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HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 00114)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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 2022, together with the comparative figures for the corresponding period in 2021, as follows:

Consolidated statement of profit or loss – Unaudited

For the six months ended 30 September 2022

		Six months ended 30 September	
	Note	2022 HK\$'000	2021 HK\$'000
Revenue	3	808,531	558,541
Cost of sales		<u>(625,598)</u>	<u>(500,097)</u>
Gross profit		182,933	58,444
Other revenue		5,356	5,237
Other net loss		(12,817)	(4,402)
Selling expenses		(6,895)	(7,861)
Administrative expenses		<u>(102,420)</u>	<u>(86,803)</u>
Profit/(loss) from operations		66,157	(35,385)
Finance cost	4(a)	<u>(2,116)</u>	<u>(674)</u>
Profit/(loss) before taxation	4	64,041	(36,059)
Income tax	5	<u>(20,282)</u>	<u>5,218</u>
Profit/(loss) for the period		<u>43,759</u>	<u>(30,841)</u>

Consolidated statement of profit or loss – Unaudited (Continued)*For the six months ended 30 September 2022*

		Six months ended	
		30 September	
	<i>Note</i>	2022	2021
		HK\$'000	HK\$'000
Attributable to:			
Equity shareholders of the Company		44,025	(31,379)
Non-controlling interests		(266)	538
Profit/(loss) for the period		<u>43,759</u>	<u>(30,841)</u>
Earnings/(loss) per share			
	<i>7</i>		
Basic (HK cents)		<u>7.28</u>	<u>(5.19)</u>
Diluted (HK cents)		<u>7.28</u>	<u>(5.19)</u>

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 2022*

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Profit/(loss) for the period	<u>43,759</u>	<u>(30,841)</u>
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)	<u>(35,420)</u>	<u>3,240</u>
Total comprehensive income for the period	<u><u>8,339</u></u>	<u><u>(27,601)</u></u>
Attributable to:		
Equity shareholders of the Company	9,510	(27,975)
Non-controlling interests	<u>(1,171)</u>	<u>374</u>
Total comprehensive income for the period	<u><u>8,339</u></u>	<u><u>(27,601)</u></u>

Consolidated statement of financial position - Unaudited

At 30 September 2022

	<i>Note</i>	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Non-current assets			
Investment properties	8	98,361	109,147
Other property, plant and equipment	8	<u>232,465</u>	<u>246,493</u>
		330,826	355,640
Intangible assets		1,004	1,022
Other financial assets		4,250	4,250
Deferred tax assets		<u>9,944</u>	<u>31,851</u>
		<u>346,024</u>	<u>392,763</u>
Current assets			
Trading securities		68,893	85,439
Inventories		202,605	254,866
Trade and other receivables	9	267,331	146,922
Pledged bank balances		2,517	990
Cash and cash equivalents		99,200	89,764
Current tax recoverable		<u>1,719</u>	<u>1,719</u>
		642,265	579,700
Non-current assets classified as held for sale	8(c)	<u>980</u>	-
		<u>643,245</u>	<u>579,700</u>
Current liabilities			
Trade and other payables and contract liabilities	10	222,250	209,994
Bank loans		46,152	54,032
Lease liabilities		5,327	3,902
Current tax payable		23,755	26,131
Dividends payable to equity shareholders of the Company		<u>18,135</u>	-
		<u>315,619</u>	<u>294,059</u>
Net current assets		<u>327,626</u>	<u>285,641</u>
Total assets less current liabilities		<u>673,650</u>	<u>678,404</u>

Consolidated statement of financial position – Unaudited (Continued)

At 30 September 2022

	<i>Note</i>	As at 30 September 2022 HK\$'000	As at 31 March 2022 HK\$'000
Non-current liabilities			
Lease liabilities		17,439	8,354
Deferred tax liabilities		34,025	38,068
Provision for long service payments		1,142	1,142
		<u>52,606</u>	<u>47,564</u>
NET ASSETS		<u>621,044</u>	<u>630,840</u>
CAPITAL AND RESERVES			
Share capital		47,150	47,150
Reserves		561,295	569,920
Total equity attributable to equity shareholders of the Company		608,445	617,070
Non-controlling interests		<u>12,599</u>	<u>13,770</u>
TOTAL EQUITY		<u>621,044</u>	<u>630,840</u>

NOTES:

1. BASIS OF PREPARATION

The interim financial results have 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 29 November 2022.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the 2021/2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022/2023 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of the interim financial results 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 results are unaudited, but have been reviewed by the Company’s audit committee.

The financial information relating to the financial year ended 31 March 2022 that is included in the interim financial results 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 2022 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 June 2022.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) 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 and managed funds.
- 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	
	2022	2021
	HK'000	HK\$'000
Revenue from sales of goods within the scope of HKFRS 15		
Disaggregated by major product lines		
- Toys	643,470	401,171
- Computer Products	82,886	61,520
- Timepieces	82,175	95,850
	808,531	558,541

	Six months ended 30 September	
	2022	2021
	HK'000	HK\$'000
Disaggregated by geographical location of customers		
- Hong Kong (place of domicile)	55,757	41,938
- North America	515,145	307,889
- United Kingdom	68,063	64,237
- Europe (excluding United Kingdom)	73,388	55,385
- Asia (excluding Mainland China and Hong Kong)	16,851	25,984
- Mainland China	27,813	30,904
- Others	51,514	32,204
	752,774	516,603
	808,531	558,541

(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 2022 and 2021 is set out below.

	Six months ended 30 September 2022					
	Toys HK\$'000	Computer products HK\$'000	Timepieces HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customer	643,470	82,886	82,175	-	-	808,531
Inter-segment revenue	-	-	-	-	1,627	1,627
Reportable segment revenue	643,470	82,886	82,175	-	1,627	810,158
Reportable segment profit/(loss)	76,067	4,045	6,250	(15,011)	987	72,338

	As at 30 September 2022					
	Toys HK\$'000	Computer products HK\$'000	Timepieces HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Reportable segment assets	463,086	136,965	113,407	75,660	145,827	934,945
Reportable segment liabilities	218,564	20,909	30,704	-	2,159	272,336

Six months ended 30 September 2021

	Toys HK\$'000	Computer products HK\$'000	Timepieces HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customer	401,171	61,520	95,850	-	-	558,541
Inter-segment revenue	-	-	-	-	1,337	1,337
Reportable segment revenue	401,171	61,520	95,850	-	1,337	559,878
Reportable segment (loss)/profit	(32,314)	(1,706)	8,151	(2,830)	899	(27,800)

As at 31 March 2022

	Toys HK\$'000	Computer products HK\$'000	Timepieces HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Reportable segment assets	416,609	135,118	105,635	90,679	159,722	907,763
Reportable segment liabilities	205,316	22,936	27,954	-	1,743	257,949

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

	Six months ended 30 September	
	2022 HK'000	2021 HK\$'000
Revenue		
Reportable segment revenue	810,158	559,878
Elimination of inter-segment revenue	(1,627)	(1,337)
Consolidated revenue	<u>808,531</u>	<u>558,541</u>

	Six months ended 30 September	
	2022 HK'000	2021 HK\$'000
Profit/(loss)		
Reportable segment profit/(loss)	72,338	(27,800)
Unallocated corporate expenses	(8,297)	(8,259)
Consolidated profit/(loss) before taxation	<u>64,041</u>	<u>(36,059)</u>

	At 30 September	At 31 March
	2022 HK'000	2022 HK\$'000
Assets		
Reportable segment assets	934,945	907,763
Elimination of inter-segment receivables	(159)	(165)
	<u>934,786</u>	<u>907,598</u>
Current tax recoverable	1,719	1,719
Deferred tax assets	9,944	31,851
Unallocated corporate assets	42,820	31,295
Consolidated total assets	<u>989,269</u>	<u>972,463</u>

	At 30 September	At 31 March
	2022 HK'000	2022 HK\$'000
Liabilities		
Reportable segment liabilities	272,336	257,949
Elimination of inter-segment payables	(159)	(165)
	<u>272,177</u>	<u>257,784</u>
Current tax payable	23,755	26,131
Deferred tax liabilities	34,025	38,068
Dividends payable to equity shareholders of the Company	18,135	-
Unallocated corporate liabilities	20,133	19,640
Consolidated total liabilities	<u>368,225</u>	<u>341,623</u>

4. PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
(a) Finance cost		
Interest on bank loans and other borrowings	1,642	517
Interest on lease liabilities	474	157
	<u>2,116</u>	<u>674</u>
(b) Other items		
Depreciation		
- owned property, plant and equipment	10,122	9,956
- right-of-use assets	6,793	6,450
Net (gain)/loss on disposal of other property, plant and equipment	(8)	287
Net realised and unrealised losses on trading securities	16,276	3,988
Net foreign exchange (gains)/losses	(3,418)	338
Staff costs, net of government subsidies of HK\$1,584,000 (2021: HK\$Nil)	274,549	252,482
Impairment loss on trade debtors	193	9
Interest income from deposits with banks	(513)	(438)
Rental income	(2,514)	(2,521)
Dividend income	<u>(1,265)</u>	<u>(1,158)</u>

5. INCOME TAX

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax	275	328
Current tax - Outside Hong Kong	165	245
Deferred tax	<u>19,842</u>	<u>(5,791)</u>
	<u>20,282</u>	<u>(5,218)</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the six months ended 30 September 2022, 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	
	2022	2021
	HK\$'000	HK\$'000
Interim dividend declared and payable after the interim period of HK3 cents (2021: HK3 cents) per share	<u>18,135</u>	<u>18,135</u>

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	
	2022	2021
	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 (2021: HK3 cents) per share	<u>18,135</u>	<u>18,135</u>

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to equity shareholders of the Company of HK\$44,025,000 (2021: loss of HK\$31,379,000) and the weighted average number of shares of 604,491,000 (2021: 604,491,000) in issue during the period.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the periods ended 30 September 2022 and 2021 are same as the basic earnings/(loss) per share as the share options outstanding during the periods had an anti-dilutive effect on the basic earnings/(loss) per share.

8. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the period ended 30 September 2022, the Group entered into several new lease agreements and therefore recognised the additions to right-of-use assets of HK\$16,463,000 (2021: HK\$7,088,000).

(b) Acquisitions and disposal of owned assets

During the period ended 30 September 2022, the Group acquired items of other property, plant and equipment with an aggregate cost of HK\$2,725,000 (2021: HK\$7,330,000).

Items of other property, plant and equipment with a net book value of HK\$33,000 (2021: HK\$852,000) were disposed of during the period ended 30 September 2022, resulting in a net gain on disposal of HK\$8,000 (2021: loss of HK\$287,000).

(c) Non-current assets classified as held for sale

During the period ended 30 September 2022, the Group entered into a provisional sale and purchase agreement with a third party, pursuant to which the Group agreed to dispose of a property at a consideration of HK\$23,790,000. The property is located in Hong Kong within the Others segment with a carrying amount of HK\$980,000. Accordingly, the property is presented as non-current assets held for sale in the consolidated statement of financial position. The disposal is expected to be completed on 30 November 2022.

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 2022 HK\$'000	At 31 March 2022 HK\$'000
By date of invoice		
Within 3 months	244,902	112,366
4 to 6 months	3,794	3,269
7 to 12 months	466	4,658
13 to 24 months	-	24
Trade debtors and bills receivable, net of loss allowance	249,162	120,317
Deposits, prepayments and other receivables	18,169	26,605
	<u>267,331</u>	<u>146,922</u>

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 2022 HK\$'000	At 31 March 2022 HK\$'000
By date of invoice		
Within 1 month	12,523	22,878
Over 1 month but within 3 months	21,191	10,174
Over 3 months	324	3,348
Trade creditors and bills payable	34,038	36,400
Accruals and other payables	181,085	164,314
Contract liabilities - forward sale deposits	7,127	9,280
	<u>222,250</u>	<u>209,994</u>

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

11. 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 2022 amounted to HK\$809 million which was up 45% from HK\$559 million in the corresponding period last year. The Group reported a net profit attributable to the equity shareholders of HK\$44.0 million for the period under review as compared with a net loss of HK\$31.4 million a year earlier. The turnaround was mainly attributable to the strong performance of the Toys Division. Further analysis of the operating results is set out in the following paragraphs.

Driven by higher demand for toys as Covid-19 restrictions eased, the Toys Division saw its first-half revenue reach a record high of HK\$643 million, representing a surge of 60% from HK\$401 million last year. Together with price adjustments and productivity improvement, the division recorded an operating profit of \$76.1 million for the six months ended 30 September 2022 as compared with an operating loss of HK\$32.3 million a year earlier.

We are pleased to report that the Computer Products Division returned to profitability in the period under review. With the strong sales of smart connected devices, the division's first-half revenue increased 35% year-on-year to HK\$83 million from HK\$62 million last year. In comparison with an operating loss of HK\$1.7 million in the year-ago period, the division recorded an operating profit of HK\$4 million for the six months ended 30 September 2022.

The business of the Timepieces Division slowed down with a 14% drop in half-yearly revenue to HK\$82 million from HK\$96 million a year earlier. The revenue decline was mainly due to fewer promotion programmes and weaker demand in the United Kingdom, the division's largest market, which is facing a cost-of-living crisis driven by high inflation and surging energy prices. For the first half of the financial year, the division's operating profit decreased to HK\$6.3 million from HK\$8.2 million in the previous year.

In the midst of volatile stock markets stirred by interest rate hikes, soaring inflation and geopolitical tensions, the Group recorded net realised and unrealised losses on trading securities of HK\$16.3 million for the period under review (2021: net losses of HK\$4 million). At 30 September 2022, the Group's trading securities decreased to HK\$69 million from HK\$85 million as at the beginning of the financial year.

PROSPECTS AND GENERAL OUTLOOK

The Group's overall orders at the end of October 2022 fell 39% from those at the same time last year. Amid fears of a downturn in the global economy, the management is concerned about the Group's performance in the second half of the financial year. As customers placed their orders earlier this year, the business of the Toys Division has slowed down since October 2022. We are also cautious about the business of the Computer Products Division as a major customer has temporarily delayed shipments of certain products because of overstocking. On the other hand, the business of the Timepieces Division remains stable despite weak consumer spending.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group continued to exercise prudence in managing its financial resources. As in the past, the Group maintains a sound liquidity position. At 30 September 2022, the Group's cash balances aggregated to HK\$102 million (at 31 March 2022: HK\$91 million).

At the end of September 2022, the Group's current assets amounted to HK\$643 million (at 31 March 2022: HK\$580 million) which included inventories of HK\$203 million (at 31 March 2022: HK\$255 million), trade and other receivables of HK\$267 million (at 31 March 2022: HK\$147 million) and trading securities of HK\$69 million (at 31 March 2022: HK\$85 million).

At 30 September 2022, the Group's current liabilities amounted to HK\$316 million (at 31 March 2022: HK\$294 million) which included revolving bank loans of HK\$46 million (at 31 March 2022: HK\$54 million). Certain trading securities and bank deposits amounting to HK\$69 million (at 31 March 2022: HK\$84 million), along with certain properties with a carrying amount of HK\$47 million (at 31 March 2022: HK\$ 49 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 2022 was 37% (at 31 March 2022: 35%). At 30 September 2022, the Group's working capital ratio, an indicator of liquidity represented by a ratio between the current assets and the current liabilities, was 2.04 as compared to 1.97 at 31 March 2022. 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, increased to 1.10 from 0.71 at 31 March 2022.

CONTINGENT LIABILITIES

As at 30 September 2022, 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 (2021: HK3 cents). The total amount of dividend payment of HK\$18 million (2021: HK\$18 million) was based on the total number of shares in issue as at 28 November 2022, being the latest practicable date prior to the announcement of the interim results. The dividend will be paid on Wednesday, 18 January 2023 to shareholders registered in the Register of Members on Thursday, 5 January 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the Register of Members of the Company will be closed from Wednesday, 4 January 2023 to Thursday, 5 January 2023, 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 Tuesday, 3 January 2023.

EMPLOYEES

As at 30 September 2022, the number of employees of the Group was 138 (2021: 142) in Hong Kong, 3,961 (2021: 5,751) in Mainland China and 33 (2021: 32) in Europe. Total staff costs for the period under review amounted to HK\$274,549,000 (2021: HK\$252,482,000). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded based on their performance and experience and the prevailing industry practice.

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 2022.

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 Mr Yeh Man Chun Kent. 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 results of the Group have 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 Mr Yeh Man Chun Kent and one executive director, namely Mr Shum Kam Hung. 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, Mr Yeh Man Chun Kent and Dr Ng Tze Kin David. 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 2022 with the code provisions of the Corporate Governance Code as set out in Appendix 14 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.heraldgroup.com.hk). The interim report of the Company for the six months ended 30 September 2022 containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the same websites in due course.

By order of the Board
Robert Dorfman
Chairman

Hong Kong, 29 November 2022

As at the date of this announcement, the Board of Directors of the Company comprises the following directors:

Executive Directors:

Mr Robert Dorfman

Mr Shum Kam Hung ACG, CPA

Dr Cheung Tsang Kay Stan PhD, Hon LLD, Hon DBA, JP

Independent Non-executive Directors:

Mr Lie-A-Cheong Tai Chong David SBS, OM, JP

Mr Yeh Man Chun Kent

Dr Ng Tze Kin David EdD, CA(AUST.), FCPA

**For identification only*