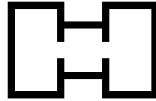


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HERALD HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

ACQUISITION OF REMAINING INTERESTS IN A NON-WHOLLY OWNED SUBSIDIARY

The Directors of HHL announce that on 23 November, 2001, HHK, an indirect wholly owned subsidiary of HHL, has entered into an Agreement with the below-mentioned Vendors for the acquisition of remaining 111,000 shares or 9.84% of the issued share capital of HDL, an indirect 90.16% non-wholly owned subsidiary of HHL, for a total consideration as described below.

The Vendors are directors, substantial shareholders or their associates of HHL or its subsidiaries and hence the transaction constitutes a connected transaction for HHL under the Listing Rules. As the acquisition represents less than 3% of the consolidated net tangible assets of HHL as at 31 March, 2001, shareholders' approval of the transaction is not required. Details of this connected transaction required under the Rule 14.25(1)(A) to (D) of the Listing Rules will be included in the next published annual report and accounts of HHL for the year ended 31 March, 2002.

DETAILS OF THE ACQUISITION

DATE OF AGREEMENT: 23 NOVEMBER, 2001

Parties:

Vendors: Dr. Cheung Tsang Kay Stan, a substantial shareholder and a director of HHL
 Ms. Chan Him Wee, an associate of Mr. Chang Dong Song, a director of HHL
 Mr. Robert Dorfman, a director of HHL
 Mr. Gershon Dorfman, a director of some of HHL's subsidiaries
 Ms. Monica Bloch, a director of some of HHL's subsidiaries
 Ms. Linda Renee Bloch, an associate of Mr. George Bloch, a director of HHL
 Mr. Thong Yeung Sum Michael, a director of HHL
 Mr. Kwok Nam Po, a director of some of HHL's subsidiaries

Purchaser: HHK, an indirect wholly owned subsidiary of HHL

HHL is an investment holding company and its principal subsidiaries are engaged in the manufacture and sale of toys, computer heads, aluminium houseware, clocks and watches.

Assets Acquired:

111,000 shares of HK\$10 each in HDL, representing the remaining 9.84% of the issued share capital of HDL.

HDL, a company incorporated in Hong Kong, is currently engaged in the manufacture and sale of computer heads. HDL owns and operates a production plant in Zhuhai and its products are mainly sold to the United States, Europe, Malaysia and Japan.

The audited net profit of HDL before and after taxation for the year ended 31 March, 2001 were HK\$6,507,557 and HK\$7,715,086 respectively, whereas the audited net profit of HDL before and after taxation for the year ended 31 March, 2000 were HK\$7,102,083 and HK\$8,420,991 respectively. There were no extraordinary items for the years ended 31 March, 2001 and 2000. Based on the audited accounts of HDL as at 31 March, 2001, the audited net tangible asset value of 9.84% equity interest in HDL acquired by HHK amounted to approximately HK\$8,584,000. According to the management accounts of HDL, the net loss of HDL before and after taxation for the six months ended 30 September, 2001 were HK\$2,438,314 and HK\$2,523,203 respectively.

Consideration:

The total consideration for the shares acquired is HK\$7,770,000 representing HK\$70 per share of HDL and a discount of 7% to HK\$75.28, being the net tangible asset value per share of HDL based on the management accounts of HDL as at 30 September, 2001. At 30 September, 2001, HDL had net cash surplus of HK\$21,454,000, or net cash surplus per share of HK\$19.

The Vendors warrant that the audited net tangible asset value per share of HDL as at 31 March, 2002 ("NAV") will not be less than HK\$70 and undertake that the consideration be adjusted to NAV if the NAV is less than HK\$70.

The number of shares acquired and the consideration paid to each vendor are as follows:

Vendors	No. of shares acquired	Consideration HK\$
Dr. Cheung Tsang Kay Stan	26,500	1,855,000
Ms Chan Him Wee	29,000	2,030,000
Mr. Robert Dorfman	19,750	1,382,500
Mr. Gershon Dorfman	19,750	1,382,500
Ms Monica Bloch	3,250	227,500
Ms Linda Renee Bloch	3,250	227,500
Mr. Thong Yeung Sum Michael	7,500	525,000
Mr. Kwok Nam Po	2,000	140,000
	<u>111,000</u>	<u>7,770,000</u>

The directors of HHL including the independent non-executive directors consider that the terms and conditions of the acquisition are fair and reasonable and in the best interest of HHL.

Payment terms:

The consideration will be paid in cash within 10 days following the execution of the Agreement. (i.e. on or before 3 December, 2001)

Completion of the acquisition:

Completion of the acquisition has taken place unconditionally and simultaneously after the signing of the Agreement.

REASON FOR THE TRANSACTION

The acquisition serves to consolidate HHK's full control of HDL in which HHK already directly owns 90.16% of its equity interest.

DEFINITIONS

"HHL"	Herald Holdings Limited
"HHK"	Herald (Hong Kong) Limited
"HDL"	Herald Datanetics Limited
"Agreement"	The agreement dated 23 November, 2001 between HHK and the Vendors for the acquisition of remaining 111,000 shares of the issued share capital of HDL
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

GENERAL

Vendors are directors, substantial shareholders or their associates of HHL or its subsidiaries and hence the transaction constitutes a connected transaction for HHL under the Listing Rules. As the acquisition represents less than 3% of the consolidated net tangible assets of HHL as at 31 March, 2001, shareholders' approval of the transaction is not required.

Details of this connected transaction required under the Rule 14.25(1)(A) to (D) of the Listing Rules will be included in the next published annual report and accounts of HHL for the year ending 31 March, 2002.

By Order of the Board
Thong Yeung Sum Michael
 Secretary

Hong Kong, 23 November, 2001