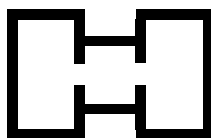


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 00114)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

On 3 December 2018, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Preliminary Agreement with the Purchaser pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for a total consideration of HK\$32,080,000.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements.

INTRODUCTION

On 3 December 2018, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Preliminary Agreement with the Purchaser pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for a total consideration of HK\$32,080,000.

THE PRELIMINARY AGREEMENT

Date

3 December 2018

Parties

Vendor : Jonell Limited, an indirect wholly-owned subsidiary of the Company

Purchaser : Perfect Step Development Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Property

The Property is located at Factory on 23rd Floor, Pat Tat Industrial Building, No. 1 Pat Tat Street, San Po Kong, Kowloon, Hong Kong. The Property is for non-residential use.

The Property is being used as a warehouse by the Group immediately before the Transaction.

Consideration and payment terms

The total consideration for the Disposal is HK\$32,080,000 to be settled in cash, which was agreed between the Vendor and the Purchaser based on arm's length negotiation after taking into account the prevailing property market in Hong Kong and the market price of the similar properties adjacent to the Property.

The Purchaser has paid to the Vendor the Initial Deposit of HK\$954,000 upon entering into of the Preliminary Agreement and shall pay a further deposit of HK\$2,254,000 upon entering into of the Formal Agreement on or before 13 December 2018.

The balance of the consideration in the amount of HK\$28,872,000 shall be paid by the Purchaser to the Vendor upon completion of the Disposal on or before 4 January 2019.

Completion

Completion of the Disposal will take place on or before 4 January 2019.

Agency fee

In consideration of the services rendered by a property agency company to the Vendor, the Vendor shall pay to the property agency company an agency fee of HK\$320,800 (representing 1% of the total consideration for the Property) on or before 4 January 2019. The property agency company and its beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The carrying value of the Property was HK\$1,603,000 in the audited consolidated financial statements of the Company as at 31 March 2018. Subject to audit, the Group is expected to realize a profit of approximately HK\$30,107,000 from the Disposal which is calculated based on the consideration of HK\$32,080,000 minus the estimated transaction costs of HK\$370,000 and the carrying value of the Property as at 31 March 2018.

Given the prevailing property market conditions in Hong Kong, the Directors consider that the Disposal presents a good opportunity for the Company to yield a reasonable return to its investment in the Property. The Directors believe that the terms of the Disposal are on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

The proceeds from the Disposal will be used as general working capital of the Group.

GENERAL

The Company is an exempted company incorporated under the laws of Bermuda with limited liability and its principal subsidiaries are engaged in the manufacture, sale and distribution of toys, computer products, housewares, clocks, watches and electronic and gift products.

Perfect Step Development Limited is a limited liability company incorporated in Hong Kong and is principally engaged in the investment business.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements.

DEFINITIONS

“Board”	the board of Directors;
“Company”	Herald Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Property by the Vendor to the Purchaser on the terms and conditions of the Preliminary Agreement;
“Formal Agreement”	the formal agreement for the sale and purchase of the Property to be entered into between the Vendor and the Purchaser in respect of the Disposal;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Initial Deposit”	a deposit of HK\$954,000 paid by the Purchaser to the Vendor upon entering into of the Preliminary Agreement for the purchase of the Property;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Preliminary Agreement”	the preliminary sale and purchase agreement dated 3 December 2018 and entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property;
“Property”	Factory on 23 rd Floor, Pat Tat Industrial Building, No. 1 Pat Tat Street, San Po Kong, Kowloon, Hong Kong;
“Purchaser”	Perfect Step Development Limited, being the purchaser of the Property under the Preliminary Agreement;
“Shareholders”	holders of the ordinary shares of US\$0.01 each in the capital of the Company;

- “Vendor” Jonell Limited, a company incorporated in Hong Kong with limited liabilities and an indirect wholly-owned subsidiary of the Company, which is the vendor of the Property under the Preliminary Agreement; and
- “US\$” United States dollar, the lawful currency of the United States of America.

By Order of the Board
Herald Holdings Limited
Shum Kam Hung
Managing Director

Hong Kong, 3 December 2018

As at the date of this announcement, the Board comprises Mr. Robert Dorfman, Mr. Shum Kam Hung, Dr. Cheung Tsang Kay Stan as executive Directors and Mr. Lie-A-Cheong Tai Chong David, Mr. Yeh Man Chun Kent and Dr. Ng Tze Kin David as independent non-executive Directors.

**For identification only*