



Herald Holdings Limited

Stock Code: 00114

2024/25
Interim Report

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Robert Dorfman *Chairman*
Lai Man-Pun *ACG, HKACG, CPA*
Managing Director
Cheung Tsang-Kay *Stan PhD,*
Hon LLD, Hon DBA, JP

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lie-A-Cheong Tai-Chong *David SBS, OM, JP*
Ng Tze-Kin *David EdD, CA(AUST.), FCPA*
Wong Sau-Ling *FCPA*

SECRETARY

Lai Chi-Kin *William CPA*

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
Fubon Bank (Hong Kong) Limited

AUDITORS

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered
in accordance with the Accounting and
Financial Reporting Council Ordinance

SOLICITORS

Stephenson Harwood

PRINCIPAL OFFICE

3110, 31/F
Tower Two, Lippo Centre
89 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG SHARE REGISTRAR

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY'S WEBSITE

<http://www.heraldgroup.com.hk>

RESULTS

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

		Six months ended 30 September	
		2024	2023
		HK\$’000	HK\$’000
Revenue	Note 3	392,170	406,783
Cost of sales		(277,181)	(303,459)
Gross profit		114,989	103,324
Other revenue		8,572	6,697
Other net income/(loss)		8,271	(2,148)
Selling expenses		(7,092)	(7,919)
Administrative expenses		(94,257)	(89,558)
Profit from operations		30,483	10,396
Finance cost	4(a)	(124)	(652)
Profit before taxation	4	30,359	9,744
Income tax	5	(2,577)	(2,116)
Profit for the period		27,782	7,628

Consolidated statement of profit or loss – Unaudited (Continued)

For the six months ended 30 September 2024

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

Details of dividends payable to equity shareholders of the Company are set out in note 6.

Consolidated statement of profit or loss and other comprehensive income – Unaudited

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period	27,782	7,628
Other comprehensive income for the period		
<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)	9,863	(8,502)
Total comprehensive income for the period	37,645	(874)
Attributable to:		
Equity shareholders of the Company	36,794	(79)
Non-controlling interests	851	(795)
Total comprehensive income for the period	37,645	(874)

Consolidated statement of financial position – Unaudited

At 30 September 2024

	Note	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Non-current assets			
Investment properties	8	94,017	91,859
Other property, plant and equipment	8	150,684	168,301
		244,701	260,160
Intangible assets		936	954
Other financial assets		4,000	4,000
Prepayment		–	841
Deferred tax assets		4,498	5,614
		254,135	271,569
Current assets			
Trading securities		87,315	77,390
Inventories		108,677	122,659
Trade and other receivables	9	163,850	108,036
Pledged bank balances		5,963	3,607
Cash and cash equivalents		263,643	229,188
		629,448	540,880

Consolidated statement of financial position – Unaudited (Continued)

At 30 September 2024

	Note	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Current liabilities			
Trade and other payables and contract liabilities	10	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		18,135	–
		236,172	180,723
Net current assets			
		393,276	360,157
Total assets less current liabilities			
		647,411	631,726
Non-current liabilities			
Lease liabilities		947	6,536
Deferred tax liabilities		31,348	30,360
Provision for long service payments		2,620	1,844
		34,915	38,740
NET ASSETS			
		612,496	592,986

Consolidated statement of financial position – Unaudited (Continued)

At 30 September 2024

	Note	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
CAPITAL AND RESERVES			
Share capital	11	47,150	47,150
Reserves		551,880	533,221
Total equity attributable to equity shareholders of the Company		599,030	580,371
Non-controlling interests		13,466	12,615
TOTAL EQUITY		612,496	592,986

Consolidated statement of changes in equity – Unaudited

For the six months ended 30 September 2024

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Share contributed surplus	Capital reserve	Property revaluation reserve	Exchange reserve	PRC statutory reserve	Retained profit	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2024	47,150	20,928	53,891	813	43,958	(6,233)	18,068	401,796	580,371	12,615	592,986
Changes in equity for the six months ended 30 September 2024:											
Profit for the period	-	-	-	-	-	-	-	27,189	27,189	593	27,782
Other comprehensive income	-	-	-	-	-	9,605	-	-	9,605	258	9,863
Total comprehensive income	-	-	-	-	-	9,605	-	27,189	36,794	851	37,645
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	(18,135)	(18,135)	-	(18,135)
Balance at 30 September 2024	47,150	20,928	53,891	813	43,958	3,372	18,068	410,850	599,030	13,466	612,496

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Consolidated statement of changes in equity – Unaudited (Continued)
 For the six months ended 30 September 2024

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Share contributed surplus	Capital reserve	Property revaluation reserve	Exchange reserve	PRC statutory reserve	Retained profit	Non-controlling interest	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2023	47,150	20,928	53,891	813	43,958	5,166	18,068	452,451	13,287	665,702
Changes in equity for the six months ended 30 September 2023:										
Profit for the period	-	-	-	-	-	-	-	8,212	(584)	7,628
Other comprehensive income	-	-	-	-	-	(8,291)	-	-	(211)	(8,502)
Total comprehensive income	-	-	-	-	-	(8,291)	-	8,212	(795)	(874)
Dividends approved in respect of the previous year	6	-	-	-	-	-	-	(18,165)	-	(18,165)
Balance at 30 September 2023	47,150	20,928	53,891	813	43,958	(3,135)	18,068	442,628	12,492	636,693

Condensed consolidated cash flow statement – Unaudited

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Operating activities		
Cash generated from operations	30,807	63,132
Tax refunded/(paid)	939	(29)
	31,746	63,103
Investing activities		
Payment for the purchase of property, plant and equipment	(299)	(539)
Payment for the purchase of trading securities	–	(15,600)
Proceeds from the disposal of property, plant and equipment	666	254
Proceeds from the sale of trading securities	–	15,600
Other cash flows arising from investing activities	2,504	680
	2,871	395
Financing activities		
Capital element of lease rentals paid	(1,989)	(2,910)
Interest element of lease rentals paid	(124)	(354)
Other cash flows arising from financing activities	–	(298)
	(2,113)	(3,562)
Net increase in cash and cash equivalents	32,504	59,936
Cash and cash equivalents at 1 April	229,188	170,330
Effect of foreign exchange rates changes	1,951	(1,415)
Cash and cash equivalents at 30 September	263,643	228,851

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorised for issue on 28 November 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023/2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024/2025 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of the interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report is unaudited, but has been reviewed by the Company’s audit committee.

The financial information relating to the financial year ended 31 March 2024 that is included in the interim financial report as comparative information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2024 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 June 2024.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to Hong Kong Financial Reporting Standard (“HKFRS”) that are first effective for the current accounting period of the Group.

None of the 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 or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

Toys	:	The manufacture, sale and distribution of toy products.
Computer Products	:	The manufacture and sale of computer products.
Timepieces	:	The sale and distribution of clocks, watches, and electronic and gift products.
Investments	:	The investment in debt and equity securities, managed funds and other financial assets.
Others	:	The leasing of properties to group companies and third parties to generate rental income and to gain from the appreciation in the properties' values in the long term.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major product lines and geographical location of customers is as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Revenue from sales of goods within the scope of HKFRS 15		
Disaggregated by major product lines		
– Toys	227,268	261,917
– Computer Products	60,419	51,089
– Timepieces	104,483	93,777
	392,170	406,783

Six months ended
30 September

Disaggregated by geographical location of customers

	2024 HK\$'000	2023 HK\$'000
– Hong Kong (place of domicile)	33,249	41,999
– North America	189,599	193,186
– United Kingdom	55,249	58,632
– Europe (excluding United Kingdom)	31,550	40,732
– Asia (excluding Mainland China and Hong Kong)	16,349	12,488
– Mainland China	47,735	35,221
– Others	18,439	24,525
	358,921	364,784
	392,170	406,783

(b) Information about profit or loss, assets and liabilities

Disaggregation of revenue and information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2024 and 2023 is set out below.

	Six months ended 30 September 2024					
	Toys	Computer Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	227,268	60,419	104,483	-	-	392,170
Inter-segment revenue	-	-	-	-	1,627	1,627
Reportable segment revenue	227,268	60,419	104,483	-	1,627	393,797
Reportable segment profit	15,454	2,506	6,964	12,284	107	37,315
	As at 30 September 2024					
	Toys	Computer Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	341,382	116,264	133,911	97,278	138,085	826,920
Reportable segment liabilities	128,515	20,649	28,731	1,145	1,858	180,898

Six months ended 30 September 2023

	Toys	Computer Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	261,917	51,089	93,777	-	-	406,783
Inter-segment revenue	-	-	-	-	1,627	1,627
Reportable segment revenue	261,917	51,089	93,777	-	1,627	408,410
Reportable segment profit/(loss)	21,354	(7,504)	6,511	(3,011)	1,071	18,421

As at 31 March 2024

	Toys	Computer Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	305,954	109,435	125,165	84,997	139,568	765,119
Reportable segment liabilities	108,600	17,179	21,910	1,213	1,777	150,679

(c) Reconciliations of reportable segment revenue, profit, assets and liabilities

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	393,797	408,410
Elimination of inter-segment revenue	(1,627)	(1,627)
Consolidated revenue	392,170	406,783
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Profit		
Reportable segment profit	37,315	18,421
Unallocated corporate expenses	(6,956)	(8,677)
Consolidated profit before taxation	30,359	9,744

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Assets		
Reportable segment assets	826,920	765,119
Deferred tax assets	4,498	5,614
Unallocated corporate assets	52,165	41,716
	883,583	812,449
Liabilities		
Reportable segment liabilities	180,898	150,679
Current tax payable	31,165	29,504
Deferred tax liabilities	31,348	30,360
Dividends payable to equity shareholders of the Company	18,135	–
Unallocated corporate liabilities	9,541	8,920
	271,087	219,463
Consolidated total assets		
Consolidated total liabilities		

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
(a) Finance cost		
Interest on bank loans and other borrowings	–	298
Interest on lease liabilities	124	354
	124	652
(b) Other items		
Depreciation		
– owned property, plant and equipment	7,328	8,720
– right-of-use assets	5,270	6,290
Net loss/(gain) on disposal of other property, plant and equipment	238	(152)
Net realised and unrealised (gains)/losses on trading securities	(9,938)	4,772
Net foreign exchange losses/(gains)	1,668	(2,472)
Staff costs	146,435	145,750
Impairment loss on trade debtors	1,007	250
Interest income from deposits with banks	(2,513)	(679)
Rental income	(2,552)	(2,595)
Dividend income	(2,347)	(1,762)

5. INCOME TAX

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Current tax – Hong Kong Profits Tax	318	55
Current tax – Outside Hong Kong	404	1,088
Deferred tax	1,855	973
	2,577	2,116

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the six months ended 30 September 2024, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax regime.

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

6. DIVIDENDS

(a) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend declared and payable after the interim period of HK3 cents (2023: HK3 cents) per share	18,135	18,135

The interim dividend has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved but not yet paid during the interim period

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved but not yet paid during the interim period of HK3 cents (2023: HK3 cents) per share	18,135	18,135

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$27,189,000 (2023: HK\$8,212,000) and the weighted average number of shares of 604,491,000 (2023: 604,491,000) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for the periods ended 30 September 2024 and 2023 are same as the basic earnings per share as the share options outstanding during the periods had an anti-dilutive effect on the basic earnings per share.

8. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the period ended 30 September 2024, the Group has no additions to right-of-use assets. During the period ended 30 September 2023, the Group entered into several new lease agreements and therefore recognised the additions to right-of-use assets of HK\$399,000.

Items of right-of-use assets with a net book value of HK\$5,228,000 (2023: HK\$Nil) were written off during the period ended 30 September 2024, resulting in a net gain on early termination of leases of HK\$182,000 (2023: HK\$Nil).

(b) Acquisitions and disposal of owned assets

During the period ended 30 September 2024, the Group acquired items of other property, plant and equipment with an aggregate cost of HK\$299,000 (2023: HK\$539,000).

Items of other property, plant and equipment with a net book value of HK\$904,000 (2023: HK\$102,000) were disposed of during the period ended 30 September 2024, resulting in a net loss on disposal of HK\$238,000 (2023: net gain of HK\$152,000).

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors and bills receivable (net of loss allowance) with the following ageing analysis as of the end of the reporting period:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
By date of invoice		
Within 3 months	143,705	94,523
4 to 6 months	10,761	1,589
7 to 12 months	–	128
13 to 24 months	–	3
Trade debtors and bills receivable, net of loss allowance	154,466	96,243
Deposits, prepayments and other receivables	9,384	11,793
	163,850	108,036

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. Trade debtors and bills receivable are normally due within 90 days from the date of billing. All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

Included in trade and other payables and contract liabilities are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
By date of invoice		
Within 1 month	6,842	10,047
Over 1 month but within 3 months	7,914	3,675
Over 3 months	443	499
Trade creditors and bills payable	15,199	14,221
Accruals and other payables	152,810	122,653
Contract liabilities – forward sale deposits	15,666	9,119
	183,675	145,993

All of the trade and other payables and contract liabilities are expected to be settled or recognised as income within one year.

11. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Shares of US\$0.01 each	1,000,000	78,000
Issued and fully paid:		
At 1 April and 30 September 2024	604,491	47,150

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial instruments carried at fair value

Fair value hierarchy

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

	Fair value as at 30 September 2024				Fair value as at 31 March 2024			
	Fair value measurements as at 30 September 2024 categorised into				Fair value measurements as at 31 March 2024 categorised into			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements								
<i>Assets</i>								
Trading securities								
- listed equity securities	41,279	41,279	-	-	33,273	33,273	-	-
- unlisted managed funds	46,036	-	46,036	-	44,117	-	44,117	-
Unlisted equity securities	4,000	-	-	4,000	4,000	-	-	4,000
	91,315	41,279	46,036	4,000	81,390	33,273	44,117	4,000

During the six months ended 30 September 2023 and 2024, there were no transfers between different levels.

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.

(i) Estimation of fair values

The fair values of listed equity securities are based on quoted market prices at the end of the reporting period without any deduction for transaction costs. The fair values of unlisted managed funds are based on prices quoted by financial institutions.

(ii) Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable input	Percentage
Unlisted equity securities	Adjusted net assets value	Minority discount	24% (31 March 2024: 24%)

The fair value of unlisted equity securities is determined using the adjusted net assets value of the unlisted company adjusted for a minority discount. The fair value measurement is negatively correlated to the minority discount. As at 30 September 2024, it is estimated that with all other variables held constant, an increase/decrease in the minority discount by 5% (2023: 5%) would have decreased/increased the Group's profit before/after tax by HK\$202,000 (2023: HK\$182,000).

There is no movement in the balance of Level 3 fair value measurements during the periods ended 30 September 2023 and 2024.

The gain or loss arising from the remeasurement of the Group's unlisted equity securities are recognised in profit or loss. Any gains or losses arising from the disposal of the unlisted equity securities are presented in the "Other net income/(loss)" line item in the consolidated statement of profit or loss.

(b) Fair values of financial instruments carried at other than fair value

All financial instruments are carried at amounts not materially different from their fair values as at 30 September 2024 and 31 March 2024.

13. COMMITMENTS

The Group entered into contracts related to obtaining rights to distribute timepieces products under licences, which require the payment of minimum guaranteed royalties. At 30 September 2024, the future minimum guaranteed royalties for licences are payable as follows:

	At 30 September 2024 HK\$'000	At 31 March 2024 HK\$'000
Within 1 year	3,002	3,408
After 1 year but within 5 years	11,647	13,376
	14,649	16,784

14. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	9,455	14,556
Post-employment benefits	659	756
	10,114	15,312

15. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the directors proposed an interim dividend. Further details are disclosed in note 6.

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.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange risks primarily through sales and purchases that are denominated in a foreign currency, such as Renminbi, United States Dollars and Pound Sterling. Management monitors the Group's exposure to currency risk and will consider hedging significant foreign currency exposure should the need arises.

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2024, the interests and short positions of directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Interests in issued shares

(Shares of US\$0.01 each of the Company)

	Number of shares			Total	Percentage of total issued shares
	Personal interests	Interests of spouse	Other interests		
Directors					
Dr Cheung Tsang-Kay Stan	2,727,500	–	103,912,393 (Note (i), (ii))	106,639,893	17.64%
Mr Robert Dorfman	51,606,000	–	–	51,606,000	8.54%

Notes:

- (i) Dr Cheung Tsang-Kay Stan is the founder of a family trust which owned 64,689,760 shares. His spouse and family members are the beneficiaries of this family trust.
- (ii) Dr Cheung Tsang-Kay Stan is interested in 39,222,633 shares together with other family members.

All the interests stated above represent long positions.

An employee of the Group has been granted options under the Company's share option scheme, details of which are set out in the section "Share option scheme" below.

Apart from the foregoing, as at 30 September 2024, none of the directors or chief executives of the Company, any of their spouses or children under eighteen years of age had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 16 September 2013 ("2013 Share Option Scheme") expired on 15 September 2023, and a new share option scheme ("2023 Share Option Scheme") was adopted and became effective on 19 September 2023. Unless otherwise cancelled or amended, the 2023 Share Option Scheme shall be valid and effective for a period of ten years ending 18 September 2033, after which no further options will be granted.

The purpose of the 2023 Share Option Scheme is to recognise the contribution of the Eligible Participants (as defined in the 2023 Share Option Scheme) to the growth and development of Group and to give incentives and motivation thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Eligible Participants include directors (excluding any independent non-executive directors), chief executive, senior management and employees of the Group and related entities. Upon acceptance of an option, the Eligible Participants is required to pay the Company HK\$1 within 10 days from the date of offer. The number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company's ordinary shares in issue.

The exercise price of options is the highest of (i) the nominal value of the shares, (ii) the closing price of the shares on The Stock Exchange of Hong Kong Limited on the date of grant and (iii) the average closing price of the shares on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant.

Pursuant to the terms of the 2023 Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the total number of shares which may be issued upon exercise of all share options to be granted under the 2023 Share Option Scheme and any other share option scheme shall not exceed 10% of the total number of the Company's issued shares as at the date of adopting the 2023 Share Option Scheme. As at the date of this report, the total number of shares available for issue is 60,449,076 shares, comprising (i)

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4,000,000 shares in relation to the options granted under the 2013 Share Option Scheme and remained outstanding, representing approximately 0.66% of the ordinary shares in issue as at the date of this report; and (ii) 56,449,076 shares are available for grant and issue under the 2023 Share Option Scheme, representing 9.34% of the ordinary shares in issue as at the date of this report.

As at 30 September 2024, an employee of the Group had the following interests in options to subscribe for shares of the Company (market value per share at 30 September 2024 was HK\$0.44) granted for a nominal consideration of HK\$1 for acceptance of the offer under the 2013 Share Option Scheme of the Company. The options are unlisted and do not have vesting period. Each option gives the holder the right to subscribe for one ordinary share of the Company. Assuming that all the options outstanding as at 30 September 2024 are exercised, the Company will receive proceeds of HK\$3,880,000.

Name of grantee	Category of grantee	No. of options outstanding at the beginning of the period	No. of options outstanding at the end of the period	Exercised during the reporting period	Date granted	Period during which options are exercisable	Exercise price per share (HK\$)	Market value per share at date of grant of options (HK\$)*
Mr KWOK Nam-Po	Managing director of a subsidiary	4,000,000	4,000,000	-	23 January 2015	23 January 2015 to 22 January 2025 (both days inclusive)	0.97	0.97

* being the weighted average closing price of the Company's ordinary shares immediately before the dates on which the options were granted or exercised, as applicable.

During the six months period ended 30 September 2024, no share options had been granted under all share option schemes of the Company. Accordingly, there were no shares of the Company that might be issued in respect of share options granted under all share option schemes of the Company during the period.

The options available for grant under the 2023 Share Option Scheme as at 1 April 2024 and as at 30 September 2024 were both 56,449,076.

No share options were exercised, cancelled or lapsed in accordance with the terms of the 2013 Share Option Scheme and the 2023 Share Option Scheme during the period ended 30 September 2024.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Other than the interests disclosed in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" in respect of directors, as at 30 September 2024, the persons or corporations (other than directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Interests in issued shares

(Shares of US\$0.01 each of the Company)

	Note	Number of shares			Total	Percentage of total issued shares
		Personal interests	Interests of spouse	Other interests		
Substantial shareholders						
Ms Ng Yiu-Chi Eleanor	(i)	-	106,639,893	-	106,639,893	17.64%
Ms Cheung Yee Alice	(ii)	30,281,424	-	39,222,633	69,504,057	11.50%
Ms Chang Kan Jane	(iii)	26,213,670	-	39,322,633	65,536,303	10.84%
Mr Tong Shek-King Denny	(iv)	-	65,436,303	100,000	65,536,303	10.84%
Moral Excel Holdings Ltd ("MEH")	(v)	64,689,760	-	-	64,689,760	10.70%
HSBC International Trustee Ltd ("HIT")	(v)	-	-	64,689,760	64,689,760	10.70%
Other persons						
Mrs Sheri Tillman Dorfman	(vi)	-	51,606,000	-	51,606,000	8.54%
Mrs Mirriam Bloch		38,722,500	-	-	38,722,500	6.41%
Mr Gershon Dorfman		37,325,799	-	-	37,325,799	6.17%
Ms Trina Elaine Dingler	(vii)	-	37,325,799	-	37,325,799	6.17%

Notes:

- (i) The entire interests in shares of 106,639,893 are duplicated by those disclosed under Dr Cheung Tsang-Kay Stan, the spouse of Ms Ng Yiu-Chi Eleanor, in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures".
- (ii) Ms Cheung Yee Alice is interested in 39,222,633 shares together with Dr Cheung Tsang-Kay Stan and Ms Chang Kan Jane.
- (iii) Ms Chang Kan Jane is interested in 39,222,633 shares together with Dr Cheung Tsang-Kay Stan and Ms Cheung Yee Alice. Ms Chang Kan Jane is interested in another 100,000 shares with Mr Tong Shek-King Denny.
- (iv) These interests in shares are duplicated by those beneficially owned by Ms Chang Kan Jane.
- (v) MEH is a company owned by a family trust which is interested in 64,689,760 shares held by MEH, as noted in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures". HIT, the trustee of this trust, is deemed to be interested in the 64,689,760 shares owned by this trust.
- (vi) These interests in shares are duplicated by those disclosed under Mr Robert Dorfman, the spouse of Mrs Sheri Tillman Dorfman, in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures".
- (vii) These interests in shares are duplicated by those beneficially owned by Mr Gershon Dorfman.

All the interests stated above represent long positions.

Apart from the foregoing, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

EMPLOYEES

As at 30 September 2024, the number of employees of the Group was 122 (2023: 139) in Hong Kong, 2,128 (2023: 2,038) in Mainland China and 32 (2023: 33) in Europe. Total staff costs for the period under review amounted to HK\$146,435,000 (2023: HK\$145,750,000). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded based on their performance and experience and the prevailing industry practice.

CHANGES IN DIRECTORS' INFORMATION

The annual basic remuneration, excluding retirement scheme contributions and discretionary bonuses, if any, of Mr Lai Man-Pun was revised from HK\$1,820,000 to HK\$2,340,000 starting from 1 September 2024.

Saved as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2024.

AUDIT COMMITTEE

The audit committee reports to the board of directors and currently comprises three independent non-executive directors, namely Dr Ng Tze-Kin David, being the chairman, Mr Lie-A-Cheong Tai-Chong David and Ms Wong Sau-Ling. The audit committee meets with the Group's senior management and external auditors regularly to discuss audit matters. The audit committee also reviews the effectiveness of the risk management and internal control systems. The interim report of the Group has been reviewed by the audit committee of the Company.

REMUNERATION COMMITTEE

The remuneration committee comprises two independent non-executive directors, namely Dr Ng Tze-Kin David, being the chairman, and Ms Wong Sau-Ling and one executive director, namely Mr Lai Man-Pun. The terms of reference of the remuneration committee have been included on the Company's website.

NOMINATION COMMITTEE

The nomination committee consists of two executive directors, namely Mr Robert Dorfman, being the chairman, and Dr Cheung Tsang-Kay Stan and three independent non-executive directors, namely Mr Lie-A-Cheong Tai-Chong David, Dr Ng Tze-Kin David and Ms Wong Sau-Ling. The primary roles of the nomination committee are to determine the policy for the nomination of directors, to review the structure, size and composition of the Board and to make recommendations to the Board on the appointment or re-appointment of directors.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 September 2024 with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards of the Model Code. Having made specific enquiry of the Company's directors, all directors confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

By order of the Board
Robert Dorfman
Chairman

Hong Kong, 28 November 2024