

DETAILS OF PRINCIPAL SUBSIDIARIES

Name of company	Principal activities	Place/country of incorporation	Place/country of operation	Particulars of issued and fully paid shares/equity	Percentage of issued shares/equity held by company subsidiaries	
Herald Group Limited	Investment holding	The British Virgin Islands	Hong Kong	1 share of US\$1 each	100	–
Herald (Hong Kong) Limited	Investment holding	Hong Kong	Hong Kong	10,000 shares of HK\$0.15 each	–	100
Herald China Investments Limited	Investment holding	Hong Kong	Hong Kong	1,000,000 shares of HK\$1 each	–	100
Herald Investments (China) Company Limited * @	Investment holding	The People's Republic of China	The People's Republic of China	Equity of US\$11,500,000	–	100
Herald Metal and Plastic Works Limited	Manufacture of toys	Hong Kong	Hong Kong	100 ordinary shares of HK\$10 each	–	100
				1,953,000 deferred shares of HK\$10 each	–	100
Dongguan Herald Metal and Plastic Company Limited * @	Manufacture of toys	The People's Republic of China	The People's Republic of China	Equity of HK\$35,400,000	–	100
Shenzhen Herald Metal and Plastic Company Limited * #	Manufacture of toys	The People's Republic of China	The People's Republic of China	Equity of HK\$23,500,000	–	60
Herald Datanetics Limited	Manufacture of computer heads	Hong Kong	Hong Kong	1,128,000 shares of HK\$10 each	–	100
Cyber Network Limited	Trading of computer heads	Hong Kong	Hong Kong	2 shares of HK\$1 each	–	100
Zuhai Herald Datanetics Limited * #	Manufacture of computer heads	The People's Republic of China	The People's Republic of China	Equity of HK\$38,000,000	–	75

DETAILS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

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Herald Engineering Services Inc. *	Engineering service	United States	United States	75,000 shares of US\$0.4 each	–	100
Herald Houseware Limited	Trading of housewares	Hong Kong	Hong Kong	5,000,000 shares of HK\$1 each	–	100
Herald Metal Products Company Limited * #	Manufacture of housewares	The People's Republic of China	The People's Republic of China	Equity of US\$1,650,000	–	51
Zhuhai Herald Houseware Limited * #	Manufacture of housewares	The People's Republic of China	The People's Republic of China	Equity of HK\$30,000,000	–	80
Pilot Housewares (U.K.) Limited *	Sales and distribution of housewares	England	England	800,000 shares of £1 each	–	100
Zeon Limited	Sales and distribution of clocks, watches and electronic products	England	England	433,750 ordinary shares of £1 each	–	100
				1,250,000 12.5% cumulative redeemable preference shares of £1 each	–	100
				165,417 preferred shares of £1 each	–	100
Zeon Far East Limited	Trading of clocks and watches	Hong Kong	Hong Kong	2 shares of HK\$1 each	–	100

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Zeon GmbH *	Sales and distribution of clocks, watches and electronic products	Germany	Germany	500,000 shares of Euro 0.511 each	–	100
Herald Electronics Limited	Trading of clocks and watches	Hong Kong	Hong Kong	1,000,000 shares of HK\$1 each	–	100
Shanghai Herald Electronics Company Limited *#	Manufacture of clocks and watches	The People's Republic of China	The People's Republic of China	Equity of RMB3,200,000	–	75
Herald Marketing Limited	Marketing	Hong Kong	Hong Kong	3,000,000 shares of HK\$1 each	–	100
Jonell Limited	Property investment	Hong Kong	Hong Kong	2 shares of HK\$10 each	–	100
Premium Account Limited *	Property investment	The British Virgin Islands	The People's Republic of China	2 shares of US\$1 each	–	100

* Companies not audited by KPMG, which constitute 11.2% (2002: 9.5%) of the consolidated turnover for the year ended 31 March 2003.

Equity joint ventures registered under the laws of the People's Republic of China as Sino-foreign Joint Venture Enterprises.

@ Wholly-Owned Foreign Investment Enterprise registered under the laws of the People's Republic of China.