



Herald Holdings Limited

Stock Code: 00114

2023/24
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
Yeh Man Chun Kent
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 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 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 | |
|-------------------------------|--------|--|-----------|
| | | 2023 | 2022 |
| | | HK\$'000 | HK\$'000 |
| Revenue | Note 3 | 406,783 | 808,531 |
| Cost of sales | | (303,459) | (625,598) |
| Gross profit | | 103,324 | 182,933 |
| Other revenue | | 6,697 | 5,356 |
| Other net loss | | (2,148) | (12,817) |
| Selling expenses | | (7,919) | (6,895) |
| Administrative expenses | | (89,558) | (102,420) |
| Profit from operations | | 10,396 | 66,157 |
| Finance cost | 4(a) | (652) | (2,116) |
| Profit before taxation | 4 | 9,744 | 64,041 |
| Income tax | 5 | (2,116) | (20,282) |
| Profit for the period | | 7,628 | 43,759 |

Consolidated statement of profit or loss – Unaudited (Continued)

For the six months ended 30 September 2023

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

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

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

Consolidated statement of financial position – Unaudited

At 30 September 2023

| | Note | As at 30 September 2023 HK\$'000 | As at 31 March 2023 HK\$'000 |
|-------------------------------------|------|---|---------------------------------------|
| Non-current assets | | | |
| Investment properties | 8 | 102,035 | 103,733 |
| Other property, plant and equipment | 8 | 188,723 | 206,992 |
| | | 290,758 | 310,725 |
| Intangible assets | | 970 | 988 |
| Other financial assets | | 4,356 | 2,300 |
| Deferred tax assets | | 3,140 | 4,106 |
| | | 299,224 | 318,119 |
| Current assets | | | |
| Trading securities | | 75,657 | 80,429 |
| Inventories | | 134,666 | 184,237 |
| Trade and other receivables | 9 | 151,896 | 149,443 |
| Pledged bank balances | | 2,708 | 947 |
| Cash and cash equivalents | | 228,851 | 170,330 |
| | | 593,778 | 585,386 |

Consolidated statement of financial position – Unaudited (Continued)

At 30 September 2023

| | Note | As at 30 September 2023 HK\$'000 | As at 31 March 2023 HK\$'000 |
|---|------|---|---------------------------------------|
| Current liabilities | | | |
| Trade and other payables and contract liabilities | 10 | 142,133 | 148,267 |
| Bank loans | | 10,000 | 10,000 |
| Lease liabilities | | 5,931 | 5,806 |
| Current tax payable | | 32,909 | 32,695 |
| Dividends payable to equity shareholders of the Company | | 18,135 | – |
| | | 209,108 | 196,768 |
| Net current assets | | | |
| | | 384,670 | 388,618 |
| Total assets less current liabilities | | | |
| | | 683,894 | 706,737 |
| Non-current liabilities | | | |
| Lease liabilities | | 10,397 | 13,544 |
| Deferred tax liabilities | | 35,562 | 36,249 |
| Provision for long service payments | | 1,242 | 1,242 |
| | | 47,201 | 51,035 |
| NET ASSETS | | | |
| | | 636,693 | 655,702 |

Consolidated statement of financial position – Unaudited (Continued)

At 30 September 2023

| | | As at 30 September 2023 | As at 31 March 2023 |
|--|-------------|--|---------------------------|
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| CAPITAL AND RESERVES | | | |
| Share capital | 11 | 47,150 | 47,150 |
| Reserves | | 577,051 | 595,265 |
| Total equity attributable to equity shareholders of the Company | | 624,201 | 642,415 |
| Non-controlling interests | | 12,492 | 13,287 |
| TOTAL EQUITY | | 636,693 | 655,702 |

Consolidated statement of changes in equity – Unaudited
 For the six months ended 30 September 2023

| | 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 interest | 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 2023 | 47,150 | 20,928 | 53,891 | 813 | 43,958 | 5,166 | 18,068 | 452,451 | 642,415 | 13,287 | 655,702 |
| Changes in equity for the six months ended 30 September 2023: | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 8,212 | 8,212 | (584) | 7,628 |
| Other comprehensive income | - | - | - | - | - | (8,291) | - | - | (8,291) | (211) | (8,502) |
| Total comprehensive income | - | - | - | - | - | (8,291) | - | 8,212 | (79) | (795) | (874) |
| Dividends approved in respect of the previous year | - | - | - | - | - | - | - | (18,135) | (18,135) | - | (18,135) |
| Balance at 30 September 2023 | 47,150 | 20,928 | 53,891 | 813 | 43,958 | (3,135) | 18,068 | 442,528 | 624,201 | 12,492 | 636,693 |

Consolidated statement of changes in equity – Unaudited (Continued)
For the six months ended 30 September 2023

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 |
|---|---------------|---------------|---------------------------|-----------------|------------------------------|------------------|-----------------------|-----------------|----------|---------------------------|--------------|
| Note | 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 2022 | 47,150 | 20,928 | 53,891 | 813 | 43,958 | 25,668 | 18,068 | 406,394 | 617,070 | 13,770 | 630,840 |
| Changes in equity for the six months ended 30 September 2022: | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 44,025 | 44,025 | (266) | 43,759 |
| Other comprehensive income | - | - | - | - | - | (34,515) | - | - | (34,515) | (905) | (35,420) |
| Total comprehensive income | - | - | - | - | - | (34,515) | - | 44,025 | 9,510 | (1,171) | 8,339 |
| Dividends approved in respect of the previous year | - | - | - | - | - | - | - | (18,135) | (18,135) | - | (18,135) |
| Balance at 30 September 2022 | 47,150 | 20,928 | 53,891 | 813 | 43,958 | (6,647) | 18,068 | 432,284 | 608,445 | 12,599 | 621,044 |

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Condensed consolidated cash flow statement – Unaudited
For the six months ended 30 September 2023

| | Six months ended 30 September | |
|--|--|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 |
| Operating activities | | |
| Cash generated from operations | 63,132 | 29,302 |
| Tax paid | (29) | (34) |
| Net cash generated from operating activities | 63,103 | 29,268 |
| Investing activities | | |
| Payment for the purchase of property, plant and equipment | (539) | (2,725) |
| Payment for the purchase of trading securities | (15,600) | (5,483) |
| Proceeds from the disposal of property, plant and equipment | 254 | 41 |
| Proceeds from the sale of trading securities | 15,600 | 5,753 |
| Other cash flows arising from investing activities | 680 | 251 |
| Net cash generated from/(used in) investing activities | 395 | (2,163) |
| Financing activities | | |
| Capital element of lease rentals paid | (2,910) | (3,376) |
| Interest element of lease rentals paid | (354) | (474) |
| Proceeds from new bank loans | – | 24,120 |
| Repayment of bank loans | – | (32,000) |
| Other cash flows arising from financing activities | (298) | (1,642) |
| Net cash used in financing activities | (3,562) | (13,372) |
| Net increase in cash and cash equivalents | 59,936 | 13,733 |
| Cash and cash equivalents at 1 April | 170,330 | 89,764 |
| Effect of foreign exchange rates changes | (1,415) | (4,297) |
| Cash and cash equivalents at 30 September | 228,851 | 99,200 |

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 29 November 2023.

The interim financial report has 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 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 2023 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 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 report 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:

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

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

(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 | Computer products | Timepieces | Investments | Others | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | 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 | Computer products | Timepieces | Investments | Others | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | 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 | Computer products | Timepieces | Investments | Others | Total |
|----------------------------------|----------|-------------------|------------|-------------|----------|----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | 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 | Computer products | Timepieces | Investments | Others | Total |
|--------------------------------|----------|-------------------|------------|-------------|----------|----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | 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 |
| Revenue | | |
| Reportable segment revenue | 408,410 | 810,158 |
| Elimination of inter-segment revenue | (1,627) | (1,627) |
| Consolidated revenue | 406,783 | 808,531 |
| | | |
| | Six months ended 30 September | |
| | 2023 | 2022 |
| | HK'000 | HK\$'000 |
| Profit | | |
| Reportable segment profit | 18,421 | 72,338 |
| Unallocated corporate expenses | (8,677) | (8,297) |
| Consolidated profit before taxation | 9,744 | 64,041 |

| | At 30 September 2023 HK'000 | At 31 March 2023 HK\$'000 |
|--|--|------------------------------------|
| Assets | | |
| Reportable segment assets | 850,990 | 851,885 |
| Elimination of inter-segment receivables | - | - |
| | 850,990 | 851,885 |
| Deferred tax assets | 3,140 | 4,106 |
| Unallocated corporate assets | 38,872 | 47,514 |
| | 893,002 | 903,505 |
| | | |
| | At 30 September 2023 HK'000 | At 31 March 2023 HK\$'000 |
| Liabilities | | |
| Reportable segment liabilities | 159,462 | 167,913 |
| Elimination of inter-segment payables | - | - |
| | 159,462 | 167,913 |
| 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 |
| | 256,309 | 247,803 |
| Consolidated total liabilities | | |

4. PROFIT BEFORE TAXATION

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

| | Six months ended 30 September | |
|--|--|----------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| (a) Finance cost | | |
| Interest on bank loans and other borrowings | 298 | 1,642 |
| Interest on lease liabilities | 354 | 474 |
| | 652 | 2,116 |
| (b) Other items | | |
| 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) |

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 |
| | 2,116 | 20,282 |

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

| | Six months ended 30 September | |
|---|----------------------------------|----------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Interim dividend declared and payable after the interim period of HK3 cents (2022: 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 | |
|--|----------------------------------|----------|
| | 2023 | 2022 |
| | 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 (2022: 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\$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 |
|--|--|------------------------------------|
| By date of invoice | | |
| 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 | 142,050 | 123,433 |
| Deposits, prepayments and other receivables | 9,846 | 26,010 |
| | 151,896 | 149,443 |

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 |
|--|--|--|
| By date of invoice | | |
| Within 1 month | 10,340 | 9,453 |
| Over 1 month but within 3 months | 3,929 | 3,789 |
| Over 3 months | 2,703 | 1,441 |
| Trade creditors and bills payable | 16,972 | 14,683 |
| Accruals and other payables | 111,160 | 124,340 |
| Contract liabilities – forward sale deposits | 14,001 | 9,244 |
| | 142,133 | 148,267 |

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 2023 | 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 2023 | | | | Fair value as at 31 March 2023 | | | |
|--|--|---------------|---------------|--------------|--|---------------|---------------|--------------|
| | Fair value measurements as at 30 September 2023 categorised into | | | | Fair value measurements as at 31 March 2023 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 | 34,726 | 34,726 | - | - | 37,656 | 37,656 | - | - |
| - unlisted managed funds | 40,931 | - | 40,931 | - | 42,773 | - | 42,773 | - |
| Unlisted equity securities | 4,356 | - | - | 4,356 | 2,300 | - | - | 2,300 |
| | 80,013 | 34,726 | 40,931 | 4,356 | 82,729 | 37,656 | 42,773 | 2,300 |

During the six months ended 30 September 2022 and 2023, 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 2023: 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 2023, it is estimated that with all other variables held constant, an increase/decrease in the minority discount by 5% (2022: 5%) would have decreased/increased the Group's profit before/after tax by HK\$182,000 (2022: HK\$171,000).

There is no movement in the balance of Level 3 fair value measurements during the periods ended 30 September 2022 and 2023.

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 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 2023 and 31 March 2023.

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 2023, the future minimum guaranteed royalties for licences are payable as follows:

| | At 30 September 2023 HK\$'000 | At 31 March 2023 HK\$'000 |
|---------------------------------|--|------------------------------------|
| Within 1 year | 3,133 | 3,077 |
| After 1 year but within 5 years | 14,172 | 13,291 |
| After 5 years | 953 | 3,823 |
| | 18,258 | 20,191 |

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 2023 HK\$'000 | 2022 HK\$'000 |
|------------------------------|--|------------------|
| Short-term employee benefits | 14,556 | 13,026 |
| Post-employment benefits | 756 | 763 |
| | 15,312 | 13,789 |

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 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.

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

As at 30 September 2023, 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 2023, 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)

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 2023, 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 2023 was HK\$0.48) 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 2023 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 2023, no share options had been granted under the 2013 Share Option Scheme and the 2023 Share Option Scheme. 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 scheme mandate of the 2013 Share Option Scheme as at 1 April 2023 was 54,249,076 and such scheme expired on 15 September 2023. The options available for grant under the 2023 Share Option Scheme as at the date of adoption (19 September 2023) and as at 30 September 2023 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 2023.

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 2023, 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% |
| Moral Excel Holdings Ltd ("MEH") | (iii) | 64,689,760 | – | – | 64,689,760 | 10.70% |
| HSBC International Trustee Ltd ("HIT") | (iii) | – | – | 64,689,760 | 64,689,760 | 10.70% |
| Ms Chang Kan Jane | (iv) | 24,781,424 | – | 39,322,633 | 64,104,057 | 10.60% |
| Mr Tong Shek-King Denny | (v) | – | 64,004,057 | 100,000 | 64,104,057 | 10.60% |
| Other persons | | | | | | |
| Mrs Sheri Tillman Dorfman | (vi) | – | 51,606,000 | – | 51,606,000 | 8.54% |
| Mrs Mirriam Bloch | | 38,572,500 | – | – | 38,572,500 | 6.38% |
| 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) 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.
- (iv) 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.
- (v) These interests in shares are duplicated by those beneficially owned by Ms Chang Kan Jane.
- (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 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. 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, 29 November 2023