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HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 00114)

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 and potential investors that, based on the information currently available, the Group is expected to record a net loss attributable to the Shareholders for the six months ended 31 March 2017 as compared to the net profit attributable to the Shareholders for the six months ended 31 March 2016.

Shareholders 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 (the “Shareholders”) and potential investors that, based on the information currently available, the Group is expected to record a net loss attributable to the Shareholders for the six months ended 31 March 2017 as compared to the net profit attributable to the Shareholders for the six months ended 31 March 2016, which were mainly attributable to (i) the decline in the Group’s revenue for the six months ended 31 March 2017 by approximately 37% as compared to the corresponding period in last year; and (ii) the recognition of an allowance for doubtful debts of approximately HK\$30 million for a customer of the Computer Products Division.

Nevertheless, with the one-off gain on disposal of properties in Shenzhen attributable to the Shareholders of approximately HK\$106.4 million during the six months ended 30 September 2016, the Group expects the net profit attributable to the Shareholders for the year ended 31 March 2017 would not be lower than that for the year ended 31 March 2016.

In addition, the Group's overall orders at the end of April 2017 surged approximately 32% from those at the same time in 2016. With stronger orders on hand, the management remains optimistic about the results of the Group for the year ending 31 March 2018.

The Company is still in the process of finalizing the Group's annual results for the financial year ended 31 March 2017. The information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the management accounts of the Group and other information currently available, which have not been audited or reviewed by the Company's auditors. Shareholders and potential investors are advised to refer to the details of the Group's annual results for the financial year ended 31 March 2017 which are expected to be released in June 2017.

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

By order of the Board
Herald Holdings Limited
Robert Dorfman
Chairman

Hong Kong, 12 May 2017

As at the date of this announcement, the Board comprises Messrs. Robert Dorfman, Shum Kam Hung and Cheung Tsang Kay Stan 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*