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HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 00114)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

RESULTS

The Board of Directors (the “Board”) of Herald Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2010, together with the comparative figures for the corresponding period in 2009, as follows:

Consolidated Income Statement – Unaudited

For the six months ended 30 September 2010

| | | Six months ended 30 September | |
|--|------|----------------------------------|------------------|
| | Note | 2010 HK\$'000 | 2009 HK\$'000 |
| Turnover | 3 | 937,216 | 908,023 |
| Cost of sales | | <u>(720,220)</u> | <u>(649,353)</u> |
| Gross profit | | 216,996 | 258,670 |
| Other revenue | | 8,653 | 8,786 |
| Other net income | | 5,167 | 32,403 |
| Selling expenses | | (25,792) | (22,612) |
| Administrative expenses | | <u>(119,343)</u> | <u>(113,706)</u> |
| Profit from operations | | 85,681 | 163,541 |
| Finance costs | | - | (2) |
| Share of (losses)/profits of jointly controlled entities | | (274) | 433 |
| Share of profit of associate | | <u>142</u> | <u>309</u> |
| Profit before taxation | 4 | 85,549 | 164,281 |
| Income tax | 5 | <u>(23,063)</u> | <u>(34,202)</u> |
| Profit for the period | | <u>62,486</u> | <u>130,079</u> |

| | | | |
|------------------------------------|---|--------------------|-------------------|
| Attributable to: | | | |
| Equity shareholders of the Company | | 61,291 | 129,375 |
| Non-controlling interests | | 1,195 | 704 |
| | | <u> </u> | <u> </u> |
| Profit for the period | | 62,486 | 130,079 |
| | | <u> </u> | <u> </u> |
| Interim dividends | | 18,075 | 18,075 |
| | | <u> </u> | <u> </u> |
| Interim dividends per share | | 3 cents | 3 cents |
| | | <u> </u> | <u> </u> |
| Earnings per share | 6 | | |
| - Basic and diluted | | 10.17 cents | 21.47 cents |
| | | <u> </u> | <u> </u> |

Consolidated Statement of Comprehensive Income - Unaudited*For the six months ended 30 September 2010*

| | Six months ended 30 September | |
|--|--------------------------------------|-----------------------|
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 62,486 | 130,079 |
| Other comprehensive income for the period | | |
| Exchange differences on translation of the financial statements of overseas subsidiaries (no tax effect) | <u>2,841</u> | <u>6,142</u> |
| Total comprehensive income for the period | <u>65,327</u> | <u>136,221</u> |
| Attributable to: | | |
| Equity shareholders of the company | 63,958 | 135,587 |
| Non-controlling interests | <u>1,369</u> | <u>634</u> |
| Total comprehensive income for the period | <u>65,327</u> | <u>136,221</u> |

Consolidated Balance Sheet - Unaudited
At 30 September 2010

| | | As at 30 September 2010 HK\$'000 | As at 31 March 2010 HK\$'000 |
|--|------|--|------------------------------------|
| | Note | | |
| Non-current assets | | | |
| Fixed assets | | | |
| - Property, plant and equipment | | 198,263 | 200,548 |
| - Investment properties | | 33,760 | 33,760 |
| - Interests in leasehold land held for own use under operating leases | | <u>5,223</u> | <u>5,376</u> |
| | | 237,246 | 239,684 |
| Intangible assets | | 7,036 | 6,861 |
| Interest in jointly controlled entities | | 6,588 | 5,405 |
| Interest in associate | | 2,869 | 2,629 |
| Other financial assets | | 4,680 | 4,680 |
| Deferred tax assets | | <u>6,270</u> | <u>8,815</u> |
| | | <u>264,689</u> | <u>268,074</u> |
| Current assets | | | |
| Trading securities | | 165,039 | 116,480 |
| Inventories | | 203,792 | 159,193 |
| Trade and other receivables | 7 | 308,271 | 167,238 |
| Current tax recoverable | | 2,166 | 2,760 |
| Pledged bank balances | | 32,489 | 57,015 |
| Cash and cash equivalents | | <u>235,943</u> | <u>311,745</u> |
| | | <u>947,700</u> | <u>814,431</u> |
| Current liabilities | | | |
| Trade and other payables | 8 | 272,491 | 183,579 |
| Current tax payable | | <u>31,718</u> | <u>18,278</u> |
| | | <u>304,209</u> | <u>201,857</u> |
| Net current assets | | <u>643,491</u> | <u>612,574</u> |
| Total assets less current liabilities | | <u>908,180</u> | <u>880,648</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 277 | 333 |
| Provision for long service payment | | <u>3,072</u> | <u>3,362</u> |
| | | <u>3,349</u> | <u>3,695</u> |
| NET ASSETS | | <u>904,831</u> | <u>876,953</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 46,994 | 46,994 |
| Reserves | | <u>834,690</u> | <u>806,881</u> |
| Total equity attributable to equity shareholders of the Company | | 881,684 | 853,875 |
| Non-controlling interests | | <u>23,147</u> | <u>23,078</u> |
| TOTAL EQUITY | | <u>904,831</u> | <u>876,953</u> |

NOTES:

1. BASIS OF PREPARATION

The interim financial results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorised for issue on 30 November 2010.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the 2009/2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010/2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial results in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial results are unaudited, but have been reviewed by the Company’s audit committee.

The financial information relating to the financial year ended 31 March 2010 that is included in the interim financial results as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2010 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 2 July 2010.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised Hong Kong Financial Reporting Standards (“HKFRSs”), a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Improvements to HKFRSs (2009)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The above developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the results of the current or comparative periods.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments. No operating segments have been aggregated to form the following reportable segments.

| | | |
|-------------------|---|--|
| Toys | : | The manufacture, sale and distribution of toy products. |
| Computer products | : | The manufacture and sale of computer products. |
| Housewares | : | The manufacture, sale and distribution of housewares. |
| Timepieces | : | The manufacture, sale and distribution of clocks, watches, and electronic and gift products. |
| Investments | : | The investment in equity securities, structured products and managed funds. |
| Others | : | The leasing of properties to generate rental income. |

- (a) Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

| Six months ended 30 September 2010 | | | | | | | |
|--------------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| | Toys | Computer products | Housewares | Timepieces | Investments | Others | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue from external customers | 491,718 | 161,616 | 82,666 | 201,216 | - | - | 937,216 |
| Inter-segment revenue | - | - | - | - | - | - | - |
| Reportable segment revenue | 491,718 | 161,616 | 82,666 | 201,216 | - | - | 937,216 |
| Reportable segment profit | 49,571 | 27,588 | 1,202 | 1,161 | 3,976 | 1,368 | 84,866 |

| As at 30 September 2010 | | | | | | | |
|---|--------------------|-------------------|-------------------|-------------------|----------------|----------------|--------------------|
| | Toys | Computer products | Housewares | Timepieces | Investments | Others | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Reportable segment assets | 390,311 | 191,436 | 123,043 | 217,470 | 197,528 | 48,128 | 1,167,916 |
| Reportable segment liabilities | 149,499 | 39,215 | 37,145 | 65,619 | - | 414 | 291,892 |

| Six months ended 30 September 2009 | | | | | | | |
|------------------------------------|------------------|----------------------------------|------------------------|------------------------|-------------------------|--------------------|-------------------|
| | Toys HK\$'000 | Computer products HK\$'000 | Housewares HK\$'000 | Timepieces HK\$'000 | Investments HK\$'000 | Others HK\$'000 | Total HK\$'000 |
| Revenue from external customers | 564,498 | 94,202 | 91,963 | 157,360 | - | - | 908,023 |
| Inter-segment revenue | - | - | - | - | - | - | - |
| Reportable segment revenue | 564,498 | 94,202 | 91,963 | 157,360 | - | - | 908,023 |
| Reportable segment profit/(loss) | 126,164 | 6,798 | 8,297 | (5,525) | 27,888 | 2,111 | 165,733 |

| As at 31 March 2010 | | | | | | | |
|--------------------------------|------------------|----------------------------------|------------------------|------------------------|-------------------------|--------------------|-------------------|
| | Toys HK\$'000 | Computer products HK\$'000 | Housewares HK\$'000 | Timepieces HK\$'000 | Investments HK\$'000 | Others HK\$'000 | Total HK\$'000 |
| Reportable segment assets | 330,538 | 170,793 | 121,577 | 162,380 | 173,495 | 48,050 | 1,006,833 |
| Reportable segment liabilities | 96,680 | 39,541 | 32,515 | 32,743 | - | 301 | 201,780 |

(b) Reconciliations of reportable segment profit, assets and liabilities

| | Six months ended 30 September | |
|--|--------------------------------------|--------------------|
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Profit | | |
| Reportable segment profit | 84,866 | 165,733 |
| Finance costs | - | (2) |
| Share of (losses)/profits of jointly controlled entities | (274) | 433 |
| Share of profit of associate | 142 | 309 |
| Unallocated corporate income and expenses | 815 | (2,192) |
| | <u>85,549</u> | <u>164,281</u> |
| Consolidated profit before taxation | <u>85,549</u> | <u>164,281</u> |
| | | |
| | At 30 September | At 31 March |
| | 2010 | 2010 |
| | HK\$'000 | HK\$'000 |
| Assets | | |
| Reportable segment assets | 1,167,916 | 1,006,833 |
| Elimination of inter-segment receivables | (20,533) | (19,416) |
| | <u>1,147,383</u> | <u>987,417</u> |
| Interest in jointly controlled entities | 6,588 | 5,405 |
| Interest in associate | 2,869 | 2,629 |
| Deferred tax assets | 6,270 | 8,815 |
| Current tax recoverable | 2,166 | 2,760 |
| Unallocated corporate assets | 47,113 | 75,479 |
| | <u>1,212,389</u> | <u>1,082,505</u> |
| Consolidated total assets | <u>1,212,389</u> | <u>1,082,505</u> |
| | | |
| | At 30 September | At 31 March |
| | 2010 | 2010 |
| | HK\$'000 | HK\$'000 |
| Liabilities | | |
| Reportable segment liabilities | 291,892 | 201,780 |
| Elimination of inter-segment payables | (20,533) | (19,416) |
| | <u>271,359</u> | <u>182,364</u> |
| Current tax payable | 31,718 | 18,278 |
| Deferred tax liabilities | 277 | 333 |
| Unallocated corporate liabilities | 4,204 | 4,577 |
| | <u>307,558</u> | <u>205,552</u> |
| Consolidated total liabilities | <u>307,558</u> | <u>205,552</u> |

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

| | Six months ended | |
|---|-------------------------|-----------------|
| | 30 September | |
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Revenue from external customers | | |
| Hong Kong (place of domicile) | <u>92,119</u> | <u>43,287</u> |
| North America | 441,137 | 552,541 |
| United Kingdom | 216,380 | 169,019 |
| Europe (excluding United Kingdom) | 118,405 | 89,984 |
| Asia (excluding Mainland China and Hong Kong) | 36,204 | 28,067 |
| Mainland China | 3,291 | 3,161 |
| Others | <u>29,680</u> | <u>21,964</u> |
| | <u>845,097</u> | <u>864,736</u> |
| | <u>937,216</u> | <u>908,023</u> |

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/ (crediting):

| | Six months ended | |
|---|-------------------------|-----------------|
| | 30 September | |
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Interest on borrowings | - | 2 |
| Depreciation | 14,983 | 13,178 |
| Amortisation of land lease premium | 165 | 164 |
| Net (gains)/losses on disposal of fixed assets | (369) | 855 |
| Net realised and unrealised gains on trading securities | (1,366) | (25,047) |
| Staff costs | 216,420 | 200,741 |
| Interest income | | |
| - trading securities | (1,282) | (1,354) |
| - deposits with banks | (433) | (321) |
| - other loans | (92) | (89) |
| Rental income | (1,732) | (2,163) |
| Dividend income | (1,263) | (1,443) |
| Share of jointly controlled entities' taxation | <u>100</u> | <u>160</u> |

5. INCOME TAX

| | Six months ended 30 September | |
|----------------------------|--|-----------------|
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Hong Kong Profits Tax | 14,708 | 29,040 |
| Taxation outside Hong Kong | 5,867 | 1,302 |
| Deferred taxation | 2,488 | 3,860 |
| | 23,063 | 34,202 |

Provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the six months ended 30 September 2010. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$61,291,000 (2009: HK\$129,375,000) and the weighted average number of shares of 602,491,000 (2009: 602,491,000) in issue during the period.

There were no dilutive potential shares in existence during the periods ended 30 September 2010 and 2009, therefore diluted earnings per share is the same as the basic earnings per share for both the current and prior periods.

7. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

| | At 30 September 2010 | At 31 March 2010 |
|--|---------------------------------|-----------------------------|
| | HK\$'000 | HK\$'000 |
| Current | 173,713 | 92,336 |
| Less than 1 month past due | 79,155 | 27,793 |
| 1 to 3 months past due | 4,988 | 3,982 |
| More than 3 months but less than 12 months past due | 4,923 | 1,337 |
| Trade debtors and bills receivable | 262,779 | 125,448 |
| Deposits, prepayments and other receivables | 45,492 | 40,765 |
| Derivative financial instruments | - | 1,025 |
| | 308,271 | 167,238 |

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

8. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

| | At 30 September 2010 HK\$'000 | At 31 March 2010 HK\$'000 |
|-----------------------------------|-------------------------------------|---------------------------------|
| By date of invoice | | |
| Within 1 month | 53,483 | 44,709 |
| Over 1 month but within 3 months | 45,615 | 6,335 |
| Over 3 months | 3,025 | 1,913 |
| Trade creditors and bills payable | 102,123 | 52,957 |
| Accruals and other payables | 169,805 | 130,622 |
| Derivative financial instruments | 563 | - |
| | <u>272,491</u> | <u>183,579</u> |

All of the trade and other payables including receipts in advance from customers are expected to be settled or recognised as income within one year.

BUSINESS REVIEW

The Group's turnover for the 6 months ended 30 September 2010 amounted to HK\$937 million, representing an increase of HK\$29 million or 3% compared to the same period last year. However, the profit attributable to shareholders for the same period was HK\$61.3 million, down HK\$68.1 million or 52.6% from HK\$129.4 million in the same period a year earlier. The decrease in profit was mainly attributable to the significant decrease both in the net realized and unrealized gains on trading securities and the profit margin of the Toys Division.

During the period, the Toys Division has lost the benefit of the savings in material cost that contributed to the exceptional performance in the corresponding period in 2009. Coupled with a decrease of 13% in turnover from HK\$564 million in the previous year to HK\$492 million and a general reduction in profit margin amid stiff competition among the toy manufacturers, the operating profit dropped significantly from HK\$126.2 million a year ago to HK\$49.6 million.

The Computer Products Division continued to record encouraging results. The turnover for the period amounted to HK\$162 million, up 72% from HK\$94 million in 2009, due to the increased sales in the thin-film computer heads and shipments of the newly-developed product, the smart thermostats, and the profit was HK\$27.6 million, compared to HK\$6.8 million in the previous corresponding period.

The business of the Housewares Division remained stable during the first half of the financial year. The turnover was HK\$83 million, down 10% from HK\$92 million in 2009. The profit amounted to HK\$1.2 million compared to HK\$8.3 million a year ago mainly because the aluminium price has not been moving in favour of the Division.

The performance of the Timepiece Division for the 6 months ended 30 September 2010 has improved over last year. The turnover increased to HK\$201 million from HK\$157 million in the same period of the previous year with profit of HK\$1.2 million compared to an operating loss of HK\$5.5 million last year.

As the global investment market has improved modestly in these 6 months, the Group had net realized and unrealized gains on trading securities of HK\$1.4 million for the period compared to gains of HK\$25 million in the same period last year. At 30 September 2010, the Group's trading securities increased to HK\$165 million from HK\$116 million as at the beginning of the financial year.

FINANCIAL POSITION

The Group continues to exercise prudence in managing its financial resources. As in the past, the Group maintains a good liquidity position without any long term debt funding. At 30 September 2010, the Group's net cash surplus was HK\$268 million (at 31 March 2010: HK\$369 million). During the period under review, the Group used HK\$29 million to finance investing activities and HK\$36 million to pay the final dividend for the year ended 31 March 2010.

The Group's current assets position as at 30 September 2010 was HK\$948 million (at 31 March 2010: HK\$814 million). The trade and other receivables amounted to HK\$308 million (at 31 March 2010: HK\$167 million) and current liabilities HK\$304 million (at 31 March 2010: HK\$202 million). The trading securities increased to HK\$165 million from HK\$116 million as at the beginning of the financial year. Trading securities and bank deposits totalling HK\$179 million (at 31 March 2010: HK\$140 million) are pledged to the banks to secure banking facilities granted to the Group.

At 30 September 2010, the Group's working capital ratio, an indicator of liquidity represented by a ratio between the current assets and the current liabilities, was 3.12 compared to 3.05 at 30 September 2009. The quick ratio, another ratio that gauges the short-term liquidity and measured by trade debtors and cash and cash equivalents over current liabilities, decreased to 1.64 from 1.76 at 30 September 2009.

PROSPECTS AND GENERAL OUTLOOK

Although the Toys Division will continue to experience severe competition from other toy manufacturers, the management anticipates that it will remain profitable in the second half of the financial year. On the other hand, with the current level of orders, the Computer Products Division is expected to sustain growth both in sales volume and profitability. However, the operating results of the Housewares Division will likely suffer due to the expected increase in aluminium price. Meanwhile, the management believes that the business of the Timepiece Division will continue to recover and that the performance for the year ending 31 March 2011 will improve over last year.

The management is concerned about the uncertainty of the global economy, and its impacts on the Group's business activities. In addition, the issues of appreciation of Renminbi and shortage of workers in China are also matters of concern. Nevertheless, based on the information currently available, the management is confident that the Group will be profitable in the second half of the fiscal year.

CONTINGENT LIABILITIES

As at 30 September 2010, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange primarily through sales and purchases that are denominated in a foreign currency, such as United States Dollars and Pound Sterling. From time to time, the Group takes out foreign exchange contracts to hedge against its foreign exchange exposure.

DIVIDENDS

The Directors have declared an interim dividend of HK3 cents per share (2009: HK3 cents). The total amount of dividend payment of HK\$18,075,000 (2009: HK\$18,075,000) was based on the total number of shares in issue as at 29 November 2010, being the latest practicable date prior to the announcement of the interim results. Dividend will be payable on 31 December 2010 to shareholders registered in the Register of Members on 21 December 2010.

REGISTER OF MEMBERS

The Register of Members will be closed from 20 December 2010 to 21 December 2010, both days inclusive. Shareholders should ensure that all transfers accompanied by relevant share certificates are lodged with the Company's Registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 pm on 17 December 2010 in order that they may receive their dividend entitlement.

EMPLOYEES

As at 30 September 2010, the number of employees of the Group was 244 (2009: 242) in Hong Kong, 7,710 (2009: 8,923) in the Mainland China and 111 (2009: 106) in Europe. Total staff costs for the period under review amounted to HK\$216,420,000 (2009: HK\$200,741,000). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded based on their performance and experience and the prevailing industry practice.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2010.

AUDIT COMMITTEE

The audit committee reports to the board of directors and currently comprises three independent non-executive directors, namely Mr Ng Tze Kin David, being the chairman, Mr David Tai Chong Lie-A-Cheong and Mr Yeh Man Chun Kent. The audit committee meets with the Group's senior management and external auditors regularly to discuss audit matters. The audit committee also reviews the effectiveness of the internal control systems. The interim results of the Group has been reviewed by the audit committee of the Company.

REMUNERATION COMMITTEE

The remuneration committee comprises two independent non-executive directors, namely Mr Ng Tze Kin David, being the Chairman, and Mr Yeh Man Chun Kent and one executive director, namely Mr Thong Yeung Sum Michael. The terms of reference of the remuneration committee have been included on the Company's website.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 September 2010 with the code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules except that the non-executive director and independent non-executive directors are not appointed for a specific term, which deviates from the code provision A.4.1. However, the non-executive director and independent non-executive directors are subject to retirement from office by rotation under the requirements of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

MODEL CODE

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Company’s directors, all directors confirmed that they have complied with the required standards set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange’s website (www.hkex.com.hk) and the Company’s website (www.heraldgroup.com.hk). The interim report of the Company for the six months ended 30 September 2010 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the same websites in due course.

By Order of the Board
Cheung Tsang Kay Stan
Chairman

Hong Kong, 30 November 2010

As at the date of this announcement, the Board of Directors of the Company comprises the following directors:

Executive Directors:

Dr Cheung Tsang Kay Stan PhD, Hon LLD, Hon DBA, JP

Mr Robert Dorfman

Mr Thong Yeung Sum Michael FCCA, CPA

Mr Tang King Hung ACA, FCCA, ACIS, CPA

Non-Executive Director:

Mr Chang Dong Song

Independent Non-executive Directors:

Mr David Tai Chong Lie-A-Cheong SBS, OM, JP

Mr Yeh Man Chun Kent

Mr Ng Tze Kin David CA(AUST.), FCPA

**For identification only*