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HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 114)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that it is expected that the results of the Group for the six months ended 31 March 2013 may experience a significant decline as compared to the same period ended 31 March 2012

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Herald Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinances (Chapter 571, Laws of Hong Kong) (the “SFO”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that it is expected that the results of the Group for the six months ended 31 March 2013 may experience a significant decline as compared to the same period ended 31 March 2012. Based on the information currently available, the Board considers that the decrease is mainly attributable to the drop in both sales volume and profit margin of the Toys Division for the six months ended 31 March 2013 amid stiff competition among toy manufacturers and rising costs of production.

Despite the unfavorable results in the second half of the fiscal year, the Group is still expected to record a profit for the year ended 31 March 2013.

The Company is still in the process of finalizing the Group's annual results for the year ended 31 March 2013. The information contained in this announcement is only based on the Company's preliminary review of the management accounts of the Group, which have not been audited or reviewed by the Company's auditors. Further details of the Group's performance will be disclosed as and when the annual results of the Group for the year ended 31 March 2013 are announced.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Herald Holdings Limited
Cheung Tsang Kay Stan
Chairman

Hong Kong, 31 May 2013

As at the date of this announcement, the Board comprises Messrs. Cheung Tsang Kay Stan, Robert Dorfman, Thong Yeung Sum Michael and Tang King Hung as executive directors; and Messrs. David Tai Chong Lie-A-Cheong, Yeh Man Chun Kent and Ng Tze Kin David as independent non-executive directors.

**For identification only*