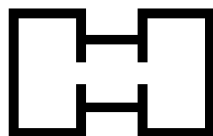


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HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 114)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTIES

The Board is pleased to announce that on 7 December 2007, **HDL**, an indirect wholly-owned subsidiary of the Company, by way of public auction, acquired the properties located in No. 1, Pingxi 6 Road, Zhuhai Nanpin Science and Technology Industrial Park, Zhuhai, Guangdong, PRC at a price of RMB34,106,000 (approximately HK\$35,901,000). On 7 December 2007, **HDL** entered into the Auction Confirmation Agreement with **YGJH** confirming **HDL**'s successful bid for the Properties.

On the basis that applicable percentage ratios in respect of the Acquisition is greater than 5% but less than 25% for the purposes of Rule 14.07 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

A circular containing, among other things, information relating to the Acquisition will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 7 December 2007, **HDL**, an indirect wholly-owned subsidiary of the Company, by way of public auction, acquired the Properties for and on behalf of the Group at a price of RMB34,106,000 (approximately HK\$35,901,000).

2. DETAILS OF THE AUCTION AND THE ACQUISITION

Auction date : 7 December 2007

Parties : YGJH appointed by the Zhuhai Intermediate People's Court as the auctioneers for the Properties. The Company confirmed that, to the best of the Directors' knowledge, information and belief having made all

reasonable enquiry, YGJH and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

HDL as the successful bidder.

Subject matter : the Properties

Auction Confirmation Agreement

On 7 December 2007, HDL entered into the Auction Confirmation Agreement with YGJH confirming HDL's successful bid for the Properties. Pursuant to the terms of the Auction Confirmation Agreement, the Acquisition is conditional upon the payment of the consideration for the Properties.

Consideration and payment terms

Under the Auction Confirmation Agreement, the total consideration for acquiring, through the successful bid, the Properties is RMB34,106,000 (approximately HK\$35,901,000), and will be payable in cash as follows:-

<u>Date of payment</u>	<u>Amount payable</u>
5 December 2007	HK\$3,200,000 (approximately RMB3,040,000, being deposit for the bidding)
Before 16 December 2007	RMB31,066,000 (approximately HK\$32,701,000, being balance of the consideration)

The consideration comprised the amount of RMB33,300,000 bid by HDL under the public bidding held by YGJH on 7 December 2007 in accordance with the relevant PRC laws and regulations, and the commission of RMB806,000 paid to YGJH. The bidding amount was determined with reference to the market price of similar plots of properties in the proximity. There was no financial information in relation to the Properties available to the Group. The Group will fund the consideration by its internal resources.

3. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group will use the Properties to expand the production area of its computer head division. The Directors believe that the acquisition of the Properties will strengthen the business of the division, and hence broaden the earning base of the Group.

The Directors consider that the terms of the Acquisition are fair and reasonable, and that the Acquisition is on normal commercial terms and in the best interests of the Company and the Shareholders as a whole.

4. INFORMATION ABOUT THE COMPANY, HDL AND YGJH

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 toy and gift products, computer heads, housewares, clocks, watches and electronic products.

HDL is a company incorporated under the laws of Hong Kong with limited liability. HDL is engaged in the manufacture of computer heads.

YGJH are companies incorporated under the laws of PRC with limited liability. The principal activity of YGJH is the provision of auction services.

5. IMPLICATION OF THE LISTING RULES

On the basis that the applicable percentage ratios in respect of the Acquisition is greater than 5% but less than 25% for the purposes of Rule 14.07 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

A circular containing, among other things, information relating to the Acquisition will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

6. DEFINITIONS

“Acquisition”	The acquisition of the Properties pursuant to the successful bid on 7 December 2007;
“Board”	The board of Directors;
“Company”	Herald Holdings Limited, a company incorporated in Bermuda whose shares are listed on The Stock Exchange of Hong Kong Limited;
“Auction Confirmation Agreement”	the agreement dated 7 December 2007 between HDL and YGJH;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“HDL”	Herald Datanetics Limited, an indirect wholly-owned subsidiary of the Company;
“Hong Kong”	The Hong Kong Special Administration Region of PRC;
“Properties”	The land use rights of a piece of land with an area

of approximately 33,000 square metres, together with premises of a total floor area of approximately 11,858 square metres erected thereon and within which the undeveloped land area is approximately 21,142 square metres, located at No. 1 Pingxi 6 Road, Zhuhai Nanpin Science and Technology Industrial Park, Zhuhai, Guangdong, PRC;

“YGJH”	珠海市越光拍賣有限公司(Zhuhai Yuguang Auction Co. Ltd. *) and 珠海江匯拍賣有限公司(Zhuhai Jianghui Auction Co. Ltd. *) appointed by the Zhuhai Intermediate People’s Court as the auctioneers for the Properties;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	The People’s Republic of China;
“RMB”	Renminbi, the lawful currency of PRC; and
“Shareholders”	Holders of shares of the Company.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rate of HK\$1.00 = RMB0.95. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Herald Holdings Limited
Thong Yeung Sum Michael
Company Secretary

Hong Kong, 11 December 2007

As at the date of this announcement, the Board comprises Messrs. George Bloch, Cheung Tsang Kay Stan, Chang Dong Song, Robert Dorfman and Thong Yeung Sum Michael as executive Directors, and Messrs Tang King Hung, David Tai Chong Lie-A-Cheong and Yeh Man Chun Kent as independent non-executive Directors.

**For identification only*