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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 2023

#### 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 2023, together with the comparative figures for the corresponding period in 2022, as follows:

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

For the six months ended 30 September 2023

		Six months ended 30 September	
	Note	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	3	<b>406,783</b>	808,531
Cost of sales		<b>(303,459)</b>	(625,598)
<b>Gross profit</b>		<b>103,324</b>	182,933
Other revenue		6,697	5,356
Other net loss		(2,148)	(12,817)
Selling expenses		(7,919)	(6,895)
Administrative expenses		<b>(89,558)</b>	(102,420)
<b>Profit from operations</b>		<b>10,396</b>	66,157
Finance cost	4(a)	<b>(652)</b>	(2,116)
<b>Profit before taxation</b>	4	<b>9,744</b>	64,041
Income tax	5	<b>(2,116)</b>	(20,282)
<b>Profit for the period</b>		<b>7,628</b>	43,759

**Consolidated statement of profit or loss – Unaudited (Continued)***For the six months ended 30 September 2023*

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Note</i>	<b>2023</b>	<b>2022</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>8,212</b>	44,025
Non-controlling interests		<u><b>(584)</b></u>	<u>(266)</u>
<b>Profit for the period</b>		<u><b>7,628</b></u>	<u>43,759</u>
<b>Earnings per share</b>			
	<i>7</i>		
Basic (HK cents)		<u><b>1.36</b></u>	<u>7.28</u>
Diluted (HK cents)		<u><b>1.36</b></u>	<u>7.28</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 2023*

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<u>7,628</u>	<u>43,759</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>(8,502)</u>	<u>(35,420)</u>
<b>Total comprehensive income for the period</b>	<u><u>(874)</u></u>	<u><u>8,339</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	(79)	9,510
Non-controlling interests	<u>(795)</u>	<u>(1,171)</u>
<b>Total comprehensive income for the period</b>	<u><u>(874)</u></u>	<u><u>8,339</u></u>

**Consolidated statement of financial position - Unaudited***At 30 September 2023*

	<i>Note</i>	<b>As at 30 September 2023 HK\$'000</b>	<b>As at 31 March 2023 HK\$'000</b>
<b>Non-current assets</b>			
Investment properties	8	<b>102,035</b>	103,733
Other property, plant and equipment	8	<b>188,723</b>	206,992
		<b>290,758</b>	310,725
Intangible assets		<b>970</b>	988
Other financial assets		<b>4,356</b>	2,300
Deferred tax assets		<b>3,140</b>	4,106
		<b>299,224</b>	318,119
<b>Current assets</b>			
Trading securities		<b>75,657</b>	80,429
Inventories		<b>134,666</b>	184,237
Trade and other receivables	9	<b>151,896</b>	149,443
Pledged bank balances		<b>2,708</b>	947
Cash and cash equivalents		<b>228,851</b>	170,330
		<b>593,778</b>	585,386
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	10	<b>142,133</b>	148,267
Bank loans		<b>10,000</b>	10,000
Lease liabilities		<b>5,931</b>	5,806
Current tax payable		<b>32,909</b>	32,695
Dividends payable to equity shareholders of the Company		<b>18,135</b>	-
		<b>209,108</b>	196,768
<b>Net current assets</b>		<b>384,670</b>	388,618
<b>Total assets less current liabilities</b>		<b>683,894</b>	706,737

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

At 30 September 2023

	<i>Note</i>	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities		10,397	13,544
Deferred tax liabilities		35,562	36,249
Provision for long service payments		1,242	1,242
		<u>47,201</u>	<u>51,035</u>
<b>NET ASSETS</b>		<u>636,693</u>	<u>655,702</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		47,150	47,150
Reserves		577,051	595,265
<b>Total equity attributable to equity shareholders of the Company</b>		<u>624,201</u>	642,415
<b>Non-controlling interests</b>		<u>12,492</u>	13,287
<b>TOTAL EQUITY</b>		<u>636,693</u>	<u>655,702</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 2023.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the 2022/2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023/2024 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 2023 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 2023 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 2023.

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new Hong Kong Financial Reporting Standard (“HKFRS”) and a number of amendments to 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.

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

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

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial results is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

### 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:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK'000</b>	<b>HK\$'000</b>
<b>Revenue from sales of goods within the scope of HKFRS 15</b>		
Disaggregated by major product lines		
- Toys	<b>261,917</b>	643,470
- Computer Products	<b>51,089</b>	82,886
- Timepieces	<b>93,777</b>	82,175
	<b>406,783</b>	<b>808,531</b>

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK'000</b>	<b>HK\$'000</b>
Disaggregated by geographical location of customers		
- Hong Kong (place of domicile)	<b>41,999</b>	55,757
- North America	<b>193,186</b>	515,145
- United Kingdom	<b>58,632</b>	68,063
- Europe (excluding United Kingdom)	<b>40,732</b>	73,388
- Asia (excluding Mainland China and Hong Kong)	<b>12,488</b>	16,851
- Mainland China	<b>35,221</b>	27,813
- Others	<b>24,525</b>	51,514
	<b>364,784</b>	<b>752,774</b>
	<b>406,783</b>	<b>808,531</b>

**(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 2023 and 2022 is set out below.

	Six months ended 30 September 2023					
	Toys HK\$'000	Computer products HK\$'000	Timepieces HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customer	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 30 September 2023					
	Toys HK\$'000	Computer products HK\$'000	Timepieces HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Reportable segment assets	386,876	105,790	127,946	82,721	147,657	850,990
Reportable segment liabilities	110,710	14,401	32,491	-	1,860	159,462

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 31 March 2023

	Toys HK\$'000	Computer products HK\$'000	Timepieces HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Reportable segment assets	398,703	114,643	105,247	83,676	149,616	851,885
Reportable segment liabilities	132,018	12,511	21,569	-	1,815	167,913

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

	Six months ended 30 September	
	2023	2022
	HK'000	HK\$'000
<b>Revenue</b>		
Reportable segment revenue	408,410	810,158
Elimination of inter-segment revenue	(1,627)	(1,627)
Consolidated revenue	<u>406,783</u>	<u>808,531</u>
	Six months ended 30 September	
	2023	2022
	HK'000	HK\$'000
<b>Profit</b>		
Reportable segment profit	18,421	72,338
Unallocated corporate expenses	(8,677)	(8,297)
Consolidated profit before taxation	<u>9,744</u>	<u>64,041</u>
	At 30 September	At 31 March
	2023	2023
	HK'000	HK\$'000
<b>Assets</b>		
Reportable segment assets	850,990	851,885
Elimination of inter-segment receivables	-	-
	<u>850,990</u>	<u>851,885</u>
Deferred tax assets	3,140	4,106
Unallocated corporate assets	38,872	47,514
Consolidated total assets	<u>893,002</u>	<u>903,505</u>
	At 30 September	At 31 March
	2023	2023
	HK'000	HK\$'000
<b>Liabilities</b>		
Reportable segment liabilities	159,462	167,913
Elimination of inter-segment payables	-	-
	<u>159,462</u>	<u>167,913</u>
Current tax payable	32,909	32,695
Deferred tax liabilities	35,562	36,249
Dividends payable to equity shareholders of the Company	18,135	-
Unallocated corporate liabilities	10,241	10,946
Consolidated total liabilities	<u>256,309</u>	<u>247,803</u>

#### 4. PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
<b>(a) Finance cost</b>		
Interest on bank loans and other borrowings	298	1,642
Interest on lease liabilities	354	474
	<u>652</u>	<u>2,116</u>
<b>(b) Other items</b>		
Depreciation		
- owned property, plant and equipment	8,720	10,122
- right-of-use assets	6,290	6,793
Net gain on disposal of other property, plant and equipment	(152)	(8)
Net realised and unrealised losses on trading securities	4,772	16,276
Net foreign exchange gains	(2,472)	(3,418)
Staff costs, net of government subsidies (2023: HK\$Nil; 2022: HK\$1,584,000)	145,750	274,549
Impairment loss on trade debtors	250	193
Interest income from deposits with banks	(679)	(513)
Rental income	(2,595)	(2,514)
Dividend income	(1,762)	(1,265)
	<u>(1,762)</u>	<u>(1,265)</u>

#### 5. INCOME TAX

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax	55	275
Current tax - Outside Hong Kong	1,088	165
Deferred tax	973	19,842
	<u>2,116</u>	<u>20,282</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the six months ended 30 September 2023, 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

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend declared and payable after the interim period of HK3 cents (2022: HK3 cents) per share	<u><b>18,135</b></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

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend in respect of the previous financial year, approved but not yet paid during the interim period of HK3 cents (2022: HK3 cents) per share	<u><b>18,135</b></u>	<u>18,135</u>

## 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\$8,212,000 (2022: HK\$44,025,000) and the weighted average number of shares of 604,491,000 (2022: 604,491,000) in issue during the period.

### (b) Diluted earnings per share

Diluted earnings per share for the periods ended 30 September 2023 and 2022 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 2023, the Group entered into several new lease agreements and therefore recognised the additions to right-of-use assets of HK\$399,000 (2022: HK\$16,463,000).

### (b) Acquisitions and disposal of owned assets

During the period ended 30 September 2023, the Group acquired items of other property, plant and equipment with an aggregate cost of HK\$539,000 (2022: HK\$2,725,000).

Items of other property, plant and equipment with a net book value of HK\$102,000 (2022: HK\$33,000) were disposed of during the period ended 30 September 2023, resulting in a net gain on disposal of HK\$152,000 (2022: HK\$8,000).

## 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 2023 HK\$'000	At 31 March 2023 HK\$'000
<b>By date of invoice</b>		
Within 3 months	133,466	118,506
4 to 6 months	5,227	4,917
7 to 12 months	3,302	-
13 to 24 months	55	10
Trade debtors and bills receivable, net of loss allowance	<u>142,050</u>	<u>123,433</u>
Deposits, prepayments and other receivables	<u>9,846</u>	<u>26,010</u>
	<u><u>151,896</u></u>	<u><u>149,443</u></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 2023 HK\$'000	At 31 March 2023 HK\$'000
<b>By date of invoice</b>		
Within 1 month	10,340	9,453
Over 1 month but within 3 months	3,929	3,789
Over 3 months	<u>2,703</u>	<u>1,441</u>
Trade creditors and bills payable	16,972	14,683
Accruals and other payables	111,160	124,340
Contract liabilities – forward sale deposits	<u>14,001</u>	<u>9,244</u>
	<u><u>142,133</u></u>	<u><u>148,267</u></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 2023 amounted to HK\$407 million which was down 50% from HK\$809 million in the corresponding period last year. The Group reported a net profit attributable to the equity shareholders of HK\$8.2 million for the period under review, down from HK\$44.0 million a year earlier. Further analysis of the operating results is set out in the following paragraphs.

The revenue of the Toys Division is HK\$262 million, representing a decline of 59% from HK\$643 million last year and the decrease was mainly attributable to weak demand for toys as a result of a tight spending environment and retailers cutting back on inventories. Together with price reductions, the division's operating profit for the six months ended 30 September 2023 decreased to HK\$21.4 million, down from HK\$76.1 million a year earlier.

With the weak demand for smart connected devices, the Computer Product Division's first-half revenue decreased 39% year-on-year to HK\$51 million from HK\$83 million last year. In comparison with an operating profit of HK\$4.0 million in the year-ago period, the division recorded an operating loss of HK\$7.5 million for the six months ended 30 September 2023.

The business of the Timepieces Division improved with a 15% growth in half-yearly revenue to HK\$94 million from HK\$82 million a year earlier. However, the operating costs of the subsidiary in United Kingdom went up as a result of inflation. For the first half of the financial year, the division's operating profit increased slightly to HK\$6.5 million from HK\$6.3 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\$4.8 million for the period under review (2022: net losses of HK\$16.3 million). At 30 September 2023, the Group's trading securities decreased to HK\$76 million from HK\$80 million as at the beginning of the financial year.

## **PROSPECTS AND GENERAL OUTLOOK**

The Group's overall orders at the end of October 2023 fell 50% from those at the same time last year. Together with the uncertainties amid the global economy, the management is concerned about the Group's performance in the second half of the financial year. The business of the Toys Division will further weaken in the second half of the year. We are also cautious about the business of the Computer Products Division as a major customer is still suffering from 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 2023, the Group's cash balances, including pledged bank balances, aggregated to HK\$232 million (at 31 March 2023: HK\$171 million).

At the end of September 2023, the Group's current assets amounted to HK\$594 million (at 31 March 2023: HK\$585 million) which included inventories of HK\$135 million (at 31 March 2023: HK\$184 million), trade and other receivables of HK\$152 million (at 31 March 2023: HK\$149 million) and trading securities of HK\$76 million (at 31 March 2023: HK\$80 million).

At 30 September 2023, the Group's current liabilities amounted to HK\$209 million (at 31 March 2023: HK\$197 million) which included a revolving bank loan of HK\$10 million (at 31 March 2023: HK\$10 million). Certain trading securities and bank deposits amounting to HK\$77 million (at 31 March 2023: HK\$79 million), along with certain properties with a carrying amount of HK\$44 million (at 31 March 2023: HK\$46 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 2023 was 29% (at 31 March 2023: 27%). At 30 September 2023, the Group's working capital ratio, an indicator of liquidity represented by a ratio between the current assets and the current liabilities, was 2.84 as compared to 2.98 at 31 March 2023. 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 1.77 from 1.49 at 31 March 2023.

## **CONTINGENT LIABILITIES**

As at 30 September 2023, 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 (2022: HK3 cents). The total amount of dividend payment of HK\$18 million (2022: HK\$18 million) was based on the total number of shares in issue as at 28 November 2023, being the latest practicable date prior to the announcement of the interim results. The dividend will be paid on Wednesday, 17 January 2024 to shareholders registered in the Register of Members on Thursday, 4 January 2024.

## **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, 3 January 2024 to Thursday, 4 January 2024, 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, 2 January 2024.

## **EMPLOYEES**

As at 30 September 2023, the number of employees of the Group was 139 (2022: 138) in Hong Kong, 2,038 (2022: 3,961) in Mainland China and 33 (2022: 33) in Europe. Total staff costs for the period under review amounted to HK\$145,750,000 (2022: HK\$274,549,000). 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 2023.

## **AUDIT COMMITTEE**

The audit committee reports to the board of directors and currently comprises four independent non-executive directors, namely Dr Ng Tze Kin David, being the chairman, Mr Lie-A-Cheong Tai Chong David, Mr Yeh Man Chun Kent 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 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 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 four independent non-executive directors, namely Mr Lie-A-Cheong Tai Chong David, Mr Yeh Man Chun Kent, 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 2023 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](http://www.hkex.com.hk)) and the Company's website ([www.heraldgroup.com.hk](http://www.heraldgroup.com.hk)). The interim report of the Company for the six months ended 30 September 2023 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 2023

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

*Executive Directors:*

*Mr Robert Dorfman*

*Mr Lai Man Pun ACG, HKACG, 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*

*Ms Wong Sau Ling FCPA*

*\*For identification purpose only*