,590
Segment (loss)/profit before depreciation	(67,302)	6,836	213,447	152,981
Depreciation	(8,407)	–	(4,218)	(12,625)
Segment operating (loss)/profit	(75,709)	6,836	209,229	140,356
Other net income/(loss)	128	(5,424)	55,068	49,772
Finance costs	(17,295)	(31)	(3,550)	(20,876)
	(17,167)	(5,455)	51,518	28,896
Segment (loss)/profit before income tax *(Note)*	(92,876)	1,381	260,747	169,252
Unallocated corporate income				255
Profit before income tax				169,507

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:

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

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

	Property investments and management businesses *HK$'000*	Investment business *HK$'000*	Toy business *HK$'000*	Total *HK$'000*
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				7,075
Total assets				6,777,605
Reportable segment liabilities	272,871	–	352,957	625,828
Inter-segment elimination	(1,514)	–	(9,729)	(11,243)
Deferred tax liabilities				42,265
Taxation payable				53,792
Unallocated liabilities				876
Total liabilities				711,518
Capital expenditure	19,039	–	640	

5.2 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, 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	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**160,988**	161,121	**4,125,229**	4,629,707
Americas				
– U.S.A.	**653,368**	765,746	**181,226**	185,413
– Others	**54,441**	68,726	**–**	–
Europe	**190,287**	225,297	**181,703**	190,739
Asia Pacific other than Hong Kong	**32,746**	49,597	**73,490**	81,857
Others	**388**	1,103	**–**	–
	931,230	1,110,469	**436,419**	458,009
	1,092,218	1,271,590	**4,561,648**	5,087,716

5.3 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.

6 (LOSS)/PROFIT BEFORE INCOME TAX

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

	2024	2023
	HK$'000	*HK$'000*
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 *(Note 25)*	**65,606**	83,698
Reversal of unutilised provision for consumer returns, cooperative advertising, cancellation charges and freight allowance *(Note 25)*	**(3,276)**	(4,445)
Depreciation		
– other property, plant and equipment *(Note 14)*	**8,724**	9,378
– right-of-use assets *(Note 15.1)*	**3,637**	3,637
Directors' and staff remunerations *(Note 12)*	**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

7 OTHER NET INCOME

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

8 FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on bank loans	**11,041**	17,261
Interest on lease liabilities	**421**	612
Bank charges	**3,032**	3,050
	14,494	20,923

9 INCOME TAX EXPENSE

9.1 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 HK$'000	2023 HK$'000
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)
(Over)/Under provision in prior years – overseas	**(56)**	244
	49,837	67,199
Deferred taxation		
Origination and reversal of temporary differences	**9,133**	(18,068)
Income tax expense	**58,970**	49,131

9.2 Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2024 HK$'000	2023 HK$'000
(Loss)/Profit before income tax	**(258,587)**	169,507
Tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the tax jurisdiction concerned	**(26,251)**	35,720
Tax effect of:		
Non-taxable income	**(3,493)**	(4,429)
Non-deductible expenses	**87,681**	34,416
Utilisation of previously unrecognised tax losses	**(677)**	(16,316)
Unrecognised tax losses	**1,370**	–
Reversal of previously recognised temporary differences	**414**	766
Recognition of previously unrecognised temporary Differences	**–**	(1,252)
(Over)/Under provision in prior years	**(74)**	226
Income tax expense	**58,970**	49,131

10 DIVIDENDS

10.1 Dividends attributable to the year

	2024 **HK$'000**	2023 *HK$'000*
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
	93,060	93,150

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 dividends will be received in relation thereto.

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

	2024 **HK$'000**	2023 *HK$'000*
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
	62,091	62,143

11 (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.

12 DIRECTORS' AND STAFF REMUNERATIONS

	2024	2023
	HK$'000	*HK$'000*
Wages, salaries and other benefits	**96,736**	89,125
Share-based compensation	**97**	–
Contributions to defined contribution provident fund *(Note)*	**2,630**	2,213
Long service payments expenses *(Note 26.1(a))*	**297**	1,849
	99,760	93,187

Note:

Under the Group's defined contribution schemes, there was a forfeiture of HK$147,000 unvested contribution during the year ended 31 December 2024 (2023: nil). Such forfeited amount was used for reducing the Group's contribution during the current year. There was no balance available to reduce the Group's future contribution at 31 December 2024 and 2023.

13 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

13.1 Directors' emoluments

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

Name of director	Fee 2024 *HK$'000*	Salary 2024 *HK$'000*	Discretionary bonus 2024 *HK$'000*	Share-based compensation 2024 *HK$'000*	Other benefits 2024 *HK$'000* *(Note 1)*	Employer's contribution to provident fund 2024 *HK$'000*	Total 2024 *HK$'000*
CHAN, Helen	20	2,640	87	–	65	36	2,848
CHAN Kong Keung, Stephen	20	2,112	69	–	52	36	2,289
CHAN Kwong Fai, Michael	–	2,228	2,356	–	217	134	4,935
LEE Ka Sze, Carmelo	350	–	–	–	–	–	350
LO Kai Yiu, Anthony	430	–	–	–	–	–	430
OR Ching Fai, Raymond	400	–	–	–	–	–	400
TANG Wing Yung, Thomas *(passed away on 17 October 2024)*	318	–	–	–	–	–	318
TSIM Tak Chee *(appointed on 6 December 2024)*	28	–	–	–	–	–	28
	1,566	6,980	2,512	–	334	206	11,598

Name of director	Fee 2023 HK$'000	Salary 2023 HK$'000	Discretionary bonus 2023 HK$'000	Share-based compensation 2023 HK$'000	Other benefits 2023 HK$'000 (Note 1)	Employer's contribution to provident fund 2023 HK$'000	Total 2023 HK$'000
CHAN, Helen	16	2,640	192	–	29	36	2,913
CHAN Kong Keung, Stephen	20	2,112	152	–	29	36	2,349
CHAN Kwong Fai, Michael	–	3,174	5,246	–	167	134	8,721
LEE Ka Sze, Carmelo	331	–	–	–	–	–	331
LO Kai Yiu, Anthony	404	–	–	–	–	–	404
OR Ching Fai, Raymond	385	–	–	–	–	–	385
TANG Wing Yung, Thomas	362	–	–	–	–	–	362
	1,518	7,926	5,590	–	225	206	15,465

Notes:

1. Other benefits include medical allowance.

None of the directors have waived the right to receive their emoluments for the years ended 31 December 2024 and 2023. There was no compensation for loss of office and/or inducement for joining the Group paid/payable to the directors in respect of the years ended 31 December 2024 and 2023.

13.2 Five highest paid individuals

Two (2023: two) of the five highest paid individuals are directors, whose emoluments are disclosed above. Details of the emoluments of the other three (2023: three) highest paid individuals are as follows:

	2024 *HK$'000*	2023 *HK$'000*
Salaries, other allowances and benefits in kind	**6,925**	5,860
Bonuses	**1,328**	2,945
Share-based compensation	**96**	–
Employer's contributions to provident fund	**167**	224
	8,516	9,029

The emoluments of these three (2023: three) individuals are within the following bands:

	Number of individuals	
	2024	2023
HK$		
2,000,001 – 2,500,000	**1**	–
2,500,001 – 3,000,000	**1**	2
3,000,001 – 3,500,000	**1**	–
3,500,001 – 4,000,000	**–**	1
	3	3

14 FIXED ASSETS

	Land and buildings HK$'000	Vehicle, equipment, furniture and fixtures HK$'000	Computers HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total HK$'000
Cost or valuation						
At 1 January 2024	147,800	89,472	5,595	242,867	4,933,614	5,176,481
Exchange fluctuation	–	(1,220)	–	(1,220)	(11,765)	(12,985)
Additions	–	3,221	366	3,587	–	3,587
Capitalised subsequent expenditure	–	–	–	–	34,984	34,984
Disposals	–	–	(187)	(187)	–	(187)
Net revaluation deficit	–	–	–	–	(539,864)	(539,864)
At 31 December 2024	**147,800**	**91,473**	**5,774**	**245,047**	**4,416,969**	**4,662,016**
Accumulated depreciation						
At 1 January 2024	59,747	38,593	5,190	103,530	–	103,530
Exchange fluctuation	–	(578)	–	(578)	–	(578)
Charge for the year	5,953	2,461	310	8,724	–	8,724
Disposals	–	–	(180)	(180)	–	(180)
At 31 December 2024	**65,700**	**40,476**	**5,320**	**111,496**	**–**	**111,496**
Net book value						
At 31 December 2024	**82,100**	**50,997**	**454**	**133,551**	**4,416,969**	**4,550,520**

Surplus/(deficit) on revaluation of land and buildings is recognised in other comprehensive income and included under "property revaluation reserve".

Net revaluation (deficit)/surplus of investment properties is recognised in the line item "net revaluation (deficit)/surplus on investment properties" on the face of the consolidated income statement.

Exchange fluctuation of investment properties is recognised in other comprehensive income in "exchange reserve".

	Land and buildings *HK$'000*	Vehicle, equipment, furniture and fixtures *HK$'000*	Computers *HK$'000*	Sub-total *HK$'000*	Investment properties *HK$'000*	Total *HK$'000*
Cost or valuation						
At 1 January 2023	147,800	86,960	10,565	245,325	5,096,744	5,342,069
Exchange fluctuation	–	1,986	–	1,986	2,499	4,485
Additions	–	2,005	328	2,333	–	2,333
Capitalised subsequent expenditure	–	–	–	–	18,500	18,500
Disposals	–	(1,479)	(5,298)	(6,777)	–	(6,777)
Net revaluation deficit	–	–	–	–	(184,129)	(184,129)
At 31 December 2023	147,800	89,472	5,595	242,867	4,933,614	5,176,481
Accumulated depreciation						
At 1 January 2023	53,794	36,165	10,195	100,154	–	100,154
Exchange fluctuation	–	760	–	760	–	760
Charge for the year	5,953	3,138	287	9,378	–	9,378
Disposals	–	(1,470)	(5,292)	(6,762)	–	(6,762)
At 31 December 2023	59,747	38,593	5,190	103,530	–	103,530
Net book value						
At 31 December 2023	88,053	50,879	405	139,337	4,933,614	5,072,951

The Group's interests in properties at their net book values are analysed as follows:

	2024		2023	
	Land and buildings ***HK$'000***	**Investment properties** ***HK$'000***	Land and buildings *HK$'000*	Investment properties *HK$'000*
In Hong Kong, held under:				
Long term leases	**–**	**627,000**	–	680,000
Medium term leases	**82,100**	**3,408,500**	88,053	3,853,500
Outside Hong Kong:				
Freehold	**–**	**381,469**	–	400,114
	82,100	**4,416,969**	88,053	4,933,614

Fair value measurement of investment properties

(i) *Fair value hierarchy*

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

		2024		
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement:				
Investment properties in Hong Kong	**–**	**–**	**4,035,500**	**4,035,500**
Investment properties outside Hong Kong	**–**	**–**	**381,469**	**381,469**
	–	**–**	**4,416,969**	**4,416,969**

		2023		
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement:				
Investment properties in Hong Kong	–	–	4,533,500	4,533,500
Investment properties outside Hong Kong	–	–	400,114	400,114
	–	–	4,933,614	4,933,614

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The investment properties in Hong Kong were revalued as at 31 December 2024 and 2023. The valuations were carried out by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued.

The investment properties outside Hong Kong were revalued as at 31 December 2024 and 2023. The valuations were carried out by independent firms of surveyors, Knight Frank LLP, Cushman & Wakefield, Inc. and Savills Japan Co., Ltd., who have among their staff members of the Royal Institution of Chartered Surveyors, Certified General Real Estate Appraisers and Japan Association of Real Estate Appraisers, with recent experience in the location and category of the properties being valued.

The Group's management has discussion with the surveyors on the valuation assumptions when the valuation is performed at each interim and annual reporting period end.

(ii) *Information about Level 3 fair value measurements*

	Valuation technique	**Unobservable input**	**Weighted average**
Investment properties in Hong Kong	(a) Income capitalisation approach	Prevailing market rent per square foot	HK$68 (2023: HK$74)
		Capitalisation rate	3.7% (2023: 3.6%)
	(b) Market comparison approach	Discount on quality, location, view and floor level of the properties	1.1% (2023: 2.9%)
	(c) Residual valuation approach	Market price per square foot	HK$6,860 (2023: HK$7,620)
		Estimated cost to completion	HK$2,285 (2023: HK$2,385)
		Estimated developer's profit margin	20% (2023: 20%)
Investment properties outside Hong Kong	Market comparison approach	Premium on location and quality of the properties	1.5% (2023: 3.1%)

The fair value of investment properties located in Hong Kong is determined using one of the following valuation techniques:

(a) Income capitalisation approach:

This approach capitalises the net income associated with the properties using capitalisation rates. The valuation takes into account the prevailing market rent, which is estimated by independent valuers with reference to recent lettings of comparable properties. The capitalisation rates used have been adjusted for the quality and location of the properties. The fair value measurement is positively correlated to the rental, and negatively correlated to the capitalisation rates.

(b) Market comparison approach:

This approach makes reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount mainly specific to the quality, location, view and floor level of the properties compared to the recent sales. The fair value measurement is positively correlated to the quality, location, view and floor level.

(c) Residual valuation approach:

The residual valuation method involves firstly the assessment of gross development value, which is the value of the proposed development, as if completed at the date of valuation by market comparison approach and income capitalisation approach. Estimated outstanding cost of the development including costs of construction, professional fee, finance costs and associated costs, plus an allowance for developer's risk and profit, estimated by the independent valuers, are then deducted from the gross development value. The resultant residue figure is the fair value. The fair value measurement is positively correlated to the market price and market rent, and negatively correlated to the estimated construction/other costs to completion and the estimated developer's profit margin.

The fair value of investment properties located outside Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount mainly specific to the location and quality of the properties compared to the recent sales. The fair value measurement is positively correlated to the location and quality.

Details of the principal properties of the Group as at 31 December 2024 and 2023 are as follows:

Location	Use	Category of the lease	Group's interest
The Toy House 100 Canton Road Tsimshatsui, Hong Kong	Commercial	Medium term lease	100%
A number of residential flats situated at Nos. 21 & 21A and Nos. 23 & 23A MacDonnell Road Midlevel, Hong Kong	Residential	Long term lease	100%
Playmates Factory Building 1 Tin Hau Road Tuen Mun, Hong Kong	Industrial	Medium term lease	100%

At 31 December 2024, certain of the Group's investment properties and land and buildings with a net book value of approximately HK$3,856,000,000 and HK$82,100,000 (2023: HK$4,334,900,000 and HK$88,053,000) respectively were pledged to secure general banking facilities granted to the Group (note 22).

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

15.1 Right-of-use assets

Movement during the year:

	2024 ***HK$'000***	2023 *HK$'000*
At 1 January	**8,789**	12,426
Depreciation	**(3,637)**	(3,637)
At 31 December	**5,152**	8,789

The right-of-use assets represent the Group's rights to use leased premises as offices over the lease terms.

15.2 Lease liabilities

(i) Maturity analysis:

	2024 HK$'000	2023 HK$'000
Within one year	**4,326**	3,987
In the second year	**1,924**	4,326
In the third to fifth year	**–**	1,924
	6,250	10,237
Current portion included in current liabilities	**(4,326)**	(3,987)
Non-current portion included in non-current liabilities	**1,924**	6,250

(ii) Movement during the year:

	2024 HK$'000	2023 HK$'000
At 1 January	**10,237**	13,905
Interest expenses	**421**	612
Lease payments	**(4,408)**	(4,280)
At 31 December	**6,250**	10,237

(iii) Total cash outflows for leases during the year ended 31 December 2024 were HK$4,408,000 (2023: HK$4,280,000), included within financing cash flows in the consolidated cash flow statement.

16 GOODWILL

	HK$'000
Gross and net carrying amount	
At 1 January 2023, 31 December 2023 and 31 December 2024	**5,976**

17 INTEREST IN SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2024 and 2023 are as follows:

Name of company	Place of incorporation	Total issued and fully paid shares	Effective percentage holding	Principal activities, place of operation
Shares held indirectly:				
Bagnols Limited	Hong Kong	3,001,000 ordinary shares	100% (2023: 100%)	Property investment, Hong Kong
Belmont Limited	Hong Kong	100 ordinary shares	100% (2023: 100%)	Property investment, Hong Kong
City Style Properties Limited	The British Virgin Islands	1 ordinary share of US$1 each	100% (2023: 100%)	Property investment, Hong Kong
PIL Finance Limited	The British Virgin Islands	1 ordinary share of US$1 each	100% (2023: 100%)	Investment holding, Hong Kong
Playmates International Company Limited	Hong Kong	1 ordinary share	50.85% (2023: 50.82%) *(Note)*	Toy development, marketing and distribution and related investment activities, Hong Kong
Playmates Toys Inc.	U.S.A.	305,000 common stocks of US$30 each	50.85% (2023: 50.82%) *(Note)*	Toy marketing and distribution, U.S.A.
Playmates Toys Limited	Bermuda	1,180,000,000 ordinary shares of HK$0.01 each	50.85% (2023: 50.82%) *(Note)*	Investment holding, Hong Kong
Prestige Property Management Limited	Hong Kong	2 ordinary shares	100% (2023: 100%)	Property management, Hong Kong
Team Green Innovation Inc.	U.S.A.	10 common stocks of US$0.01 each	50.85% (2023: 50.82%) *(Note)*	Product design and development services, U.S.A.

Note: As at 31 December 2024, the Group has 50.85% equity interest in these companies (2023: 50.82%). As the Group is the majority shareholder of these companies and has control over these companies, thus these companies are subsidiaries of the Group.

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

The following table lists out the information relating to Playmates Toys Limited, the only subsidiary of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2024	2023
	HK$'000	*HK$'000*
NCI percentage	**49.15%**	49.18%
Non-current assets	**43,327**	68,921
Current assets	**1,381,805**	1,499,189
Current liabilities	**(220,756)**	(391,521)
Non-current liabilities	**(3,254)**	(12,672)
Net assets	**1,201,122**	1,163,917
Carrying amount of NCI	**590,382**	572,446
Revenue	**931,334**	1,109,399
Profit for the year	**131,628**	223,745
Total comprehensive income	**131,781**	223,700
Profit allocated to NCI	**64,719**	110,036
Dividends paid to NCI	**46,442**	23,214
Cash flows generated from operating activities	**76,873**	86,415
Cash flows generated from/(used in) investing activities	**208,079**	(570,979)
Cash flows used in financing activities	**(104,545)**	(56,176)

18 INVENTORIES

As at 31 December 2024, inventories represent finished toys products with carrying amount of HK$27,654,000 (2023: HK$58,886,000). During the year ended 31 December 2023, there was a reversal of write down of inventories HK$2,648,000 arising from sales of written down inventories.

19 TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**177,322**	353,732
Less: Allowance for customer concession	**(38,847)**	(23,211)
	138,475	330,521

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 by using available contemporary and historical information to evaluate the exposure.

19.1 *Aging analysis*

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 ***HK$'000***	2023 *HK$'000*
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
	138,475	330,521

19.2 *Trade receivables that are not impaired*

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

	2024 ***HK$'000***	2023 *HK$'000*
Neither past due nor impaired	**108,331**	279,276
1 – 90 days past due	**29,024**	50,591
91 – 180 days past due	**306**	351
Over 180 days past due	**814**	303
	30,144	51,245
	138,475	330,521

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

Receivables that were past due but not impaired related to customers that have a good track record of credit with the Group. Based on past experience and forward looking elements of the Group, impairment allowance in respect of these balances is considered to be insignificant, as there has not been a significant change in credit quality and the balances are expected to be fully recoverable. The Group does not hold any collateral over these balances. Details of the Group's credit risk management practices are disclosed in note 34.2.2.

20 DEPOSITS PAID, OTHER RECEIVABLES AND PREPAYMENTS

	2024 HK$'000	2023 HK$'000
Advanced royalties *(Note (i))*	**48,851**	32,256
Prepaid mold and line tooling expenses	**4,163**	3,393
Prepaid marketing expenses	**4,064**	–
Deferred rental income *(Note (ii))*	**474**	86
Miscellaneous prepaid expenses, deposits paid and receivables	**10,603**	10,024
	68,155	45,759

Note:

(i) These advanced royalties are recoupable by the Group against future royalties payable to toy licensors for future sales of licensed toy products.

(ii) Deferred rental income are related to rent free periods and rental concessions given to tenants, which are amortised over the respective lease terms.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Equity investments listed in Hong Kong	**32,371**	33,192
Equity investments listed outside Hong Kong	**76,745**	62,132
	109,116	95,324

22 BANK LOANS

	2024 HK$'000	2023 HK$'000
Secured bank loans repayable		
Within one year	**172,200**	217,175
In the second year	**3,200**	7,200
In the third to fifth year	**–**	3,200
	175,400	227,575
Current portion included in current liabilities	**(172,200)**	(217,175)
Non-current portion included in non-current liabilities	**3,200**	10,400

As at 31 December 2024 and 2023, all bank loans were denominated in HK dollar. All bank loans were on a floating interest rate basis and their effective interest rate at the end of the reporting period was 5.49% p.a. (2023: 6.54% p.a.).

The carrying amounts of short term bank loans approximate their fair value.

As at 31 December 2024, the Group has banking facilities amounting to HK$761,200,000 (2023: HK$843,375,000), of which HK$175,400,000 (2023: HK$227,575,000) were utilised.

The banking facilities of certain subsidiaries are secured by investment properties and land and buildings with net book value of HK$3,856,000,000 and HK$82,100,000 (2023: HK$4,334,900,000 and HK$88,053,000) respectively of the Group at 31 December 2024.

The Company has provided guarantees with respect to banking facilities made available to subsidiaries amounting to HK$360,000,000 (2023: HK$360,000,000), of which HK$nil (2023: HK$74,975,000) of such banking facilities were utilised as at 31 December 2024. This represents the Company's exposure under the financial guarantee contracts. Under the guarantee contracts, the Company would be liable to pay the banks if the banks are unable to recover the loans. No provision for the Company's obligation under the financial guarantee contracts has been made as it was not probable that the repayment of loans would be in default.

23 TRADE PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**21,851**	91,315
31 – 60 days	**1,389**	66
Over 60 days	**34**	9
	23,274	91,390

24 DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUED CHARGES

	2024 HK$'000	2023 HK$'000
Contract liabilities		
– Purchase commitment guarantee deposits from toy distributors *(Note (i))*	**7,081**	11,593
– Sales deposits received in advance *(Note (ii))*	**10,192**	10,439
Security deposits and advance receipts from tenants	**25,308**	26,574
Accrued product development, sales, marketing, licensing and distribution expenses	**16,931**	30,005
Accrued royalties	**68,580**	93,295
Accrued directors' and staff remunerations	**14,654**	19,985
Withholding tax payable	**3,394**	9,652
Accrued administrative expenses and professional fees	**10,235**	17,365
	156,375	218,908

Notes:

(i) Certain toy distributors paid a non-refundable purchase commitment guarantee deposit in consideration of the Group granting distribution rights for sales and marketing of licensed toy products in certain territories and within a certain time period according to the distribution agreement. The distributor is entitled to recoup this paid deposit against purchases of licensed toy products from the Group by deducting a certain percentage from each sales transaction amount payable to the Group until such deposit is fully recouped. The Group recognises the recouped deposit balance as revenue at the same point of time when the products are delivered to the distributor. During the year ended 31 December 2024, the Group has recognised revenue of HK$4,512,000 (2023: HK$10,600,000) from the balance as at the beginning of the reporting period.

Any unrecouped purchase commitment guarantee deposit at the expiry of a distribution agreement shall be forfeited and credited to profit or loss of the Group. During the years ended 31 December 2024 and 2023, HK$nil of such deposits has been forfeited and recorded as other revenue.

(ii) This balance represents sales deposits received in advance from toy distributors before delivery of products. The Group recognised this sales deposit balance as revenue when the products are delivered to distributors. During the year ended 31 December 2024, the Group has recognised revenue of HK$10,439,000 (2023: HK$13,917,000) from the balance as at the beginning of the reporting period.

25 PROVISIONS

	Consumer returns HK$'000	Cooperative advertising HK$'000	Cancellation charges HK$'000	Freight allowance HK$'000	Total HK$'000
At 1 January 2024	**11,094**	**37,713**	**1,535**	**15,071**	**65,413**
Additional provisions made	**6,638**	**44,689**	**31**	**14,248**	**65,606**
Reversal of unutilised provisions	**(70)**	**(1,488)**	**(1,415)**	**(303)**	**(3,276)**
Reclassified from accrued charges	**–**	**–**	**562**	**–**	**562**
Provisions utilised	**(8,134)**	**(50,998)**	**(303)**	**(13,796)**	**(73,231)**
At 31 December 2024	**9,528**	**29,916**	**410**	**15,220**	**55,074**

26 LONG SERVICE PAYMENT LIABILITIES

Hong Kong employees that have been employed continuously for at least five years are entitled to LSP in accordance with the Hong Kong Employment Ordinance under certain circumstances. The amount payable is determined with reference to the employee's final salary and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

26.1 Movement of long service payment liabilities

The amounts recognised in the consolidated statement of financial position is the present value of unfunded obligations and its movement are as follows:

	2024 ***HK$'000***	2023 *HK$'000*
At 1 January	**1,938**	–
Current service cost *(Note (a))*	**210**	162
Past service cost *(Note (a) and (b))*	**–**	1,624
Interest cost *(Note (a))*	**87**	63
Remeasurement arising from experience adjustments and changes in actuarial assumptions	**(346)**	89
At 31 December	**1,889**	1,938

Notes:

(a) During the year ended 31 December 2024, total long service payments expenses charged to profit or loss including current service cost, past service cost and interest cost amounted to HK$297,000 (2023: HK$1,849,000). They are recognised in administrative expenses.

(b) As the amount of offsettable accrued benefits under the MPF Scheme is expected to decrease once the abolition of the offsetting arrangement takes effect, the expected reduction in the related negative benefits in the future has been attributed to each employee's past service periods. This leads to an adjustment for the past service cost of $1,624,000 in the year ended 31 December 2023.

(c) The weighted average duration of the long service payment liabilities as at 31 December 2024 is 12.6 years (2023: 13.9 years).

26.2 Significant actuarial assumptions and sensitivity analysis

An actuarial valuation of long service payment liabilities was carried out at 31 December 2024 by Aon Hong Kong Limited, an independent qualified actuary firm, using the projected unit credit method.

The principal actuarial assumptions used are as follows:

	2024	2023
Discount rate	**3.4%**	4.5%
Expected rate of future salary increment	**1.9% p.a**	3.2% p.a

The below analysis shows how the long service payment liabilities would have increased/(decreased) as a result of 0.5% change in the significant actuarial assumptions:

	2024		2023	
	Increase in 0.5%	**Decrease in 0.5%**	Increase in 0.5%	Decrease in 0.5%
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Discount rate	**(113)**	**123**	(127)	139
Expected rate of future salary increment	**7**	**(15)**	8	(14)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

27 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using taxation rate of 16.5% (2023: 16.5%) in Hong Kong, and federal and state tax rates of 21% (2023: 21%) and 8.84% (2023: 8.84%) respectively in the U.S..

The movement in the deferred tax assets/(liabilities) during the year is as follows:

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**9,861**	(8,028)
(Charged)/Credited to profit or loss	**(9,133)**	18,068
(Charged)/Credited to reserves	**(14)**	15
Exchange fluctuation	**541**	(194)
At 31 December	**1,255**	9,861

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year (prior to offsetting of balances within the same taxation jurisdiction) are as follows:

	Investment properties revaluation surplus *HK$'000*	Accelerated tax depreciation *HK$'000*	Unrealised profits on inventories *HK$'000*	Tax losses *HK$'000*	Other temporary differences *HK$'000* *(Note (a))*	Employee benefits *HK$'000* *(Note (b))*	Total *HK$'000*
At 1 January 2023	(11,224)	(31,563)	4,543	2,552	24,825	2,839	(8,028)
Credited/(Charged) to profit or loss	209	(2,149)	13,086	3,233	4,185	(496)	18,068
Credited to other comprehensive income	–	–	–	–	–	15	15
Exchange fluctuation	(194)	–	–	–	–	–	(194)
At 31 December 2023 and 1 January 2024	**(11,209)**	**(33,712)**	**17,629**	**5,785**	**29,010**	**2,358**	**9,861**
Credited/(Charged) to profit or loss	**6,635**	**(2,088)**	**(9,964)**	**3,282**	**(6,353)**	**(645)**	**(9,133)**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(14)**	**(14)**
Exchange fluctuation	**541**	**–**	**–**	**–**	**–**	**–**	**541**
At 31 December 2024	**(4,033)**	**(35,800)**	**7,665**	**9,067**	**22,657**	**1,699**	**1,255**

Notes:

(a) Other temporary differences mainly represent the provisions and unrealised gain on investments.

(b) Employee benefits represents share-based compensation and long service payment liabilities.

The amounts recognised in the consolidated statement of financial position are as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Deferred tax assets	**37,665**	52,126
Deferred tax liabilities	**(36,410)**	(42,265)
Net deferred tax assets/(liabilities)	**1,255**	9,861

Deferred tax assets not recognised

The Group's cumulative unrecognised tax losses as of 31 December 2024 amounted to HK$11,071,000 (31 December 2023: HK$6,869,000). These tax losses do not expire under respective current tax legislation.

Deferred tax liabilities not recognised

As at 31 December 2024, temporary differences relating to the undistributed profits of certain subsidiaries of the Group amounted to HK$853,735,000 (2023: HK$761,063,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of these retained profits.

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

28.1 Share option scheme

(i) Share option scheme of the Company

The Company has not adopted any share option scheme and has no share option outstanding during the years ended 31 December 2024 and 2023.

(ii) Share option scheme of Playmates Toys Limited ("PTL"), an indirectly non-wholly owned subsidiary of the Company

A share option scheme of PTL was adopted on 21 May 2018 ("2018 PTL Scheme"). Under the 2018 PTL Scheme, a nominal consideration at HK$10 was paid by each option holder for each lot of share options granted. Share options are exercisable in stages in accordance with the terms of the 2018 PTL Scheme within ten years after the date of grant. Following the adoption of PTL Share Award Scheme (see note 28.2(ii)), the 2018 PTL Scheme was terminated on 19 May 2023 and no further options will be granted thereunder. All outstanding options already granted under the 2018 PTL Scheme shall continue to be valid and exercisable in accordance with the provisions of the 2018 PTL Scheme and their terms of issue.

All share-based compensation under the share option scheme will be settled in equity.

The number and weighted average exercise price of share options granted under the 2018 PTL Scheme are as follows:

	2024		2023	
	Weighted average exercise price *HK$*	**Number of options** *'000*	Weighted average exercise price *HK$*	Number of options *'000*
At 1 January	**0.809**	**40,296**	0.821	46,607
Granted		**–**		–
Exercised		**–**	0.826	(700)
Lapsed	**0.793**	**(20,600)**	0.907	(5,611)
At 31 December	**0.826**	**19,696**	0.809	40,296
Exercisable at 31 December	**0.826**	**19,696**	0.809	40,296

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

The share options outstanding at 31 December 2024 had a weighted average remaining contractual life of 3.49 years (2023: 2.26 years).

In the years ended 31 December 2024 and 2023, the amount of share-based compensation expense charged to the consolidated income statement was nil and correspondingly the amount credited to PTL's share-based compensation reserve was nil. No liabilities were recognised for share-based payment transactions.

28.2 Share award scheme

(i) Share award scheme of the Company

The Company has not adopted any share award scheme and has no share award outstanding during the years ended 31 December 2024 and 2023.

(ii) Share award scheme of PTL

A share award plan was adopted by PTL on 19 May 2023 ("PTL Share Award Plan"). Unless otherwise cancelled or amended, the PTL Share Award Plan shall remain in force for a period of 10 years until 18 May 2033.

During the year ended 31 December 2024, 6,000,000 PTL shares were granted to selected participants pursuant to the PTL Share Award Plan and all the said awarded shares will vest on 6 December 2025. Details of the PTL shares awarded under the PTL Share Award Plan during the year ended 31 December 2024 are as follows:

		Number of PTL share awards					
Date of grant	Fair value per PTL share *(Note a)* *HK$*	Unvested awards at 1 January 2024	Granted during the year	Vested during the year	Lapsed during the year	Unvested awards at 31 December 2024	Vesting Date
6 December 2024	**0.58**	**–**	**6,000,000**	**–**	**–**	**6,000,000**	6 December 2025

Note:

(a) The fair value of the awarded PTL shares was based on the closing price per share at the date of grant and adjusted by the fair value of the dividends during the vesting period as the grantees are not entitled to dividends during the vesting period.

During the year ended 31 December 2023, no share award was granted to any eligible participant by PTL under the PTL Share Award Plan since its adoption and no PTL share was allotted and issued under the PTL Share Award Plan. No PTL share was vested, cancelled or lapsed under the PTL Share Award Plan. There was no unvested award at the beginning and at the end of the year.

In the year ended 31 December 2024, HK$290,000 share-based compensation expense had been charged to the consolidated income statement and the corresponding amount of which had been credited to PTL's share-based compensation reserve (2023: HK$nil). No liabilities were recognized for share-based payment transactions.

During the years ended 31 December 2024 and 2023, neither PTL nor the trustee of Share Award Plan held or transferred any treasury shares of PTL for the purpose of satisfying share options or awards granted or to be granted under the Share Award Plan and Share Option Scheme.

29 EQUITY – GROUP AND COMPANY

29.1 Share capital

	Authorised Ordinary shares of HK$0.01 each	
	No. of shares	*HK$'000*
At 31 December 2024 and 2023	**30,000,000,000**	**300,000**

	Issued and fully paid Ordinary shares of HK$0.01 each	
	No. of shares	*HK$'000*
At 1 January 2023	2,073,490,000	20,735
Cancellation of repurchased shares	(3,490,000)	(35)
At 31 December 2023 and 1 January 2024	**2,070,000,000**	**20,700**
Cancellation of repurchased shares *(Note)*	**(2,000,000)**	**(20)**
At 31 December 2024	**2,068,000,000**	**20,680**

Note:

During the year ended 31 December 2024, the Company repurchased for cancellation a total of 2,000,000 shares of HK$0.01 each of the Company on the Stock Exchange as follows:

Month/year	**Par value per share** *HK$*	**Number of shares repurchased**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Aggregate price paid** *HK$'000*
February 2024	0.01	310,000	0.56	0.56	174
July 2024	0.01	1,690,000	0.56	0.57	963

All of the above repurchased shares were cancelled during 2024. The issued capital of the Company was accordingly diminished by the nominal value of these shares. The premium paid on repurchase was charged against the share premium account. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to capital redemption reserve.

During the year, no repurchased shares was held or sold as treasury shares by the Company.

29.2 Reserves

Company

	Share premium HK$'000	Share repurchase reserve HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2023	103,461	(84)	9,119	1,494,931	1,607,427
Profit for the year	–	–	–	102,888	102,888
Repurchase of shares	(2,096)	84	35	(35)	(2,012)
2022 second interim dividend paid	–	–	–	(31,072)	(31,072)
2022 special interim dividend paid	–	–	–	(31,071)	(31,071)
2023 first interim dividend paid	–	–	–	(31,050)	(31,050)
Unclaimed dividends forfeited	–	–	–	42	42
At 31 December 2023 and 1 January 2024	**101,365**	**–**	**9,154**	**1,504,633**	**1,615,152**
Profit for the year	**–**	**–**	**–**	**146,454**	**146,454**
Repurchase of shares	**(1,117)**	**–**	**20**	**(20)**	**(1,117)**
2023 second interim dividend paid	**–**	**–**	**–**	**(31,046)**	**(31,046)**
2023 special interim dividend paid	**–**	**–**	**–**	**(31,045)**	**(31,045)**
2024 first interim dividend paid	**–**	**–**	**–**	**(31,020)**	**(31,020)**
Unclaimed dividends forfeited	**–**	**–**	**–**	**60**	**60**
At 31 December 2024	**100,248**	**–**	**9,174**	**1,558,016**	**1,667,438**

The application of the share premium account and the capital redemption reserve account is governed by the Bermuda Companies Act 1981.

29.3 Capital management

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

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

The net debt to equity ratio defined and calculated by the Group as total borrowings less cash and cash equivalents expressed as a percentage of total equity. The ratio is not presented as the Group has no net debt at 31 December 2024 and 2023.

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

30.1 Reconciliation of (loss)/profit before income tax to cash generated from operations

	2024 HK$'000	2023 HK$'000
(Loss)/Profit before income tax	**(258,587)**	169,507
Interest income	**(58,028)**	(41,094)
Interest on bank loans	**11,041**	17,261
Interest on lease liabilities	**421**	612
Dividend income from financial assets at fair value through profit or loss	**(1,481)**	(2,637)
Depreciation of other property, plant and equipment	**8,724**	9,378
Depreciation of right-of-use assets	**3,637**	3,637
Net revaluation deficit on investment properties	**539,864**	184,129
Loss/(Gain) on disposal of other property, plant and equipment	**7**	(40)
Net gain on financial assets at fair value through profit or loss	**(31,451)**	(12,891)
Share based compensation expenses	**290**	–
Unrealised exchange loss/(gain)	**450**	(4,151)
Operating profit before working capital changes	**214,887**	323,711
Decrease/(Increase) in inventories	**31,232**	(35,187)
Decrease/(Increase) in trade receivables, deposits paid, other receivables and prepayments	**167,451**	(260,032)
(Decrease)/Increase in trade payables, deposits received, other payables and accrued charges and provisions	**(140,904)**	184,969
Increase in long service payment liabilities	**297**	1,849
Cash generated from operations	**272,963**	215,310

30.2 Analysis of cash and cash equivalents

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**496,586**	166,409
Time deposits	**365,210**	641,216
Treasury notes	**241,093**	287,308
Cash and deposits with banks in the consolidated statement of financial position	**1,102,889**	1,094,933
Less:		
Time deposits with original maturity greater than 3 months	**(234,766)**	(328,110)
Treasury notes with original maturity greater than 3 months	**(241,093)**	(287,308)
Cash and cash equivalents in the consolidated cash flow statement	**627,030**	479,515

30.3 *Reconciliation of liabilities arising from financing activities*

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities *HK$'000* *(Note 15)*	**Bank loans** *HK$'000* *(Note 22)*
At 1 January 2023	13,905	335,175
Changes from financing cash flows:		
Proceeds from new bank loans	–	20,000
Repayment of bank loans	–	(127,600)
Payment of lease liabilities	(4,280)	–
Total changes from financing cash flows	(4,280)	(107,600)
Non-cash flow changes:		
Interest expenses	612	–
Total non-cash flow changes	612	–
At 31 December 2023 and 1 January 2024	**10,237**	**227,575**
Changes from financing cash flows:		
Proceeds from new bank loans	**–**	**30,000**
Repayment of bank loans	**–**	**(82,175)**
Payment of lease liabilities	**(4,408)**	**–**
Total changes from financing cash flows	**(4,408)**	**(52,175)**
Non-cash flow changes:		
Interest expenses	**421**	**–**
Total non-cash flow changes	**421**	**–**
At 31 December 2024	**6,250**	**175,400**

31 COMMITMENTS

31.1 Licensing commitments

In the normal course of business, the Group enters into contractual licensing agreements to secure its rights to design, develop, market and distribute certain toys and family entertainment activity products for future sales. Certain licensing agreements contain financial commitments by the Group to the licensors to be fulfilled during the terms of the contracts. The amounts of financial commitments contracted but not provided for at the end of the year were payable as follows:

	2024	2023
	HK$'000	*HK$'000*
Within one year	**42,385**	74,100
In the second to fifth years	**96,174**	74,100
	138,559	148,200

31.2 Lease commitments

The Group acts as lessee and lessor under leases.

31.2.1 As lessee

As at 31 December 2024 and 2023, all of the Group's committed leases had already commenced and recognised as lease liabilities under HKFRS 16, Leases.

31.2.2 As lessor

At 31 December 2024, the future aggregate minimum lease payments under non-cancellable leases for commercial, industrial and residential premises receivable by the Group were as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 year	**120,808**	116,864
After 1 year but within 2 years	**110,619**	96,481
After 2 years but within 3 years	**94,318**	93,086
After 3 years but within 4 years	**–**	93,192
	325,745	399,623

31.3 Capital commitments

Capital commitments outstanding at 31 December 2024 not provided for at the end of the reporting period were as follows:

	2024	2023
	HK$'000	*HK$'000*
Contracted for	**2,480**	1,460

32 RELATED PARTY TRANSACTIONS

During the years ended 31 December 2024 and 2023, the Group did not enter into any significant transactions with related parties.

No transactions have been entered with the directors of the Company (being the key management personnel) during the years ended 31 December 2024 and 2023 other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 13.1.

33 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.

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

34.1 Categories of financial instruments

	2024 ***HK$'000***	2023 *HK$'000*
Financial assets		
Financial assets at amortised cost		
Trade receivables	**138,475**	330,521
Deposits paid and other receivables	**1,503**	4,101
Cash and deposits with banks	**1,102,889**	1,094,933
Financial assets at fair value through profit or loss	**109,116**	95,324
	1,351,983	1,524,879
Financial liabilities at amortised cost		
Bank loans	**175,400**	227,575
Trade payables	**23,274**	91,390
Other payables and accrued charges	**100,741**	154,844
Lease liabilities	**6,250**	10,237
	305,665	484,046

34.2 Financial risk factors

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

34.2.1 Market risk

(i) Currency risk

The Group is exposed to foreign currency risk primarily through sales that are denominated in a currency different from domestic currencies used to fund the operations of the relevant group companies. The currency giving rise to this risk is mainly United States dollar. The Group does not hedge its foreign currency risks, as the rate of exchange between Hong Kong dollar and the United States dollar is controlled within a tight range. Long-term changes in foreign exchange rates may have an impact on consolidated earnings.

(ii) Interest rate risk

The Group's interest rate risk arises primarily from bank loans at floating rates, which expose the Group to cash flow interest rate risk.

At 31 December 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year and decrease/increase the Group's equity by approximately HK$877,000 (2023: decrease/increase the Group's profit for the year and decrease/increase the Group's equity by approximately HK$1,138,000).

(iii) Price risk

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

At 31 December 2024, it is estimated that a general increase/decrease of 5 per cent of global major indices, with all other variables held constant, would decrease/increase the Group's loss for the year and increase/decrease the Group's equity by approximately HK$5,456,000 (2023: increase/decrease the Group's profit for the year and increase/decrease the Group's equity by approximately HK$4,766,000).

34.2.2 Credit risk

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

The credit risk for financial assets at fair value through profit or loss is considered negligible as the counterparties are reputable financial institutions.

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

At 31 December 2024, the Group's gross trade receivables amounted to approximately HK$125,900,000 (2023: HK$289,786,000) were assigned to factoring and receivable processing agents with the collection period consistent with the normal trade terms with toy business customers in the United States.

To measure the expected credit losses of the Group's toy business, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are estimated based on the corresponding historical credit losses experienced, adjusted with the expected change between current and forward-looking information on macroeconomic factors, if material. Taking into account (i) the historical credit loss experience over the past years, (ii) the majority of the Group's trade receivables arising from sales to customers in the United States has been assigned to a factoring and receivable processing agent which is a reputable financial institution and (iii) all trade receivables arising from sales to customers outside the United States are secured by letters of credit or advanced payment, the expected credit loss rate for the Group's trade receivables from toy business as at 31 December 2024 was assessed to be 0% (2023: 0%).

For property investments and management business, the Group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for expected credit losses is therefore also assessed to be 0% (2023: 0%).

Accordingly, no provision matrix is disclosed.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position as summarised in note 34.1 above.

Concentrations of credit risk

The Group places its cash investments in highly rated financial institutions which limits the exposure to the financial institutions.

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

	2024	2023
Sales		
– the largest customer	**26%**	23%
– five largest customers in aggregate	**68%**	65%

34.2.3 *Liquidity risk*

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

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

	2024					
	Within 1 year or on demand *HK$'000*	**Over 1 year but within 2 years** *HK$'000*	**Over 2 years but within 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total undiscounted amount** *HK$'000*	**Carrying amount** *HK$'000*
Bank loans	**172,990**	**3,266**	**–**	**–**	**176,256**	**175,400**
Trade payables	**23,274**	**–**	**–**	**–**	**23,274**	**23,274**
Other payables and accrued charges	**100,741**	**–**	**–**	**–**	**100,741**	**100,741**
Lease liabilities	**4,540**	**1,949**	**–**	**–**	**6,489**	**6,250**
	301,545	**5,215**	**–**	**–**	**306,760**	**305,665**

	2023					
	Within 1 year or on demand *HK$'000*	Over 1 year but within 2 years *HK$'000*	Over 2 years but within 5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted amount *HK$'000*	Carrying amount *HK$'000*
Bank loans	220,560	7,728	3,277	–	231,565	227,575
Trade payables	91,390	–	–	–	91,390	91,390
Other payables and accrued charges	154,844	–	–	–	154,844	154,844
Lease liabilities	4,408	4,540	1,949	–	10,897	10,237
	471,202	12,268	5,226	–	488,696	484,046

34.3 Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Equity investments listed in Hong Kong	**32,371**	**–**	**–**	**32,371**
Equity investments listed outside Hong Kong	**76,745**	**–**	**–**	**76,745**
	109,116	**–**	**–**	**109,116**

	2023			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Equity investments listed in Hong Kong	33,192	–	–	33,192
Equity investments listed outside Hong Kong	62,132	–	–	62,132
	95,324	–	–	95,324

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

34.4 Financial assets and liabilities not reported at fair value

The carrying amounts of the Group's financial assets and liabilities (comprising trade receivables, deposits paid and other receivables, cash and deposits with banks, bank loans, trade and other payables and accrued charges and lease liabilities carried at amortised cost) approximate their fair values as at 31 December 2024 and 2023.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
Amendments to Hong Kong Interpretation 5, *Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause*	1 January 2027
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

HKFRS 18 will replace HKAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of financial performance of similar entities and provide more relevant information and transparency. HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. The Group is still in the process of assessing the impact of HKFRS 18 on the Group's consolidated financial statements.

There are no other new/amended HKFRSs not yet effective that are expected to have any material impact on the Group's consolidated financial statements.

36 COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**2024** ***US$'000*** *(Note 33)*	**2024** ***HK$'000***	2023 *HK$'000*
Non-current assets				
Interest in subsidiaries		**216,081**	**1,685,428**	1,633,707
Current assets				
Prepayments		**75**	**583**	497
Cash and deposits with banks		**448**	**3,499**	4,220
		523	**4,082**	4,717
Current liabilities				
Other payables and accrued charges		**110**	**856**	865
Taxation payable		**69**	**536**	1,707
		179	**1,392**	2,572
Net current assets		**344**	**2,690**	2,145
Net assets		**216,425**	**1,688,118**	1,635,852
Equity				
Share capital	*29.1*	**2,651**	**20,680**	20,700
Reserves	*29.2*	**213,774**	**1,667,438**	1,615,152
Total equity		**216,425**	**1,688,118**	1,635,852

On behalf of the board

CHAN, Helen
Director

CHAN Kong Keung, Stephen
Director