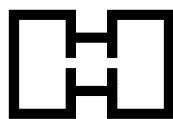


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HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 00114)

Annual Results Announcement for the year ended 31 March 2025

The Board of Directors (the “Board”) of Herald Holdings Limited (the “Company”) presents the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2025, together with the comparative figures for the previous year and selected explanatory information, as follows:

Consolidated statement of profit or loss

For the year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	3 & 4	703,704	711,337
Cost of sales		<u>(499,192)</u>	(551,059)
Gross profit		204,512	160,278
Other revenue	5	14,694	15,213
Other net income	5	15,480	856
Selling expenses		(12,785)	(11,140)
Administrative expenses		(179,959)	(173,984)
Net valuation losses on investment properties		<u>(10,978)</u>	(7,465)
Profit/(loss) from operations		30,964	(16,242)
Finance costs	6(a)	<u>(196)</u>	(1,115)
Profit/(loss) before taxation	6	30,768	(17,357)
Income tax credit	7	<u>2,530</u>	2,574
Profit/(loss) for the year		<u><u>33,298</u></u>	(14,783)

		2025 HK\$'000	2024 HK\$'000
Attributable to:			
Equity shareholders of the Company		32,875	(14,385)
Non-controlling interests		<u>423</u>	<u>(398)</u>
Profit/(loss) for the year		<u>33,298</u>	<u>(14,783)</u>
Earnings/(loss) per share	9		
Basic (HK cents)		<u>5.44</u>	<u>(2.38)</u>
Diluted (HK cents)		<u>5.44</u>	<u>(2.38)</u>

Details of dividends payable to equity shareholders of the Company are set out in note 8.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) for the year	<u>33,298</u>	<u>(14,783)</u>
Other comprehensive income for the year		
<i>Item that is or 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>26</u>	<u>(11,663)</u>
Other comprehensive income for the year	<u>26</u>	<u>(11,663)</u>
Total comprehensive income for the year	<u>33,324</u>	<u>(26,446)</u>
Attributable to:		
Equity shareholders of the Company	32,926	(25,774)
Non-controlling interests	<u>398</u>	<u>(672)</u>
Total comprehensive income for the year	<u>33,324</u>	<u>(26,446)</u>

Consolidated statement of financial position
At 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investment properties		80,383	91,859
Other property, plant and equipment		141,530	168,301
		221,913	260,160
Intangible assets		920	954
Other financial assets		3,500	4,000
Prepayment		-	841
Deferred tax assets		4,145	5,614
		230,478	271,569
Current assets			
Trading securities		92,056	77,390
Inventories		118,355	122,659
Trade and other receivables	10	112,732	108,036
Pledged bank balances		7,096	3,607
Cash and cash equivalents		266,105	229,188
		596,344	540,880
Current liabilities			
Trade and other payables and contract liabilities	11	176,239	145,993
Lease liabilities		2,813	5,226
Current tax payable		28,909	29,504
		207,961	180,723
Net current assets		388,383	360,157
Total assets less current liabilities		618,861	631,726

	2025 HK\$'000	2024 HK\$'000
Non-current liabilities		
Lease liabilities	975	6,536
Deferred tax liabilities	25,032	30,360
Provision for long service payments	2,814	1,844
	<u>28,821</u>	<u>38,740</u>
NET ASSETS	<u>590,040</u>	<u>592,986</u>
CAPITAL AND RESERVES		
Share capital	47,150	47,150
Reserves	529,877	533,221
Total equity attributable to equity shareholders of the Company	577,027	580,371
Non-controlling interests	<u>13,013</u>	<u>12,615</u>
TOTAL EQUITY	<u>590,040</u>	<u>592,986</u>

Notes:

1. Basis of preparation

The consolidated results set out in this announcement do not constitute the Group's annual financial statements for the year ended 31 March 2025 but are extracted from those financial statements.

The annual financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") ("Listing Rules").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, equity investments classified as other financial assets, and financial instruments classified as trading securities are stated at their fair value.

2. Changes in accounting policies

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

The principal activities of the Group are the manufacture, sale and distribution of toys, computer products, clocks, watches, and electronic and gift products.

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

	2025 HK\$'000	2024 HK\$'000
Revenue from sale of goods within the scope of HKFRS 15		
Disaggregated by major product lines		
– Toys	393,155	407,943
– Computer products	98,111	104,235
– Timepieces	212,438	199,159
	703,704	711,337

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 4(c).

The Group's customer base includes one (2024: one) customer with whom transactions have exceeded 10% of the Group's revenue. During the year, revenue from sales of toys to this customer amounted to approximately HK\$274,285,000 (2024: HK\$290,300,000). For both years, the sales arose mainly in the North America geographical region in which the toys division is active.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date to its revenue from sales of goods as the performance obligation is part of a contract that has an original expected duration of one year or less.

4. 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 and other financial assets.
Others	:	The leasing of properties to group companies and third parties to generate rental income and to gain from the appreciation in the properties' values in the long term.

(a) Segment results, assets and liabilities

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 years ended 31 March 2025 and 2024 is set out below:

	2025					
	Toys	Computer Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	393,155	98,111	212,438	-	-	703,704
Inter-segment revenue	-	-	-	-	3,550	3,550
Reportable segment revenue	393,155	98,111	212,438	-	3,550	707,254
Reportable segment profit/(loss)	16,953	(1,000)	21,808	17,642	(10,194)	45,209
Interest income	2,637	863	420	-	72	3,992
Interest expense	(45)	-	(90)	-	-	(135)
Depreciation and amortisation for the year	(13,973)	(2,322)	(2,610)	-	(5,292)	(24,197)
Reportable segment assets	312,581	108,992	144,018	102,652	124,137	792,380
Additions to non-current segment assets during the year	1,783	488	1,845	-	-	4,116
Reportable segment liabilities	129,415	17,178	26,227	-	1,777	174,597

	2024					
	Toys	Computer Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	407,943	104,235	199,159	–	–	711,337
Inter-segment revenue	–	–	–	–	3,548	3,548
Reportable segment revenue	407,943	104,235	199,159	–	3,548	714,885
Reportable segment (loss)/profit	(9,470)	(6,462)	22,518	(2,864)	(4,454)	(732)
Interest income	1,041	435	86	–	106	1,668
Interest expense	(877)	–	(124)	–	–	(1,001)
Depreciation and amortisation for the year	(23,624)	(2,052)	(2,684)	–	(5,293)	(33,653)
Reportable segment assets	305,954	109,435	125,165	84,997	139,568	765,119
Additions to non-current segment assets during the year	1,274	293	638	–	2	2,207
Reportable segment liabilities	108,600	17,179	21,910	1,213	1,777	150,679

(b) Reconciliations of reportable segment revenue, profit/(loss), interest income, interest expense, assets and liabilities

	2025 HK\$'000	2024 HK\$'000
Revenue		
Reportable segment revenue	707,254	714,885
Elimination of inter-segment revenue	(3,550)	(3,548)
Consolidated revenue	<u>703,704</u>	<u>711,337</u>
Profit/(loss)		
Reportable segment profit/(loss)	45,209	(732)
Unallocated corporate expenses	(14,441)	(16,625)
Consolidated profit/(loss) before taxation	<u>30,768</u>	<u>(17,357)</u>
Interest income		
Reportable segment interest income	3,992	1,668
Unallocated corporate interest income	744	401
Consolidated interest income	<u>4,736</u>	<u>2,069</u>
Interest expense		
Reportable segment interest expense	135	1,001
Unallocated corporate interest expense	61	114
Consolidated interest expense	<u>196</u>	<u>1,115</u>
Assets		
Reportable segment assets	792,380	765,119
Deferred tax assets	4,145	5,614
Unallocated corporate assets	30,297	41,716
Consolidated total assets	<u>826,822</u>	<u>812,449</u>
Liabilities		
Reportable segment liabilities	174,597	150,679
Current tax payable	28,909	29,504
Deferred tax liabilities	25,032	30,360
Unallocated corporate liabilities	8,244	8,920
Consolidated total liabilities	<u>236,782</u>	<u>219,463</u>

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties and other property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of investment properties and other property, plant and equipment, and based on the location of operations in the case of intangible assets.

	Revenue from external customers		Specific non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong (place of domicile)	60,552	66,844	56,777	63,524
North America	324,572	322,009	-	-
United Kingdom	97,501	107,358	11,330	11,355
Europe (excluding United Kingdom)	74,632	78,984	-	-
Asia (excluding Mainland China and Hong Kong)	34,297	25,520	-	-
Mainland China	85,292	69,965	154,726	186,235
Others	26,858	40,657	-	-
	643,152	644,493	166,056	197,590
	703,704	711,337	222,833	261,114

5. Other revenue and other net income

	2025 HK\$'000	2024 HK\$'000
Other revenue		
Rental income	5,090	4,948
Interest income from deposits with banks	4,736	2,069
Dividend income from listed securities	3,474	2,650
Sales of scrap materials	1,041	4,862
Others	353	684
	14,694	15,213
Other net income		
Net realised and unrealised gains/(losses) on trading securities	14,668	(3,039)
Net foreign exchange gain	637	5,826
Change in fair value of other financial assets	(500)	(2,476)
Net gain on disposal of property, plant and equipment	393	604
Gain/(loss) on early termination of leases	181	(98)
Others	101	39
	15,480	856

6. Profit/(loss) before taxation

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

	2025 HK\$'000	2024 HK\$'000
(a) Finance costs		
Interest on bank loans and other borrowings	-	453
Interest on lease liabilities	196	662
	196	1,115
(b) Other items		
Amortisation of intangible assets	34	34
Cost of inventories	499,192	551,059
Depreciation		
- owned property, plant and equipment	14,010	21,032
- right-of-use assets	10,153	12,587
Impairment losses/(reversal of impairment losses) on trade debtors	97	(383)
Rentals receivable from investment properties less direct outgoings of HK\$67,000 (2024: HK\$23,000)	(5,023)	(4,925)

7. Income tax credit

	2025 HK\$'000	2024 HK\$'000
Hong Kong Profits Tax	1,247	(277)
Taxation outside Hong Kong	(182)	3,186
Deferred tax	(3,595)	(5,483)
	<u>(2,530)</u>	<u>(2,574)</u>

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

The provision for Hong Kong Profits Tax for 2025 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2024/25 subject to a maximum reduction of HK\$3,000 for each business (2024: a maximum reduction of HK\$3,000 was granted for the year of assessment 2023/24 and was taken into account in calculating the provision for 2024).

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

8. Dividends payable to equity shareholders of the Company attributable to the year

	2025 HK\$'000	2024 HK\$'000
Interim dividend declared and paid of HK3 cents (2024: HK3 cents) per share	18,135	18,135
Final dividend proposed after the end of the reporting period of HK3 cents (2024: HK3 cents) per share	18,135	18,135
	<u>36,270</u>	<u>36,270</u>

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

9. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK\$32,875,000 (2024: loss of HK\$14,385,000) and the weighted average number of shares of 604,491,000 (2024: 604,491,000) in issue during the year.

(b) Diluted earnings/(loss) per share

There were no dilutive potential shares in existence during the year ended 31 March 2025, and therefore the diluted earnings per share is the same as the basic earnings per share.

Diluted loss per share for the year ended 31 March 2024 was the same as the basic loss per share as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share.

10. Trade and other receivables

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

	At 31 March 2025 HK\$'000	At 31 March 2024 HK\$'000
Within 3 months	99,964	94,523
4 to 6 months	576	1,589
7 to 12 months	859	128
13 to 24 months	-	3
Trade debtors and bills receivable, net of loss allowance	101,399	96,243
Deposits, prepayments and other receivables	11,333	11,793
	<u>112,732</u>	<u>108,036</u>

Trade debtors and bills receivable are normally due within 90 days from the date of billing.

11. Trade and other payables and contract liabilities

Included in trade and other payables and contract liabilities are trade creditors and bills payable (based on the invoice date) with the following ageing analysis as of the end of the reporting period:

	At 31 March 2025 HK\$'000	At 31 March 2024 HK\$'000
Within 1 month	11,641	10,047
Over 1 month but within 3 months	3,182	3,675
Over 3 months	186	499
Trade creditors and bills payable	15,009	14,221
Accruals and other payables	153,274	122,653
	168,283	136,874
Contract liabilities		
- forward sales deposits	7,956	9,119
	176,239	145,993

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

12. Non-adjusting event after the reporting period

- (a) Subsequent to the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 8.
- (b) On 28 April 2025, the Company announced that Herald Investments (China) Company Limited (“Herald Investments”), an indirectly wholly-owned subsidiary of the Company, has entered into the relocation compensation agreements (“Relocation Compensation Agreements”) with Baihe Town Planning, Construction and Ecological Environment Protection Office (“Baihe Land Office”), pursuant to which Herald Investments has agreed to surrender in aggregate two pieces of lands to Baihe Land Office in return for the payment by Baihe Land Office of the relocation compensation. The total relocation compensation to be received by Herald Investments in respect of the lands shall be approximately RMB20.89 million. Details refer to the Company announcement on 28 April 2025.

The first instalment, representing approximately 70% of the total relocation compensation, was received on 29 May 2025. Herald Investments completed the extinguishment of the real estate titles for the two pieces of land in June 2025. The remaining compensation amount is payable within 30 business days following the title extinguishment.

BUSINESS REVIEW

The revenue of the Group for the year ended 31 March 2025 was HK\$704 million which was 1% down from HK\$711 million in the previous year. The Group recorded a net profit attributable to the equity shareholders of the Company amounting to HK\$32.9 million as compared with a net loss of HK\$14.4 million a year earlier. This change is mainly attributable to the net realised and unrealised gains on trading securities of approximately HK\$14.7 million (2024: net realised and unrealised losses of HK\$3.0 million), and savings achieved through vigorous cost controlling measures particularly in the Toys and Computer Products Divisions. Detailed analysis of the operating results is set out in the following paragraphs.

Toys Division

Despite the revenue of the Toys Division for the year ended 31 March 2025 dropping 4% year-on-year from HK\$408 million to HK\$393 million, the division recorded an operating profit of HK\$17.0 million for the year under review in comparison with an operating loss of HK\$9.5 million a year earlier.

Computer Products Division

With the weak demand for the smart connected devices especially in the second half of the financial year, the Computer Products Division's revenue for the year ended 31 March 2025 fell 6% year-on-year from HK\$104 million to HK\$98 million, while its operating loss has shrunk from HK\$6.5 million to HK\$1.0 million.

Timepieces Division

The business of the Timepieces Division performed well and recorded a revenue of HK\$212 million for the year ended 31 March 2025, representing a 7% year-on-year increase from HK\$199 million last year. During the year, the change in the product mix and the discounts offered for sales campaigns have reduced the operating profit slightly to HK\$21.8 million from HK\$22.5 million last year.

Other Investments

For the year ended 31 March 2025, the Group recognised net realised and unrealised gains on trading securities of HK\$14.7 million (2024: losses of HK\$3.0 million). The dividend from trading securities amounted to HK\$3.5 million for the year (2024: HK\$2.7 million). At 31 March 2025, the Group's trading securities amounted to HK\$92 million (2024: HK\$77 million).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group continues to maintain its sound financial health. At the end of the financial year, the Group had a strong financial position with healthy liquidity. At 31 March 2025, the total assets amounted to HK\$827 million (2024: HK\$812 million) which were financed by current liabilities of HK\$208 million (2024: HK\$181 million), non-current liabilities of HK\$29 million (2024: HK\$39 million), non-controlling interests of HK\$13 million (2024: HK\$13 million) and equity attributable to the Company's equity shareholders of HK\$577 million (2024: HK\$580 million).

At 31 March 2025, the Group's cash balances including pledged bank balances aggregated to HK\$273 million, up from HK\$233 million a year ago. The current assets at 31 March 2025 amounted to HK\$596 million (2024: HK\$541 million). The inventories decreased from HK\$123 million to HK\$118 million and the trade and other receivables increased from HK\$108 million to HK\$113 million. The trading securities at 31 March 2025 amounted to HK\$92 million (2024: HK\$77 million).

At 31 March 2025, the Group's current liabilities amounted to HK\$208 million (2024: HK\$181 million). Certain trading securities and bank deposits amounting to HK\$98 million (2024: HK\$80 million), along with certain properties with a carrying amount of HK\$40 million (2024: HK\$43 million), were also 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 31 March 2025 was 29% (2024: 27%). At 31 March 2025, the Group's working capital ratio, an indicator of liquidity represented by a ratio between the current assets and the current liabilities, was 2.87 as compared to 2.99 last year. The quick ratio, another ratio that gauges the short-term liquidity and measured by trade debtors and bills receivable and cash and cash equivalent over current liabilities, decreased to 1.77 from 1.80 in the previous year.

CONTINGENT LIABILITIES

As at 31 March 2025, 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 arise.

PROSPECT AND GENERAL OUTLOOK

For the Toys and Computer Products Divisions, with the uncertainties and pressures from the ongoing trade wars, as well as the price pressure from the customers, the management has some concerns about their businesses in the new financial year. On the other hand, the Timepieces Division started the new financial year with stable sales and a positive outlook.

DIVIDEND

At the forthcoming Annual General Meeting to be held on 18 September 2025, the directors will recommend a final dividend of HK3 cents per share (2024: HK3 cents). Together with the interim dividend of HK3 cents (2024: HK3 cents), the dividend payment for the year of HK6 cents (2024: HK6 cents) would represent an annual return of 13.3% (2024: 12.5%) on the Company's average share price of HK\$0.45 (2024: HK\$0.48) in the year ended 31 March 2025.

The final dividend which will amount to HK\$18.1 million is calculated on the total number of shares in issue as at 30 June 2025, being the latest practicable date prior to the announcement of the results.

REGISTER OF MEMBERS

The Annual General Meeting is scheduled to be held on Thursday, 18 September 2025. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 12 September 2025 to Thursday, 18 September 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be able to attend and vote at the Annual General Meeting, 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 Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 11 September 2025.

The proposed final dividend is subject to the passing of the ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is Friday, 3 October 2025. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 2 October 2025 to Friday, 3 October 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be qualified for the proposed final dividend, shareholders should ensure that all transfers of shares, accompanied by the relevant share certificates, are lodged with Tricor Investor Services Limited for registration no later than 4:30 p.m. on Tuesday, 30 September 2025. The payment of final dividend, if approved at the Annual General Meeting, will be made on Tuesday, 14 October 2025.

EMPLOYEES

As at 31 March 2025, the number of employees of the Group was approximately 122 in Hong Kong, 2,774 in Mainland China and 32 in Europe. The Group ensures that its employee's remuneration packages are competitive. Employees are rewarded based on their performance and experience and the prevailing industry practice. Total staff costs for the year amounted to HK\$280,568,000 (2024: HK\$281,539,000).

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 year ended 31 March 2025.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules throughout the year ended 31 March 2025.

MODEL CODE OF SECURITIES TRANSACTIONS

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 C3 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 ANNUAL RESULTS AND ANNUAL 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 2025 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the Stock Exchange's website and the Company's website in due course.

By Order of the Board
Robert Dorfman
Chairman

Hong Kong, 30 June 2025

As at the date of this announcement, the Board of Directors of the Company comprises Mr Robert Dorfman, Mr Lai Man Pun and Dr Cheung Tsang Kay, Stan as executive directors; and Mr Lie-A-Cheong Tai Chong, David, Dr Ng Tze Kin, David and Ms Wong Sau Ling as independent non-executive directors.

**For identification only*