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PLAYMATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 635)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS

The directors of the Company are pleased to announce the audited consolidated results of the Group for the year ended 31 December 2025 as follows:

Consolidated Income Statement

For the year ended 31 December 2025

	Note	2025 US\$'000 (Note 11)	2025 HK\$'000	2024 HK\$'000
Revenue	3	85,286	665,233	1,092,218
Cost of sales		(36,000)	(280,803)	(446,738)
Gross profit		49,286	384,430	645,480
Marketing and licensing expenses		(15,709)	(122,535)	(191,470)
Selling and distribution expenses		(6,007)	(46,855)	(83,321)
Administration expenses		(20,325)	(158,525)	(162,377)
Net revaluation deficit on investment properties		(56,324)	(439,331)	(539,864)
Operating loss		(49,079)	(382,816)	(331,552)
Other net income	4	8,182	63,818	87,459
Finance costs		(1,007)	(7,853)	(14,494)
Loss before income tax	5	(41,904)	(326,851)	(258,587)
Income tax expense	6	(5,500)	(42,903)	(58,970)
Loss for the year		(47,404)	(369,754)	(317,557)

	<i>Note</i>	2025 <i>US\$'000</i> <i>(Note 11)</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/Profit for the year attributable to:				
Owners of the Company		(46,435)	(362,192)	(382,276)
Non-controlling interests		(969)	(7,562)	64,719
		(47,404)	(369,754)	(317,557)

	<i>8</i>	<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share				
Basic		(2.25)	(17.51)	(18.48)
Diluted		(2.25)	(17.51)	(18.48)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025 <i>US\$'000</i> <i>(Note 11)</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year	(47,404)	(369,754)	(317,557)

Other comprehensive income, including reclassification adjustments:

Items that may be reclassified subsequently to profit or loss:

- Exchange differences arising on translation of foreign subsidiaries	1,779	13,879	(12,734)
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Items that will not be reclassified subsequently to profit or loss:

- Remeasurement of long service payment liabilities			
- <i>Gross</i>	(6)	(46)	346
- <i>Tax impact</i>	-	-	(14)
	(6)	(46)	332

Other comprehensive income for the year	1,773	13,833	(12,402)
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Total comprehensive income for the year	(45,631)	(355,921)	(329,959)
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Total comprehensive income attributable to:

Owners of the Company	(44,663)	(348,372)	(394,754)
Non-controlling interests	(968)	(7,549)	64,795
	(45,631)	(355,921)	(329,959)

Consolidated Statement of Financial Position

As at 31 December 2025

	Note	2025 US\$'000 (Note 11)	2025 HK\$'000	2024 HK\$'000
Non-current assets				
Fixed assets				
- Investment properties		512,311	3,996,028	4,416,969
- Other property, plant and equipment		16,928	132,035	133,551
		529,239	4,128,063	4,550,520
Right-of-use assets		194	1,515	5,152
Goodwill		766	5,976	5,976
Prepayments		78	608	-
Deferred tax assets		3,544	27,643	37,665
		533,821	4,163,805	4,599,313
Current assets				
Inventories		3,515	27,419	27,654
Trade receivables	9	13,999	109,195	138,475
Deposits paid, other receivables and prepayments		6,558	51,153	68,155
Taxation recoverable		2,954	23,041	22,324
Financial assets at fair value through profit or loss		14,145	110,334	109,116
Cash and deposits with banks		128,813	1,004,744	1,102,889
		169,984	1,325,886	1,468,613
Current liabilities				
Bank loans		14,513	113,200	172,200
Trade payables	10	4,661	36,359	23,274
Deposits received, other payables and accrued charges		18,299	142,750	156,375
Provisions		5,074	39,579	55,074
Lease liabilities		247	1,924	4,326
Taxation payable		1,550	12,092	17,890
		44,344	345,904	429,139
Net current assets		125,640	979,982	1,039,474
Total assets less current liabilities		659,461	5,143,787	5,638,787

	2025 <i>Note</i> US\$'000 <i>(Note 11)</i>	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Bank loans	-	-	3,200
Lease liabilities	-	-	1,924
Long service payment liabilities	279	2,173	1,889
Deferred tax liabilities	4,601	35,886	36,410
	4,880	38,059	43,423
Net assets	654,581	5,105,728	5,595,364
Equity			
Share capital	2,651	20,680	20,680
Reserves	582,425	4,542,915	4,984,302
Equity attributable to the owners of the Company	585,076	4,563,595	5,004,982
Non-controlling interests	69,505	542,133	590,382
Total equity	654,581	5,105,728	5,595,364

Notes:

1. Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), 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 financial statements have been prepared under the historical cost basis except for investment properties and financial assets at fair value through profit or loss which are stated at fair values.

The accounting policies used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024, except for the adoption of the amended HKFRS Accounting Standards which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2025. Details of these changes in accounting policies are set out in Note 2.

2. Changes in accounting policies

Adoption of amended HKFRS Accounting Standards

The HKICPA has issued the following amendment to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*

The amendments have had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

3. Revenue and segment information

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers:		
- Sale of toys	512,211	931,334
- Property management income	19,500	21,322
	<hr/> 531,711	<hr/> 952,656
Revenue from other sources:		
- Rental income from investment properties	132,202	136,033
- Dividend income	459	974
- Interest income	861	2,555
	<hr/> 133,522	<hr/> 139,562
Total revenue	<hr/> 665,233	<hr/> 1,092,218

Segment results, assets and liabilities

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

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

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

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

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

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

The segment results for the year ended 31 December 2025 are as follows:

	Property investments and management businesses	Investment business	Toy business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross revenue from contracts with customers by timing of revenue recognition				
- Point in time	-	-	512,211	512,211
- Over time	20,275	-	-	20,275
Gross revenue from other sources	137,500	1,320	-	138,820
Inter-segment revenue	<u>(6,073)</u>	-	-	<u>(6,073)</u>
Revenue from external customers	151,702	1,320	512,211	665,233
Segment (loss)/profit before depreciation	(324,406)	1,270	(45,148)	(368,284)
Depreciation	<u>(7,415)</u>	-	<u>(4,279)</u>	<u>(11,694)</u>
Segment operating (loss)/profit	(331,821)	1,270	(49,427)	(379,978)
Other net income	46	4,056	59,682	63,784
Finance costs	<u>(5,698)</u>	<u>(33)</u>	<u>(2,095)</u>	<u>(7,826)</u>
	<u>(5,652)</u>	<u>4,023</u>	<u>57,587</u>	<u>55,958</u>
Segment (loss)/profit before income tax <i>(Note)</i>	<u>(337,473)</u>	<u>5,293</u>	<u>8,160</u>	<u>(324,020)</u>
Unallocated corporate expenses				<u>(2,831)</u>
Loss before income tax				<u>(326,851)</u>

Note:

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

Interest income	24	861	40,195
Dividend income	-	459	499
Net revaluation deficit on investment properties	(439,331)	-	-
Net gain on financial assets at fair value through profit or loss	-	4,056	18,666

The segment results for the year ended 31 December 2024 are as follows:

	Property investments and management businesses <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross revenue from contracts with customers by timing of revenue recognition				
- Point in time	-	-	931,334	931,334
- Over time	22,098	-	-	22,098
Gross revenue from other sources	141,280	3,529	-	144,809
<u>Inter-segment revenue</u>	<u>(6,023)</u>	<u>-</u>	<u>-</u>	<u>(6,023)</u>
<u>Revenue from external customers</u>	<u>157,355</u>	<u>3,529</u>	<u>931,334</u>	<u>1,092,218</u>
Segment (loss)/profit before depreciation	(417,879)	3,479	97,987	(316,413)
<u>Depreciation</u>	<u>(7,900)</u>	<u>-</u>	<u>(4,085)</u>	<u>(11,985)</u>
<u>Segment operating (loss)/profit</u>	<u>(425,779)</u>	<u>3,479</u>	<u>93,902</u>	<u>(328,398)</u>
Other net income/(loss)	58	(516)	87,840	87,382
<u>Finance costs</u>	<u>(11,055)</u>	<u>(39)</u>	<u>(3,371)</u>	<u>(14,465)</u>
	<u>(10,997)</u>	<u>(555)</u>	<u>84,469</u>	<u>72,917</u>
<u>Segment (loss)/profit before income tax (Note)</u>	<u>(436,776)</u>	<u>2,924</u>	<u>178,371</u>	<u>(255,481)</u>
Unallocated corporate expenses				<u>(3,106)</u>
Loss before income tax				<u>(258,587)</u>

Note:

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

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

The segment assets and liabilities as at 31 December 2025 are as follows:

	Property investments and management businesses	Investment business	Toy business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets (including cash and deposits with banks)	4,136,612	44,415	1,269,674	5,450,701
Inter-segment elimination	(47)	-	(15,713)	(15,760)
Deferred tax assets				27,643
Taxation recoverable				23,041
Unallocated assets				4,066
Total assets				5,489,691
Reportable segment liabilities	150,703	-	200,231	350,934
Inter-segment elimination	(1,523)	-	(14,237)	(15,760)
Deferred tax liabilities				35,886
Taxation payable				12,092
Unallocated liabilities				811
Total liabilities				383,963
Capital expenditure	7,609	-	4,508	

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

	Property investments and management businesses <i>HK\$'000</i>	Investment business <i>HK\$'000</i>	Toy business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets (including cash and deposits with banks)	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				<u>4,113</u>
Total assets				<u>6,067,926</u>
<u>Reportable segment liabilities</u>	<u>214,595</u>	<u>-</u>	<u>209,200</u>	<u>423,795</u>
Inter-segment elimination	(1,511)	-	(4,888)	(6,399)
Deferred tax liabilities				36,410
Taxation payable				17,890
Unallocated liabilities				<u>866</u>
Total liabilities				<u>472,562</u>
<u>Capital expenditure</u>	<u>38,180</u>	<u>-</u>	<u>391</u>	

Geographical information

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

	Revenue from external customers		Specified non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong (place of domicile)	153,022	160,988	3,686,634	4,125,229
Americas				
- U.S.A.	391,994	653,368	177,871	181,226
- Others	29,569	54,441	-	-
Europe	74,802	190,287	196,000	181,703
Asia Pacific other than Hong Kong	15,846	32,746	75,657	73,490
Others	-	388	-	-
	512,211	931,230	449,528	436,419
	665,233	1,092,218	4,136,162	4,561,648

Major customers

The Group's customer base includes three (2024: 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\$161,941,000, HK\$158,097,000 and HK\$100,243,000 (2024: HK\$283,011,000 and HK\$215,710,000) respectively.

4. Other net income

	2025 HK\$'000	2024 HK\$'000
Net gain/(loss) on financial assets at fair value through profit or loss (<i>Note</i>):		
- unrealised	23,453	24,930
- realised	(731)	6,521
From Playmates Toys' treasury:		
- interest income	40,195	55,338
- dividend income	499	507
Others	402	163
	63,818	87,459

Note:

In the net gain/(loss) on financial assets at fair value through profit or loss, unrealised gain of HK\$19,692,000 (2024: HK\$26,517,000) and realised loss of HK\$1,026,000 (2024: realised gain of HK\$5,449,000) was attributable to Playmates Toys' treasury investment.

5. Loss before income tax

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of inventories sold	223,808	391,499
(Reversal of write down)/Write down of inventories	(590)	252
Product development and tooling costs	34,720	31,535
Royalties expenses	72,382	135,586
Direct operating expenses arising from investment properties that generate rental income	5,459	5,322
Direct operating expenses arising from investment properties that did not generate rental income	2,285	2,081
Provision for consumer returns, cooperative advertising, cancellation charges and freight allowance	44,252	65,606
Reversal of unutilised provision for consumer returns, cooperative advertising, cancellation charges and freight allowance	(4,830)	(3,276)
Depreciation		
- other property, plant and equipment	8,417	8,724
- right-of-use assets	3,637	3,637
Directors' and staff remunerations	95,023	99,760
Allowance for customer concession	14,713	24,063
Reversal of allowance for customer concession	(17,757)	-
Net foreign exchange (gain)/loss	(932)	938
Loss on disposal of other property, plant and equipment	-	7
<u>Auditors' remuneration</u>	<u>2,250</u>	<u>2,250</u>

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the year. Overseas taxation of overseas subsidiaries is provided in accordance with the applicable tax laws.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	20,868	20,148
Overseas taxation	12,207	29,763
Under/(Over) provision in prior years – Hong Kong	379	(18)
<u>Over provision in prior years – overseas</u>	<u>-</u>	<u>(56)</u>
	<u>33,454</u>	<u>49,837</u>
Deferred taxation		
<u>Origination and reversal of temporary differences</u>	<u>9,449</u>	<u>9,133</u>
<u>Income tax expense</u>	<u>42,903</u>	<u>58,970</u>

7. Dividends

(a) Dividends attributable to the year

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
First interim dividend of HK cents 1.5 per share (2024: HK cents 1.5 per share)	31,020	31,020
Second interim dividend of HK cents 1.5 per share (2024: HK cents 1.5 per share)	31,020	31,020
Special interim dividend of HK cents 1.5 per share (2024: HK cents 1.5 per share)	31,020	31,020
	93,060	93,060

At a meeting held on 15 August 2025, the board of directors declared a first interim dividend of HK cents 1.5 per share, which was paid on 19 September 2025.

At a meeting held on 13 March 2026, 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 2026 to shareholders whose names appear on the Company's register of members on 9 April 2026. 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 2025.

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.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Dividends in respect of the previous financial year and paid during the year:		
Second interim dividend of HK cents 1.5 per share (2024: HK cents 1.5 per share)	31,020	31,046
Special interim dividend of HK cents 1.5 per share (2024: HK cents 1.5 per share)	31,020	31,045
	62,040	62,091

8. Loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$362,192,000 (2024: HK\$382,276,000) and the weighted average number of ordinary shares of 2,068,000,000 shares (2024: 2,068,969,000 shares) in issue during the year.

Diluted loss per share for the years ended 31 December 2025 and 2024 equals to the basic loss 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 anti-dilutive for the year ended 31 December 2025 (2024: dilutive effect was insignificant).

9. Trade receivables

The normal trade terms with toy business customers are letters of credit at sight or usance or on open accounts with credit term in the range of 60 to 90 days (2024: 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 60 days	74,162	90,810
61 – 90 days	33,543	35,870
91 – 180 days	1,089	8,368
Over 180 days	401	3,427
	<hr/> 109,195	<hr/> 138,475

10. Trade payables

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 – 30 days	34,594	21,851
31 – 60 days	1,363	1,389
Over 60 days	402	34
	<hr/> 36,359	<hr/> 23,274

11. US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.8 to US\$1 ruling at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

Playmates Holdings's global revenue for the year ended 31 December 2025 was HK\$665.2 million (2024: HK\$1,092.2 million); reflecting a decrease of 39.1% compared to the prior year. Before taking into account the net revaluation deficit on investment properties, the Group's operating profit was HK\$56.5 million (2024: HK\$208.3 million).

The Group recorded a net revaluation deficit on investment properties of HK\$439.3 million (2024: HK\$539.9 million). After taking into account such net revaluation deficit on investment properties, net loss attributable to shareholders was HK\$362.2 million (2024: HK\$382.3 million). Basic loss per share was HK cents 17.51 (2024: HK cents 18.48). Net asset value per share was HK\$2.47 as at 31 December 2025 (2024: HK\$2.71).

Property Investments and Management

Turnover of property investments and management during 2025 was HK\$151.7 million (2024: HK\$157.4 million), reflecting a 3.6% decrease compared to the prior year. The Group's investment properties were revalued by independent professional surveyors at the fair value of HK\$4.0 billion (2024: HK\$4.4 billion). A net revaluation deficit of HK\$439.3 million was recorded in the consolidated income statement of the Group (2024: HK\$539.9 million). Segment operating loss including net revaluation deficit was HK\$331.8 million (2024: HK\$425.8 million).

The revaluation deficit on our investment properties in 2025 primarily reflected the continued weakness in Hong Kong's commercial and industrial property markets, driven by economic uncertainty, abundance in supply and weak retail market sentiment, which impacted market valuations across the region.

(a) Property Investments

The Group's major investment properties include (i) a commercial building, The Toy House, at 100 Canton Road; (ii) a number of residential units at Hillview, 21-23A MacDonnell Road, and (iii) Playmates Factory Building at 1 Tin Hau Road, Tuen Mun. The Group's property portfolio also includes overseas investment properties in the United Kingdom, the United States of America and Japan, which in aggregate accounted for 9.8% of the fair value of the Group's overall investment property portfolio (2024: 8.6%).

Aggregate rental income generated from the investment properties of the Group was HK\$132.2 million, a decrease of 2.8% from the prior year (2024: HK\$136.0 million). Overall occupancy rate was 61.8% as at 31 December 2025 (2024: 60.3%).

(i) Commercial

The Group's investment in commercial properties consists of The Toy House, 100 Canton Road, Tsimshatsui, Kowloon, Hong Kong. The changes in consumption patterns of inbound tourists, together with the increase in local consumers' outbound travel, made 2025 a challenging year for many retail businesses in Hong Kong. This dynamic dampened demand for retail premises in the area. Further, an oversupply and the ongoing soft demand for office space led to subdued market conditions in the commercial sector. However, we expect Canton Road to remain one of the premier shopping districts in Hong Kong over the long term.

(ii) Residential

The Group's principal investment in residential properties includes units in Hillview on MacDonnell Road, Mid-Levels, Hong Kong. Amid a challenging economic environment, the residential market remained stable during 2025. On the other hand, our interior renovation and improvement works will enhance the value of the property over the long term.

(iii) Industrial

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

(b) Property Management

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

Income generated from the property management business segment was HK\$19.5 million, a decrease of 8.5% from prior year (2024: HK\$21.3 million).

We continue to maintain a long-term view of our property investments and will adjust the balance of our property portfolio to achieve our strategic objective of seeking investment returns through capital appreciation and growth in recurring income. In the meantime, we will closely monitor the risks and uncertainties arising from the ever-changing global economy and market conditions.

Playmates Toys

Playmates Toys worldwide turnover for the year ended 2025 was HK\$512 million (2024: HK\$931 million), representing a decline of 45% compared to prior year. The unfavourable comparison was driven by: (i) the anticipated decline in ***Godzilla x Kong*** product shipments as we lapped the ***Godzilla x Kong: The New Empire*** movie release in 2024, (ii) moderating demand for our ***Teenage Mutant Ninja Turtles ("TMNT")*** products in the absence of any tentpole entertainment events for the ***TMNT*** brand, and (iii) some disruption in shipments to the U.S. market in April amidst escalating trade tensions, partially offset by the launch of our ***Power Rangers*** product line in the Fall. The U.S. continued to be our biggest market in 2025, contributing 76% of revenue. Europe as a whole contributed 15%, the rest of the Americas 6% and 3% came from Asia Pacific.

Gross profit ratio on toy sales was 48% (2024: 54%). Lower gross profit margin in 2025 reflected: (i) payment of tariffs in effect for goods entering the U.S. starting in Q2 2025, partially offset by selective pricing adjustments that became effective in Q3 2025, and (ii) higher product development and tooling

costs in preparation for new product launches. Operating expenses declined by 38% compared to prior year, reflecting lower variable costs, partially offset by higher marketing and licensing expenses as a percentage of sales, related to new brand launches. Administration expenses decreased 3% compared to prior year.

Playmates Toys group reported an operating loss of HK\$49 million in 2025 (2024: operating profit of HK\$94 million). Other net income during the current year period included a net unrealised and realised gain of approximately HK\$19 million of Playmates Toys group's treasury investment in listed equity securities and HK\$40 million in interest income. During the prior year period, we recorded a net unrealised and realised gain of HK\$32 million in treasury investment and HK\$55 million in interest income. Playmates Toys group's net loss in 2025 was HK\$15 million (2024: net profit of HK\$132 million).

2026 will be another transition year for us, without any major entertainment events to support our product lines, although comparison against 2025 will be easier. The continued expansion in distribution of our *Power Rangers* product line, as well as ongoing shipments of our *TMNT* and *MonsterVerse* toy lines will provide some support to our business. Although the U.S. Supreme Court recently held that tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") were unlawful, we expect U.S. import tariffs to continue under different forms, and put some negative pressure on our profitability. U.S. Customs and Border Protection ("CBP") suggested in a recent filing that it could begin issuing refunds of IEEPA tariffs by late April after revamping its technology. While we expect that refund mechanisms will eventually be available, the situation remains fluid and additional guidance from the U.S. Court of International Trade ("CIT") and/or CBP may impact amounts or timelines for any action.

Brand Overview

Power Rangers

We launched our kid-targeted *Mighty Morphin Power Rangers: Re-Ignition* toy line last Fall, supported by new and enhanced content on YouTube, Netflix and other entertainment channels. Distribution will continue to expand in 2026, and we will be introducing refreshed action figures, collectibles, combinable Zords and roleplay accessories throughout the year. Beyond 2026, Hasbro Entertainment has announced a new streaming series in development with Disney+ to extend the *Power Rangers* story for this new generation of kids.

Godzilla x Kong

The *Godzilla x Kong Monsterverse* franchise continues to sustain consumer engagement in a non-movie year. As the global master toy licensee, we continue to develop extensions to our product line to include characters from across the *MonsterVerse* movies and TV shows. 2027 is set to be a landmark year for the franchise with the premiere of *Godzilla x Kong: Supernova* in March. We are currently in development on our most ambitious *MonsterVerse* product line to date. Through highly detailed figures and new toy segments, we are excited to offer new ways to collect and play for fans worldwide.

Portfolio Investments

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

As of 31 December 2025, fair market value of the Group's investment portfolio was HK\$110.3 million (31 December 2024: HK\$109.1 million) representing 2.0% of the total assets of the Group (31 December 2024: 1.8%). This comprised HK\$26.6 million of equities listed in Hong Kong (31 December 2024: HK\$32.4 million) and HK\$83.7 million of equities listed overseas (31 December 2024: HK\$76.7 million). None of the individual securities positions held by the Group had a market value that exceeded 0.4% of the total assets of the Group. The top 10 listed securities in aggregate represented 1.9% of the total assets of the Group and included NVIDIA Corporation (NVDA.US), Alphabet Inc. (GOOG.US), Tencent Holdings Limited (700.HK), Amazon.com, Inc. (AMZN.US), The Walt Disney Company (DIS.US), Microsoft Corporation (MSFT.US), Netflix, Inc. (NFLX.US), The Goldman Sachs Group, Inc (GS.US), Sun Hung Kai Properties Limited (16.HK) and Apple Inc. (AAPL.US).

The Group reported a net gain from investments of HK\$22.7 million in 2025 (2024: HK\$31.5 million). In 2025, dividend and interest income generated from the portfolio were HK\$42.0 million (2024: HK\$59.4 million).

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

FINANCIAL ANALYSIS

The toy business is inherently seasonal in nature. As a result, a disproportionately high balance of trade receivables is typically generated during the peak selling season in the second half of the year. Consistent with usual trade practices, a significant portion of the trade receivables is collected in the final weeks of the fourth quarter and in the first quarter of the subsequent year, resulting in a seasonal demand for working capital during the peak selling season. As at 31 December 2025, trade receivables related to toy operation were HK\$108,405,000 (2024: HK\$136,670,000) and inventories related to toy operation were HK\$27,419,000 (2024: HK\$27,654,000) or 5.4% (2024: 3.0%) of revenue of toy operation.

The property investments and management businesses generated a relatively steady income stream throughout the year. Overall occupancy rate was 61.8% as at 31 December 2025 (2024: 60.3%). Accounts receivables were minimal as at the year end.

Financial assets at fair value through profit or loss include investment in listed equities. As at 31 December 2025, the Group's financial assets at fair value through profit or loss amounted to HK\$110,334,000 (2024: HK\$109,116,000).

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 31 December 2025 was 2.1% compared to 2.9% at 31 December 2024. The current ratio, calculated as the ratio of current assets to current liabilities, was 3.8 at 31 December 2025 (2024: 3.4).

The Group maintains a level of cash that is necessary and sufficient to serve recurring operations as well as further growth and developmental needs. As at 31 December 2025, the Group's cash and deposits with banks were HK\$1,004,744,000 (2024: HK\$1,102,889,000), of which HK\$947,174,000 (2024: HK\$990,191,000) was denominated in United States dollar, HK\$12,493,000 (2024: HK\$21,672,000) in British pound, HK\$4,745,000 (2024: HK\$4,159,000) in Euro and the remaining balance was mainly denominated in Hong Kong dollar.

PURCHASE, SALES OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the period and up to the date of this report. Neither the Company nor any of its subsidiaries purchased or sold any of the shares of the Company during the year and up to the date of this report. The Company did not have any treasury share during the year.

CORPORATE GOVERNANCE

The board considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders and enhancing the performance of the Group. The board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions ("Code Provisions") of Part 2 of the Corporate Governance Code ("Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended 31 December 2025, except the followings:

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

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the risk management and internal control system, the effectiveness of the internal audit function and financial reporting matters including a review of the accounts for the year ended 31 December 2025.

DIVIDENDS

The board of directors declared a second interim dividend of HK cents 1.5 per share and a special interim dividend of HK cents 1.5 per share. The said second interim dividend and special interim dividend will be paid on 24 April 2026 to the shareholders on the Register of Members of the Company on 9 April 2026.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 8 April 2026 to 9 April 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the declared dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 2 April 2026.

On behalf of the Board
CHAN Kwong Fai, Michael
Chairman

Hong Kong, 13 March 2026

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

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