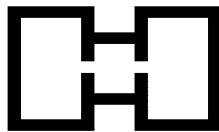


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HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 114)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a profit for the six months ended 30 September 2012 as compared to a loss for the corresponding period in 2011.

Shareholders of the Company 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(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a profit for the six months ended 30 September 2012 as compared to a loss for the corresponding period in 2011. Based on the information currently available, the Board considers that the turnaround is mainly due to the following factors:

- (i) As a result of the rebound in global stock markets, the Group recorded net realised and unrealised gains on trading securities for the six months ended 30 September 2012 versus net losses of HK25.9 million for the corresponding period in 2011.
- (ii) Both the Group’s turnover and profit margin for the six months ended 30 September 2012 improved as compared to the corresponding period in 2011.

Despite the favorable results in the first half of the fiscal year, the Group’s overall orders at the end of September 2012 fell 21% from those at the same time in 2011. With weaker orders on hand, the management has concerns about the results of the Group in the second half of the fiscal year.

The Company is still in the process of finalizing the Group's interim results for the six months ended 30 September 2012. The information contained in this announcement is only based on the Company's preliminary review of the management accounts of the Group, which have not been audited or reviewed by the Company's auditors. Further details of the Group's performance will be disclosed as and when the interim results of the Group for the six months ended 30 September 2012 are announced.

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

By order of the Board
Herald Holdings Limited
Cheung Tsang Kay Stan
Chairman

Hong Kong, 26 October 2012

As at the date of this announcement, the Board comprises Messrs. Cheung Tsang Kay Stan, Robert Dorfman, Thong Yeung Sum Michael and Tang King Hung 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*