



# HERALD HOLDINGS LIMITED

興利集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code : 00114)

## PRESS RELEASE

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The Board of Directors (the “Board”) of Herald Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2024, together with the comparative figures for the corresponding period in 2023, as follows:

#### **Consolidated statement of profit or loss – Unaudited**

*For the six months ended 30 September 2024*

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	<b>392,170</b>	406,783
Cost of sales	<u>(277,181)</u>	<u>(303,459)</u>
<b>Gross profit</b>	<b>114,989</b>	103,324
Other revenue	<b>8,572</b>	6,697
Other net income/(loss)	<b>8,271</b>	(2,148)
Selling expenses	<b>(7,092)</b>	(7,919)
Administrative expenses	<u><b>(94,257)</b></u>	<u>(89,558)</u>
<b>Profit from operations</b>	<b>30,483</b>	10,396
Finance cost	<u><b>(124)</b></u>	<u>(652)</u>
<b>Profit before taxation</b>	<b>30,359</b>	9,744
Income tax	<u><b>(2,577)</b></u>	<u>(2,116)</u>
<b>Profit for the period</b>	<u><b>27,782</b></u>	<u>7,628</u>

**Consolidated statement of profit or loss – Unaudited (Continued)***For the six months ended 30 September 2024*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>27,189</b>	8,212
Non-controlling interests	<b>593</b>	(584)
<b>Profit for the period</b>	<b><u>27,782</u></b>	<b><u>7,628</u></b>
<b>Earnings per share</b>		
Basic (HK cents)	<b><u>4.50</u></b>	<b><u>1.36</u></b>
Diluted (HK cents)	<b><u>4.50</u></b>	<b><u>1.36</u></b>

**Consolidated statement of profit or loss and other comprehensive income - Unaudited***For the six months ended 30 September 2024*

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<u>27,782</u>	<u>7,628</u>
<b>Other comprehensive income for the period</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong (no tax effect)	<u>9,863</u>	<u>(8,502)</u>
<b>Total comprehensive income for the period</b>	<u><u>37,645</u></u>	<u><u>(874)</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<u>36,794</u>	<u>(79)</u>
Non-controlling interests	<u>851</u>	<u>(795)</u>
<b>Total comprehensive income for the period</b>	<u><u>37,645</u></u>	<u><u>(874)</u></u>

**Consolidated statement of financial position - Unaudited***At 30 September 2024*

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
<b>Non-current assets</b>		
Investment properties	94,017	91,859
Other property, plant and equipment	<u>150,684</u>	<u>168,301</u>
	244,701	260,160
Intangible assets	936	954
Other financial assets	4,000	4,000
Prepayment	-	841
Deferred tax assets	<u>4,498</u>	<u>5,614</u>
	<u>254,135</u>	<u>271,569</u>
<b>Current assets</b>		
Trading securities	87,315	77,390
Inventories	108,677	122,659
Trade and other receivables	163,850	108,036
Pledged bank balances	5,963	3,607
Cash and cash equivalents	<u>263,643</u>	<u>229,188</u>
	<u>629,448</u>	<u>540,880</u>
<b>Current liabilities</b>		
Trade and other payables and contract liabilities	183,675	145,993
Lease liabilities	3,197	5,226
Current tax payable	31,165	29,504
Dividends payable to equity shareholders of the Company	<u>18,135</u>	<u>-</u>
	<u>236,172</u>	<u>180,723</u>
<b>Net current assets</b>	<u>393,276</u>	<u>360,157</u>
<b>Total assets less current liabilities</b>	<u>647,411</u>	<u>631,726</u>

## Consolidated statement of financial position – Unaudited (Continued)

At 30 September 2024

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
<b>Non-current liabilities</b>		
Lease liabilities	947	6,536
Deferred tax liabilities	31,348	30,360
Provision for long service payments	2,620	1,844
	<u>34,915</u>	<u>38,740</u>
<b>NET ASSETS</b>	<u>612,496</u>	<u>592,986</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	47,150	47,150
Reserves	551,880	533,221
<b>Total equity attributable to equity shareholders of the Company</b>	<u>599,030</u>	580,371
<b>Non-controlling interests</b>	<u>13,466</u>	<u>12,615</u>
<b>TOTAL EQUITY</b>	<u>612,496</u>	<u>592,986</u>

## BUSINESS REVIEW

The Group's revenue for the six months ended 30 September 2024 amounted to HK\$392 million which was down 4% from HK\$407 million in the corresponding period last year. The Group reported a net profit attributable to the equity shareholders of HK\$27.2 million for the period under review, up from HK\$8.2 million a year earlier. Further analysis of the operating results is set out in the following paragraphs.

During the period under review, there are only limited television and movie content related to our toy products. As a result, the revenue for the six months ended 30 September 2024 of the Toys Division declined 13% to HK\$227 million from HK\$262 million last year, and the operating profit decreased to HK\$15.5 million, down from HK\$21.4 million a year earlier.

The Computer Products Division saw its half-yearly revenue increase by 18% to HK\$60 million from HK\$51 million last year, which was mainly attributable to the temporary demand recovery in the smart connected devices. Together with cost reductions, the division recorded an operating profit of HK\$2.5 million for the six months ended 30 September 2024 as compared to an operating loss of HK\$7.5 million in the year-ago period.

With the growing demand for the licensed brand watches in China, the half-yearly revenue of the Timepieces Division increased by 11% to HK\$104 million from HK\$94 million a year earlier. For the first half of the financial year, the division's operating profit increased slightly to HK\$7.0 million from HK\$6.5 million in the previous year.

The Group recorded net realised and unrealised profits on trading securities of HK\$9.9 million for the period under review (2023: net losses of HK\$4.8 million). At 30 September 2024, the Group's trading securities increased to HK\$87 million from HK\$77 million as at the beginning of the financial year.

## **PROSPECTS AND GENERAL OUTLOOK**

For the Toys and Computer Products Divisions, with the uncertainties and pressures arising from the ongoing geopolitical tensions, as well as intensified price competition within the industry, the management has some concerns about their performance in the second half of the financial year. On the other hand, the management expects the business of the Timepieces Division would be stable and sustain a positive result for the full financial year.

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

The Group continues to maintain its sound financial health. At 30 September 2024, the Group's cash balances, including pledged bank balances, aggregated to HK\$269 million (at 31 March 2024: HK\$233 million).

At the end of September 2024, the Group's current assets amounted to HK\$629 million (at 31 March 2024: HK\$541 million) which included inventories of HK\$109 million (at 31 March 2024: HK\$123 million), trade and other receivables of HK\$164 million (at 31 March 2024: HK\$108 million) and trading securities of HK\$87 million (at 31 March 2024: HK\$77 million).

At 30 September 2024, the Group's current liabilities amounted to HK\$236 million (at 31 March 2024: HK\$181 million). Certain trading securities and bank deposits amounting to HK\$92 million (at 31 March 2024: HK\$80 million), along with certain properties with a carrying amount of HK\$41 million (at 31 March 2024: HK\$43 million), were pledged to banks to secure banking facilities granted to the Group.

The Group monitors its capital structure on the basis of gearing ratio, which is calculated as a percentage of total liabilities over total assets. The gearing ratio of the Group as at 30 September 2024 was 31% (at 31 March 2024: 27%). At 30 September 2024, the Group's working capital ratio, an indicator of liquidity represented by a ratio between the current assets and the current liabilities, was 2.67 as compared to 2.99 at 31 March 2024. The quick ratio, another ratio that gauges the short-term liquidity and measured by trade debtors and bills receivable and cash and cash equivalents over current liabilities, decreased to 1.77 from 1.80 at 31 March 2024.

## **DIVIDEND**

The Directors have declared an interim dividend of HK3 cents per share (2023: HK3 cents). The total amount of dividend payment of HK\$18 million (2023: HK\$18 million) was based on the total number of shares in issue as at 27 November 2024, being the latest practicable date prior to the announcement of the interim results. The dividend will be paid on Thursday, 16 January 2025 to shareholders registered in the Register of Members on Monday, 6 January 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to the interim dividend, the Register of Members of the Company will be closed from Friday, 3 January 2025 to Monday, 6 January 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be qualified for the interim dividend, shareholders should ensure that all transfers of shares, accompanied by the relevant share certificates, are lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 2 January 2025.

HERALD HOLDINGS LIMITED

Hong Kong, 28 November 2024

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*\*For identification purpose only*