



Herald Holdings Limited

Stock Code: 00114

**2025/26
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
 Gershon Dorfman

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SECRETARY

Lai Chi-Kin, William CPA

PRINCIPAL BANKERS

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

AUDITORS

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

SOLICITORS

Stephenson Harwood

PRINCIPAL OFFICE

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 89 Queensway
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REGISTERED OFFICE

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 2 Church Street
 Hamilton HM11
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PRINCIPAL REGISTRAR

Appleby Global Corporate Services
 (Bermuda) Limited
 Canon's Court, 22 Victoria Street
 PO Box HM 1179
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HONG KONG SHARE REGISTRAR

Tricor Investor Services 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 2025, together with the comparative figures for the corresponding period in 2024, as follows:

Consolidated statement of profit or loss – Unaudited
For the six months ended 30 September 2025

		Six months ended 30 September	
	Note	2025	2024
		HK\$'000	HK\$'000
Revenue			
Revenue	3	425,046	392,170
Cost of sales		(299,965)	(277,181)
Gross profit		125,081	114,989
Other revenue		7,856	8,572
Other net income		32,719	8,271
Selling expenses		(8,358)	(7,092)
Administrative expenses		(101,553)	(94,257)
Profit from operations		55,745	30,483
Finance cost	4(a)	(50)	(124)
Profit before taxation		55,695	30,359
Income tax	5	(11,437)	(2,577)
Profit for the period		44,258	27,782

Consolidated statement of profit or loss – Unaudited (Continued)

For the six months ended 30 September 2025

	Note	Six months ended 30 September	
		2025 HK\$'000	2024 HK\$'000
Attributable to:			
Equity shareholders of the Company		44,236	27,189
Non-controlling interests		22	593
Profit for the period		44,258	27,782
Earnings per share	7		
Basic (HK cents)		7.32	4.50
Diluted (HK cents)		7.32	4.50

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 2025

	Six months ended 30 September	
	2025 HK\$'000	2024 HK\$'000
Profit for the period	44,258	27,782
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)	8,980	9,863
Total comprehensive income for the period	53,238	37,645
Attributable to:		
Equity shareholders of the Company	53,084	36,794
Non-controlling interests	154	851
Total comprehensive income for the period	53,238	37,645

Consolidated statement of financial position – Unaudited

At 30 September 2025

	Note	As at 30 September 2025 HK\$'000	As at 31 March 2025 HK\$'000
Non-current assets			
Investment properties	8	81,758	80,383
Other property, plant and equipment	8	135,242	141,530
		217,000	221,913
Intangible assets		902	920
Other financial assets		3,500	3,500
Deferred tax assets		2,781	4,145
		224,183	230,478
Current assets			
Trading securities		105,022	92,056
Inventories		119,413	118,355
Trade and other receivables	9	219,762	112,732
Pledged bank balances		9,038	7,096
Cash and cash equivalents		238,726	266,105
		691,961	596,344

Consolidated statement of financial position – Unaudited (Continued)

At 30 September 2025

	Note	As at 30 September 2025 HK\$'000	As at 31 March 2025 HK\$'000
Current liabilities			
Trade and other payables and contract liabilities	10	202,623	176,239
Lease liabilities		1,562	2,813
Current tax payable		39,619	28,909
Dividends payable to equity shareholders of the Company		18,135	–
		261,939	207,961
Net current assets		430,022	388,383
Total assets less current liabilities		654,205	618,861
Non-current liabilities			
Lease liabilities		978	975
Deferred tax liabilities		25,278	25,032
Provision for long service payments		2,806	2,814
		29,062	28,821
NET ASSETS		625,143	590,040

Consolidated statement of financial position – Unaudited (Continued)

At 30 September 2025

	Note	As at 30 September 2025 HK\$'000	As at 31 March 2025 HK\$'000
CAPITAL AND RESERVES			
Share capital	11	47,150	47,150
Reserves		564,826	529,877
Total equity attributable to equity shareholders of the Company			
		611,976	577,027
Non-controlling interests		13,167	13,013
TOTAL EQUITY			
		625,143	590,040

Consolidated statement of changes in equity – Unaudited
 For the six months ended 30 September 2025

Attributable to equity shareholders of the Company								
Note	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	PRC statutory reserve HK\$'000	Retained profit HK\$'000	Non- controlling interests HK\$'000
Balance at 1 April 2025	47,150	20,928	53,891	43,958	(6,182)	18,068	399,214	577,027
Changes in equity for the six months ended 30 September 2025:								
Profit for the period	-	-	-	-	-	-	44,236	22
Other comprehensive income	-	-	-	-	8,848	-	8,848	132
								8,980
Total comprehensive income	-	-	-	-	8,848	-	44,236	53,084
Dividends approved in respect of the previous year	6	-	-	-	-	-	(18,135)	(18,135)
Balance at 30 September 2025	47,150	20,928	53,891	43,958	2,666	18,068	425,315	611,976
								13,167
								625,143

Consolidated statement of changes in equity – Unaudited (Continued)
 For the six months ended 30 September 2025

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

Condensed consolidated cash flow statement – Unaudited*For the six months ended 30 September 2025*

	Six months ended 30 September	
	2025 HK\$'000	2024 HK\$'000
Operating activities		
Cash (used in)/generated from operations	(50,052)	30,807
Tax refunded	689	939
Net cash (used in)/generated from operating activities	(49,363)	31,746
Investing activities		
Payment for the purchase of property, plant and equipment	(3,902)	(299)
Proceeds from the disposal of property, plant and equipment	23,104	666
Other cash flows arising from investing activities	2,396	2,504
Net cash generated from investing activities	21,598	2,871
Financing activities		
Capital element of lease rentals paid	(1,915)	(1,989)
Interest element of lease rentals paid	(50)	(124)
Net cash used in financing activities	(1,965)	(2,113)
Net (decrease)/increase in cash and cash equivalents	(29,730)	32,504
Cash and cash equivalents at 1 April	266,105	229,188
Effect of foreign exchange rates changes	2,351	1,951
Cash and cash equivalents at 30 September	238,726	263,643

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 27 November 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024/2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025/2026 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 2025 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 2025 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 June 2025.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group.

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

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

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

(a) Disaggregation of revenue

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

	Six months ended 30 September	
	2025 HK\$'000	2024 HK\$'000
Revenue from sales of goods within the scope of HKFRS 15		
Disaggregated by major product lines		
– Toys	277,899	227,268
– Computer Products	36,432	60,419
– Timepieces	110,715	104,483
	425,046	392,170

Six months ended 30 September		
	2025 HK\$'000	2024 HK\$'000
Disaggregated by geographical location of customers		
– Hong Kong (place of domicile)	29,045	33,249
– North America	217,279	189,599
– United Kingdom	59,755	55,249
– Europe (excluding United Kingdom)	44,774	31,550
– Asia (excluding Chinese Mainland and Hong Kong)	19,057	16,349
– Chinese Mainland	45,854	47,735
– Others	9,282	18,439
	396,001	358,921
	425,046	392,170

(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 2025 and 2024 is set out below.

Six months ended 30 September 2025						
	Computer Toys	Computer Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	277,899	36,432	110,715	-	-	425,046
Inter-segment revenue	-	-	-	-	1,627	1,627
Reportable segment revenue	277,899	36,432	110,715	-	1,627	426,673
Reportable segment profit/(loss)	20,868	(4,713)	6,817	14,866	22,231	60,069
As at 30 September 2025						
	Computer Toys	Computer Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	350,081	107,956	159,579	117,560	149,616	884,792
Reportable segment liabilities	146,324	20,689	32,237	-	3,123	202,373

Note: During the six months ended 30 September 2025, 2 pieces of lands together with the buildings thereon in Shanghai under Others segment were disposed of and a pre-tax gain on disposal of HK\$21,343,000 (2024: HK\$Nil) was recognised and included in segment results above.

Six months ended 30 September 2024

	Computer Toys	Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	227,268	60,419	104,483	-	-	392,170
Inter-segment revenue	-	-	-	-	1,627	1,627
Reportable segment revenue	227,268	60,419	104,483	-	1,627	393,797
Reportable segment profit	15,454	2,506	6,964	12,284	107	37,315

As at 31 March 2025

	Computer Toys	Products	Timepieces	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	312,581	108,992	144,018	102,652	124,137	792,380
Reportable segment liabilities	129,415	17,178	26,227	-	1,777	174,597

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

	Six months ended 30 September	
	2025	2024
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	426,673	393,797
Elimination of inter-segment revenue	(1,627)	(1,627)
Consolidated revenue	425,046	392,170
 Profit		
Reportable segment profit	60,069	37,315
Unallocated corporate expenses	(4,374)	(6,956)
Consolidated profit before taxation	55,695	30,359

	At 30 September 2025	At 31 March 2025
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	884,792	792,380
Deferred tax assets	2,781	4,145
Unallocated corporate assets	28,571	30,297
Consolidated total assets	916,144	826,822
Liabilities		
Reportable segment liabilities	202,373	174,597
Current tax payable	39,619	28,909
Deferred tax liabilities	25,278	25,032
Dividends payable to equity shareholders of the Company	18,135	–
Unallocated corporate liabilities	5,596	8,244
Consolidated total liabilities	291,001	236,782

4. PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2025 HK\$'000	2024 HK\$'000
(a) Finance cost		
Interest on lease liabilities	50	124
(b) Other items		
Depreciation		
– owned property, plant and equipment	6,349	7,328
– right-of-use assets	4,988	5,270
Net (gain)/loss on disposal of other property, plant and equipment (note 4(b)(i))	(21,682)	238
Net realised and unrealised gains on trading securities	(12,966)	(9,938)
Net foreign exchange losses	1,935	1,668
Staff costs	164,371	146,435
Impairment loss on trade debtors	217	1,007
Interest income from deposits with banks	(2,437)	(2,513)
Rental income	(2,497)	(2,552)
Dividend income	(1,901)	(2,347)

(i) During the period ended 30 September 2025, the Group recognised a one-off pre-tax gain of HK\$21,343,000 on disposal of 2 pieces of lands together with the buildings thereon in Shanghai (the "Disposal") after deducting estimated stamp duty, value added taxes, surcharges and professional fees. The Land Appreciation Tax and Corporate Income Tax in relation to the Disposal are estimated to be HK\$6,402,000, where both of which were recognised as income tax expenses as set out in note 5.

5. INCOME TAX

	Six months ended 30 September	
	2025 HK\$'000	2024 HK\$'000
Current tax – Hong Kong Profits Tax	2,510	318
Current tax – Outside Hong Kong (note 4(b)(i))	7,511	404
Deferred tax	1,416	1,855
	11,437	2,577

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2024: 16.5%) to the six months ended 30 September 2025, 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	
	2025	2024
	HK\$'000	HK\$'000
Interim dividend declared and payable after the interim period of HK3 cents (2024: 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	
	2025	2024
	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 (2024: 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\$44,236,000 (2024: HK\$27,189,000) and the weighted average number of shares of 604,491,000 (2024: 604,491,000) in issue during the period.

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the period ended 30 September 2025, and therefore the diluted earnings per share is the same as the basic earnings per share.

Diluted earnings per share for the period ended 30 September 2024 was the same as the basic earnings per share as the share options outstanding during the period 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 2025, the Group entered into several new lease agreements and therefore recognised the additions to right-of-use assets of HK\$495,000 (2024: HK\$Nil).

During the period ended 30 September 2025, the Group recognised a one-off pre-tax gain of HK\$21,343,000 on disposal of 2 pieces of lands together with the buildings thereon in Shanghai with nil net book value. No other item of right-of-use assets were disposed of during the period ended 30 September 2025.

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

(b) Acquisitions and disposal of owned assets

During the period ended 30 September 2025, the Group acquired items of other property, plant and equipment with an aggregate cost of HK\$3,407,000 (2024: HK\$299,000).

Items of other property, plant and equipment with a net book value of HK\$85,000 (2024: HK\$904,000) were disposed of during the period ended 30 September 2025, resulting in a net gain on disposal of HK\$339,000 (2024: net loss of HK\$238,000).

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 2025 HK\$'000	At 31 March 2025 HK\$'000
By date of invoice		
Within 3 months	201,271	99,964
4 to 6 months	5,844	576
7 to 12 months	302	859
Trade debtors and bills receivable, net of loss allowance	207,417	101,399
Deposits, prepayments and other receivables	12,345	11,333
	219,762	112,732

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 2025 HK\$'000	At 31 March 2025 HK\$'000
By date of invoice		
Within 1 month	10,669	11,641
Over 1 month but within 3 months	7,762	3,182
Over 3 months	–	186
Trade creditors and bills payable	18,431	15,009
Accruals and other payables	175,630	153,274
Contract liabilities – forward sale deposits	8,562	7,956
	202,623	176,239

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 2025	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 2025			Fair value measurements as at 30 September 2025 categorised into			Fair value as at 31 March 2025			Fair value measurements as at 31 March 2025 categorised into		
	HK\$'000	Level 1	Level 2	Level 3	HK\$'000	Level 1	Level 2	Level 3	HK\$'000	Level 1	Level 2	Level 3
		HK\$'000	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	56,161	56,161	–	–		46,818	46,818	–		–	–	
– unlisted managed funds	48,861	–	48,861	–		45,238	–	45,238		–	–	
Unlisted equity securities	3,500	–	–	3,500		3,500	–	–		–	–	3,500
	108,522	56,161	48,861	3,500		95,556	46,818	45,238		–	–	3,500

During the six months ended 30 September 2024 and 2025, 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 (31 March 2025: 23%)

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 2025, it is estimated that with all other variables held constant, an increase/decrease in the minority discount by 5% (2024: 5%) would have decreased/increased the Group's profit before/after tax by HK\$204,000 (2024: HK\$202,000).

There is no movement in the balance of Level 3 fair value measurements during the periods ended 30 September 2024 and 2025.

The gain or loss arising from the remeasurement of the Group's unlisted equity securities are recognised in profit or loss. Any gains or losses arising from the disposal of the unlisted equity securities are presented in the "Other net income" 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 2025 and 31 March 2025.

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 2025, the future minimum guaranteed royalties for licences are payable as follows:

	At 30 September 2025 HK\$'000	At 31 March 2025 HK\$'000
Within 1 year	2,678	2,490
After 1 year but within 5 years	8,262	10,519
	10,940	13,009

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	
	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	12,792	9,455
Post-employment benefits	613	659
	13,405	10,114

15. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to the end of the reporting period, the directors proposed an interim dividend. Further details are disclosed in note 6.
- (b) On 30 October 2025, an indirect wholly-owned subsidiary of the Company entered into a preliminary agreement to acquire a property in Hong Kong at a consideration of HK\$81,500,000. Details refer to the Company announcement on 30 October 2025.

BUSINESS REVIEW

The Group's revenue for the six months ended 30 September 2025 amounted to HK\$425 million which was 8% up from HK\$392 million in the corresponding period last year. The Group reported a net profit attributable to the equity shareholders of HK\$44.2 million for the period under review, up from HK\$27.2 million a year earlier, and such increase was mainly attributable to a one-off gain after tax of approximately HK\$14.9 million arising from the disposal of two pieces of lands together with the buildings thereon in Shanghai ("Disposal"). Details of the Disposal are set out in the Company's announcement dated 28 April 2025. Further analysis of the operating results is set out in the following paragraphs.

During the period under review, accelerated orders were placed by the customers in anticipation of the escalating tariffs. As a result, the revenue for the six months ended 30 September 2025 of the Toys Division increased by 22% to HK\$278 million from HK\$227 million last year, and the operating profit increased to HK\$20.9 million, up from HK\$15.5 million a year earlier.

The revenue of the Computer Products Division declined by 40% to HK\$36 million from HK\$60 million last year, which was mainly attributable to the weak demand in the smart connected devices. The division recorded an operating loss of HK\$4.7 million for the six months ended 30 September 2025 as compared to an operating profit of HK\$2.5 million in the year-ago period.

With the growing demand for the licensed brand watches, the half-yearly revenue of the Timepieces Division increased by 7% to HK\$111 million from HK\$104 million a year earlier. Nevertheless, the change in product mix resulted in a slight decrease in gross margin, and the division's operating profit for the first half of the financial year was HK\$6.8 million, a slight decrease from HK\$7.0 million in the previous year's period.

The Group recorded net realised and unrealised profits on trading securities of HK\$13.0 million for the period under review (2024: HK\$9.9 million). At 30 September 2025, the Group's trading securities increased to HK\$105 million from HK\$92 million as at the beginning of the financial year.

PROSPECTS AND GENERAL OUTLOOK

For the Toys and Computer Products Divisions, with the uncertainties and pressures arising from the ongoing geopolitical tensions, as well as intensified price competition within the industry, the management has some concerns about their performance in the second half of the financial year. On the other hand, the management expects the business of the Timepieces Division would be stable and sustain a positive result for the full financial year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group continues to maintain its sound financial health. At 30 September 2025, the Group's cash balances, including pledged bank balances, aggregated to HK\$248 million (at 31 March 2025: HK\$273 million).

At the end of September 2025, the Group's current assets amounted to HK\$692 million (at 31 March 2025: HK\$596 million) which included inventories of HK\$119 million (at 31 March 2025: HK\$118 million), trade and other receivables of HK\$220 million (at 31 March 2025: HK\$113 million) and trading securities of HK\$105 million (at 31 March 2025: HK\$92 million).

At 30 September 2025, the Group's current liabilities amounted to HK\$262 million (at 31 March 2025: HK\$208 million). Certain trading securities and bank deposits amounting to HK\$113 million (at 31 March 2025: HK\$98 million), along with certain properties with a carrying amount of HK\$38 million (at 31 March 2025: HK\$40 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 2025 was 32% (at 31 March 2025: 29%). At 30 September 2025, the Group's working capital ratio, an indicator of liquidity represented by a ratio between the current assets and the current liabilities, was 2.64 as compared to 2.87 at 31 March 2025. The quick ratio, another ratio that gauges the short-term liquidity and measured by trade debtors and bills receivable and cash and cash equivalents over current liabilities, decreased to 1.70 from 1.77 at 31 March 2025.

CONTINGENT LIABILITIES

As at 30 September 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 arises.

DIVIDEND

The Directors have declared an interim dividend of HK3 cents per share (2024: HK3 cents). The total amount of dividend payment of HK\$18 million (2024: HK\$18 million) was based on the total number of shares in issue as at 26 November 2025, being the latest practicable date prior to the announcement of the interim results. The dividend will be paid on Thursday, 15 January 2026 to shareholders registered in the Register of Members on Tuesday, 6 January 2026.

CLOSURE OF REGISTER OF MEMBERS

The record date for entitlement to the interim dividend is Tuesday, 6 January 2026. For determining the entitlement to the interim dividend, the Register of Members of the Company will be closed from Monday, 5 January 2026 to Tuesday, 6 January 2026, 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 Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 2 January 2026.

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

As at 30 September 2025, 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)

Directors	Number of shares				Percentage of total issued shares
	Personal interests	Interests of spouse	Other interests	Total	
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%
Mr Gershon Dorfman	37,325,799	–	–	37,325,799	6.17%

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.

Apart from the foregoing, as at 30 September 2025, 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

A 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 56,449,076 shares which are the shares 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.

The options available for grant under the 2023 Share Option Scheme as at 1 April 2025 and as at 30 September 2025 were both 56,449,076.

No share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2023 Share Option Scheme during the period ended 30 September 2025 and no share options were outstanding as at 30 September 2025.

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 2025, 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			Percentage of total issued shares
		Personal interests	Interests of spouse	Other interests	
Substantial shareholders					
Ms Ng Yiu-Chi, Eleanor	(i)	–	106,639,893	–	106,639,893 17.64%
Ms Cheung Yee, Alice	(ii)	30,281,424	–	39,222,633	69,504,057 11.50%
Ms Chang Kan, Jane	(iii)	26,213,670	–	39,322,633	65,536,303 10.84%
Mr Tong Shek-King, Denny	(iv)	–	65,436,303	100,000	65,536,303 10.84%
Moral Excel Holdings Ltd ("MEH")	(v)	64,689,760	–	–	64,689,760 10.70%
HSBC International Trustee Ltd ("HIT")	(vi)	–	–	64,689,760	64,689,760 10.70%
Other persons					
Mrs Sheri Tillman Dorfman	(vii)	–	51,606,000	–	51,606,000 8.54%
Mrs Mirriam Bloch		38,722,500	–	–	38,722,500 6.41%
Ms Trina Elaine Dingler	(viii)	–	37,325,799	–	37,325,799 6.17%

Notes:

- (i) The entire interests in shares of 106,639,893 are duplicated by those disclosed under Dr Cheung Tsang-Kay, Stan, the spouse of Ms Ng Yiu-Chi, Eleanor, in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures".
- (ii) Ms Cheung Yee, Alice is interested in 39,222,633 shares together with Dr Cheung Tsang-Kay, Stan and Ms Chang Kan, Jane.
- (iii) Ms Chang Kan, Jane is interested in 39,222,633 shares together with Dr Cheung Tsang-Kay, Stan and Ms Cheung Yee, Alice. Ms Chang Kan, Jane is interested in another 100,000 shares with Mr Tong Shek-King, Denny.

- (iv) These interests in shares are duplicated by those beneficially owned by Ms Chang Kan, Jane.
- (v) MEH is a company owned by a family trust which is interested in 64,689,760 shares held by MEH, as noted in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures". HIT, the trustee of this trust, is deemed to be interested in the 64,689,760 shares owned by this trust.
- (vi) These interests in shares are duplicated by those disclosed under Mr Robert Dorfman, the spouse of Mrs Sheri Tillman Dorfman, in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures".
- (vii) These interests in shares are duplicated by those disclosed under Mr Gershon Dorfman, the spouse of Ms Trina Elaine Dingler, in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures".

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 2025, the number of employees of the Group was 124 (2024: 122) in Hong Kong, 2,469 (2024: 2,128) in Chinese Mainland and 31 (2024: 32) in Europe. Total staff costs for the period under review amounted to HK\$164,371,000 (2024: HK\$146,435,000). 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 2025.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 September 2025 with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

MODEL CODE

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

By order of the Board
Robert Dorfman
Chairman

Hong Kong, 27 November 2025