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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 2011

### 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 2011, together with the comparative figures for the corresponding period in 2010, as follows:

#### Consolidated Income Statement – Unaudited

*For the six months ended 30 September 2011*

		Six months ended 30 September	
	Note	2011 HK\$'000	2010 HK\$'000
<b>Turnover</b>	3	<b>771,450</b>	937,216
Cost of sales		<u>(612,041)</u>	<u>(720,220)</u>
<b>Gross profit</b>		<b>159,409</b>	216,996
Other revenue		10,336	8,653
Other net (loss)/ income		(29,399)	5,167
Selling expenses		(21,232)	(25,792)
Administrative expenses		<u>(118,968)</u>	<u>(119,343)</u>
<b>Profit from operations</b>		<b>146</b>	85,681
Finance costs		-	-
Share of losses of jointly controlled entities		(1,286)	(274)
Share of (loss)/profit of associate		<u>(189)</u>	<u>142</u>
<b>(Loss)/profit before taxation</b>	4	<b>(1,329)</b>	85,549
Income tax	5	<u>(5,583)</u>	<u>(23,063)</u>
<b>(Loss)/profit for the period</b>		<u><b>(6,912)</b></u>	<u>62,486</u>

**Attributable to:**

Equity shareholders of the Company

**(5,881)**

61,291

Non-controlling interests

**(1,031)**1,195**(Loss)/profit for the period****(6,912)**62,486**Interim dividends****18,075**18,075**Interim dividends per share****3 cents**3 cents**(Loss)/Earnings per share**

6

- Basic and diluted

**(0.98 cents)**10.17 cents

**Consolidated Statement of Comprehensive Income - Unaudited***For the six months ended 30 September 2011*

	<b>Six months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(Loss)/profit for the period</b>	<b>(6,912)</b>	<b>62,486</b>
<b>Other comprehensive income for the period</b>		
Exchange differences on translation of the financial statements of overseas subsidiaries (no tax effect)	<u>3,567</u>	<u>2,841</u>
<b>Total comprehensive (expense)/income for the period</b>	<u><b>(3,345)</b></u>	<u><b>65,327</b></u>
<b>Attributable to:</b>		
Equity shareholders of the company	<b>(2,649)</b>	<b>63,958</b>
Non-controlling interests	<u><b>(696)</b></u>	<u><b>1,369</b></u>
<b>Total comprehensive (expense)/income for the period</b>	<u><b>(3,345)</b></u>	<u><b>65,327</b></u>

**Consolidated Balance Sheet - Unaudited**  
*At 30 September 2011*

		As at 30 September 2011 HK\$'000	As at 31 March 2011 HK\$'000
	Note		
<b>Non-current assets</b>			
Fixed assets	7		
- Property, plant and equipment		195,694	194,887
- Investment properties		5,280	54,000
- Interests in leasehold land held for own use under operating leases		4,911	5,069
		<u>205,885</u>	253,956
Intangible assets		1,860	1,860
Interest in associate		2,822	3,082
Interest in jointly controlled entities		11,191	10,935
Other financial assets		4,680	4,680
Deferred tax assets		10,003	10,086
		<u>236,441</u>	284,599
<b>Current assets</b>			
Trading securities		176,430	156,242
Inventories		186,109	188,656
Trade and other receivables	8	269,063	183,708
Current tax recoverable		4,828	5,457
Pledged bank balances		5,583	49,593
Cash and cash equivalents		299,080	299,641
		<u>941,093</u>	883,297
<b>Current liabilities</b>			
Trade and other payables	9	220,894	206,746
Current tax payable		16,045	16,063
		<u>236,939</u>	222,809
<b>Net current assets</b>		<u>704,154</u>	660,488
<b>Total assets less current liabilities</b>		<u>940,595</u>	945,087
<b>Non-current liabilities</b>			
Deferred tax liabilities		187	248
Provision for long service payment		3,007	3,007
		<u>3,194</u>	3,255
<b>NET ASSETS</b>		<u>937,401</u>	941,832
<b>CAPITAL AND RESERVES</b>			
Share capital		46,994	46,994
Reserves		868,109	870,758
<b>Total equity attributable to equity shareholders of the Company</b>		915,103	917,752
<b>Non-controlling interests</b>		22,298	24,080
<b>TOTAL EQUITY</b>		<u>937,401</u>	941,832

## 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 29 November 2011.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the 2010/2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011/2012 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of the 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 2011 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 2011 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 June 2011.

### 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“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:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

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

The above developments related primarily to clarification of certain disclosure requirements applicable to the Group’s financial statements. These developments have had no material impact on the contents of these interim financial results.

### 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 debt and 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 2011							
	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	361,561	154,764	75,697	179,428	-	-	771,450
Inter-segment revenue	-	-	-	-	-	-	-
Reportable segment revenue	361,561	154,764	75,697	179,428	-	-	771,450
Reportable segment profit/(loss)	5,414	29,014	(11,677)	4,654	(22,940)	2,041	6,506

As at 30 September 2011							
	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	379,146	197,137	115,060	181,872	182,013	17,126	1,072,354
Reportable segment liabilities	115,611	30,524	44,379	48,025	-	239	238,778

Six months ended 30 September 2010							
	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	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 31 March 2011							
	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	335,266	193,313	117,131	197,479	205,833	67,719	1,116,741
Reportable segment liabilities	117,053	35,178	40,502	31,037	-	394	224,164

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

	<b>Six months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit</b>		
Reportable segment profit	<b>6,506</b>	84,866
Finance costs	-	-
Share of losses of jointly controlled entities	<b>(1,286)</b>	(274)
Share of (loss)/profit of associate	<b>(189)</b>	142
Unallocated corporate income and expenses	<b>(6,360)</b>	815
	<u><b>(1,329)</b></u>	<u>85,549</u>
Consolidated (loss)/profit before taxation	<u><b>(1,329)</b></u>	<u>85,549</u>
	<b>At 30 September</b>	<b>At 31 March</b>
	<b>2011</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Assets</b>		
Reportable segment assets	<b>1,072,354</b>	1,116,741
Elimination of inter-segment receivables	<b>(19,112)</b>	(19,127)
	<b>1,053,242</b>	1,097,614
Interest in jointly controlled entities	<b>11,191</b>	10,935
Interest in associate	<b>2,822</b>	3,082
Deferred tax assets	<b>10,003</b>	10,086
Current tax recoverable	<b>4,828</b>	5,457
Unallocated corporate assets	<b>95,448</b>	40,722
	<u><b>1,177,534</b></u>	<u>1,167,896</u>
Consolidated total assets	<u><b>1,177,534</b></u>	<u>1,167,896</u>
	<b>At 30 September</b>	<b>At 31 March</b>
	<b>2011</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Liabilities</b>		
Reportable segment liabilities	<b>238,778</b>	224,164
Elimination of inter-segment payables	<b>(19,112)</b>	(19,127)
	<b>219,666</b>	205,037
Current tax payable	<b>16,045</b>	16,063
Deferred tax liabilities	<b>187</b>	248
Unallocated corporate liabilities	<b>4,235</b>	4,716
	<u><b>240,133</b></u>	<u>226,064</u>
Consolidated total liabilities	<u><b>240,133</b></u>	<u>226,064</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.

	<b>Six months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from external customers</b>		
Hong Kong (place of domicile)	<u>52,786</u>	<u>92,119</u>
North America	377,723	441,137
United Kingdom	166,200	216,380
Europe (excluding United Kingdom)	96,973	118,405
Asia (excluding Mainland China and Hong Kong)	44,868	36,204
Mainland China	5,265	3,291
Others	<u>27,635</u>	<u>29,680</u>
	<u>718,664</u>	<u>845,097</u>
	<u>771,450</u>	<u>937,216</u>

**4. (LOSS)/PROFIT BEFORE TAXATION**

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

	<b>Six months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on borrowings	-	-
Depreciation	14,018	14,983
Amortisation of land lease premium	171	165
Net (gain)/loss on disposal of fixed assets		
- investment properties	734	-
- land and buildings	(1,357)	-
- others	23	(369)
Net realised and unrealised losses/(gains) on trading securities	25,935	(1,366)
Staff costs	226,919	216,420
Interest income		
- trading securities	(1,356)	(1,282)
- deposits with banks	(668)	(433)
- other loans	(88)	(92)
Rental income	(1,929)	(1,732)
Dividend income	(1,637)	(1,263)
Share of jointly controlled entities' taxation	<u>83</u>	<u>100</u>

## 5. INCOME TAX

	<b>Six months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong Profits Tax	<b>6,867</b>	14,708
Taxation outside Hong Kong	<b>(1,306)</b>	5,867
Deferred tax	<b>22</b>	2,488
	<b><u>5,583</u></b>	<b><u>23,063</u></b>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the six months ended 30 September 2011. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

## 6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of HK\$5,881,000 (2010: profit of HK\$61,291,000) and the weighted average number of shares of 602,491,000 (2010: 602,491,000 ) in issue during the period.

There were no dilutive potential shares in existence during the periods ended 30 September 2011 and 2010, therefore diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for both the current and prior periods.

## 7. FIXED ASSETS

The movements of fixed assets of the Group during the period are:

	<b>Property, plant and equipment HK\$'000</b>	<b>Investment properties HK\$'000</b>	<b>Interests in leasehold land held for own use under operating leases HK\$'000</b>	<b>Total HK\$'000</b>
Net book value as at 1 April 2011	194,887	54,000	5,069	253,956
Additions	14,439	-	-	14,439
Disposals	(1,546)	(48,720)	-	(50,266)
Depreciation/amortisation	(14,018)	-	(171)	(14,189)
Exchange adjustments	<u>1,932</u>	<u>-</u>	<u>13</u>	<u>1,945</u>
<b>Net book value as at 30 September 2011</b>	<b><u>195,694</u></b>	<b><u>5,280</u></b>	<b><u>4,911</u></b>	<b><u>205,885</u></b>

During the six months ended 30 September 2011, the Group disposed of certain properties for a total consideration of HK\$51,483,500 and recognised a net gain of HK\$622,809 from such disposal.

## 8. 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 2011 HK\$'000	At 31 March 2011 HK\$'000
Current	134,084	115,361
Less than 1 month past due	58,267	17,821
1 to 3 months past due	25,004	11,813
More than 3 months but less than 12 months past due	5,991	2,804
Trade debtors and bills receivable	223,346	147,799
Deposits, prepayments and other receivables	44,636	35,752
Derivative financial instruments	1,081	157
	<u>269,063</u>	<u>183,708</u>

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.

## 9. 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 2011 HK\$'000	At 31 March 2011 HK\$'000
<b>By date of invoice</b>		
Within 1 month	40,300	46,375
Over 1 month but within 3 months	19,690	4,828
Over 3 months	2,320	1,517
Trade creditors and bills payable	62,310	52,720
Accruals and other payables	158,584	154,026
	<u>220,894</u>	<u>206,746</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.

## 10. POST BALANCE SHEET EVENT

An agreement has been reached by all the shareholders of Herald Metal Products Company Limited ("SHMP") of which the Group holds an interest of 56.67%, to wind up SHMP. The management estimated that the costs in connection with the liquidation would be about HK\$6,100,000.

## **BUSINESS REVIEW**

The Group's turnover for the 6 months ended 30 September 2011 amounted to HK\$771 million, representing a decrease of HK\$166 million or 18% compared to the same period last year. Coupled with a significant decrease in the profit margin of the Toys and Housewares Divisions and heavy losses on investment securities, the Group reported a loss attributable to the shareholders of HK\$5.9 million against a profit of HK\$61.3 million in the corresponding period. Further analysis of the operating results is set out in the following paragraphs.

During the period, the Toys Division experienced the most difficult trading environment in recent years. Both sales volume and profit margin dropped significantly amid stiff competition among the toy manufacturers and rising costs of production. The turnover was HK\$362 million, representing a decrease of 26% from HK\$492 million in the previous year, with an operating profit of HK\$5.4 million compared to HK\$49.6 million a year ago.

The Computer Products Division continued to record encouraging results. While the turnover for the period dropped slightly from HK\$162 million in the previous corresponding period to HK\$155 million, the profit has increased to HK\$29 million from HK\$27.6 million last year.

As with the Toys Division, the business of the Housewares Division has been tough during the first half of the financial year. The turnover was HK\$76 million, down 8% from HK\$83 million in 2010. An operating loss of HK\$11.7 million was incurred compared to a profit of HK\$1.2 million a year ago mainly because the cost increase could not be fully recovered from the customers.

Due to the escalating operating cost in Shanghai, it was decided by all the shareholders of Herald Metal Products Company Limited to terminate production before 31 December 2011. The Housewares Division will transfer the production to its existing facility in Zhuhai.

The performance of the Timepiece Division for the 6 months ended 30 September 2011 has remained stable. Although the turnover decreased to HK\$179 million from HK\$201 million in the same period of the previous year, the profit was HK\$4.7 million, up from HK\$1.2 million in the previous year.

Due to the deterioration of the global investment market as of 30 September 2011, the Group recorded net realized and unrealized losses on trading securities of HK\$25.9 million for the period under review compared to gains of HK\$1.4 million in the same period last year. At 30 September 2011, the Group's trading securities increased to HK\$176 million from HK\$156 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 2011, the Group's net cash surplus was HK\$305 million (at 31 March 2011: HK\$349 million). During the period under review, the Group spent HK\$14 million on capital expenditure.

The Group's total current assets as at 30 September 2011 was HK\$941 million (at 31 March 2011: HK\$883 million). The trade and other receivables amounted to HK\$269 million (at 31 March 2011: HK\$184 million) and current liabilities HK\$237 million (at 31 March 2011: HK\$223 million). The trading securities increased to HK\$176 million from HK\$156 million as at the beginning of the financial year. Trading securities and bank deposits totalling HK\$164 million (at 31 March 2011: HK\$187 million) are pledged to the banks to secure banking facilities granted to the Group.

At 30 September 2011, the Group's working capital ratio, an indicator of liquidity represented by a ratio between the current assets and the current liabilities, was 3.97 compared to 3.12 at 30 September 2010. The quick ratio, another ratio that gauges the short-term liquidity and measured by trade debtors and cash and cash equivalents over current liabilities, increased to 2.2 from 1.64 at 30 September 2010.

## **PROSPECTS AND GENERAL OUTLOOK**

The management is concerned that as the global economy remains uncertain and volatile, the market will continue to be depressed and the trading environment unfavourable. This will affect both the business volume and the profit margin of the Group, especially the Toys and Housewares Divisions.

Nevertheless, the Computer Products Division which mainly manufactures industrial components for computer manufacturers should continue to record satisfactory results in the year ending 31 March 2012. The performance of the Timepiece Division is expected to remain stable with efforts being made to expand the product range and customer base.

The management hopes that as in the first half, the Group's core business activities will be profitable in the second half of the financial year.

## **CONTINGENT LIABILITIES**

As at 30 September 2011, the Group did not have any significant contingent liabilities.

## **FOREIGN EXCHANGE EXPOSURE**

The Group is exposed to foreign exchange risk 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 HK 3 cents per share (2010: HK3 cents). The total amount of dividend payment of HK\$18,075,000 (2010: HK\$18,075,000) was based on the total number of shares in issue as at 28 November 2011, being the latest practicable date prior to the announcement of the interim results. Dividend will be payable on Friday, 6 January 2012 to shareholders registered in the Register of Members on Friday, 23 December 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to the interim dividend, the Register of Members of the Company will be closed from Thursday, 22 December 2011 to Friday, 23 December 2011, both days inclusive, during which period no transfer of shares will be effected. In order to be qualified for the interim dividend, shareholders should ensure that all transfers of shares, accompanied by the relevant share certificates, are lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 21 December 2011.

## **EMPLOYEES**

As at 30 September 2011, the number of employees of the Group was 250 (2010: 244) in Hong Kong, 7,524 (2010: 7,710) in the Mainland China and 106 (2010: 111) in Europe. Total staff costs for the period under review amounted to HK\$226,919,000 (2010: HK\$216,420,000 ). 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 2011.

## **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 have 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 2011 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, except for the following deviation.

On 20 September 2011, the Company became aware that Mr. Robert Dorfman, a director of the Company, had failed to report to the Securities and Futures Commission ("SFC") in accordance with the Listing Rules when he became interested in 3,504,000 shares of the Company on 5 May 2010. These shares were previously owned by his mother, Mrs Mirriam Bloch. The non-

compliance was rectified by filing the relevant disclosure notice immediately upon being discovered and the SFC concluded to take no action in respect thereof.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.heraldgroup.com.hk](http://www.heraldgroup.com.hk)). The interim report of the Company for the six months ended 30 September 2011 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, 29 November 2011

*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*