



HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 00114)

Annual Results Announcement for the year ended 31 March 2008

The Board of Directors of Herald Holdings Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2008, together with the comparative figures for the previous year, as follows:

Consolidated income statement

For the year ended 31 March 2008

	Note	2008 HK\$'000	2007 HK\$'000
Turnover	3	1,554,006	1,550,091
Cost of sales		<u>(1,181,352)</u>	<u>(1,204,819)</u>
Gross profit		372,654	345,272
Other revenue		26,494	22,363
Other net (loss)/income		(395)	16,313
Selling expenses		(50,826)	(59,301)
Administrative expenses		(217,500)	(209,003)
Valuation gains on investment properties		13,040	5,150
Write back of impairment losses on property, plant and equipment	4	-	1,630
Write back of impairment losses on club membership		<u>170</u>	<u>160</u>
Profit from operations	3	143,637	122,584
Finance costs		(123)	(342)
Share of profit of jointly controlled entity		<u>425</u>	<u>201</u>
Profit before taxation	5	143,939	122,443
Income tax	6	<u>(25,811)</u>	<u>(13,775)</u>
Profit for the year		<u>118,128</u>	<u>108,668</u>
Attributable to:			
Equity shareholders of the Company		117,946	111,120
Minority interests		<u>182</u>	<u>(2,452)</u>
Profit for the year		<u>118,128</u>	<u>108,668</u>
Dividends payable to equity shareholders of the Company attributable to the year	7	<u>48,564</u>	<u>45,744</u>
Earnings per share	8		
- Basic and diluted		<u>19.41 cents</u>	<u>18.14 cents</u>

Consolidated Balance Sheet
At 31 March 2008

		2008	2007
	Note	HK\$'000	HK\$'000
Non-current assets			
Fixed assets			
- Property, plant and equipment		187,984	153,418
- Investment properties		34,940	21,900
- Interests in leasehold land held for own use under operating leases		6,007	6,204
		228,931	181,522
Club membership		1,990	1,820
Interest in jointly controlled entity		2,345	1,998
Other financial assets		4,680	-
Deferred tax assets		4,879	6,128
		242,825	191,468
Current assets			
Other financial assets		-	2,000
Trading securities		68,929	95,774
Inventories		173,443	180,629
Trade and other receivables	9	204,247	179,958
Current tax recoverable		1,444	1,566
Pledged bank balances		107,220	37,122
Cash and cash equivalents		191,774	203,163
		747,057	700,212
Current liabilities			
Trade and other payables	10	183,787	171,959
Current tax payable		10,331	7,637
		194,118	179,596
Net current assets		552,939	520,616
Total assets less current liabilities		795,764	712,084
Non-current liabilities			
Deferred tax liabilities		386	826
Provision for long service payments		2,528	2,600
		2,914	3,426
NET ASSETS		792,850	708,658
CAPITAL AND RESERVES			
Share capital		47,349	47,392
Reserves		716,391	631,169
Total equity attributable to equity shareholders of the Company		763,740	678,561
Minority interests		29,110	30,097
TOTAL EQUITY		792,850	708,658

Notes:

1. Basis of preparation

The consolidated results set out in this announcement do not constitute the Group's annual financial statements for the year ended 31 March 2008 but are extracted from those financial statements.

The annual financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, financial instruments classified as trading securities and derivative financial instruments are stated at their fair value.

2. Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group.

There have been no significant changes to the accounting policies applied in the financial statements as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided in the notes to the financial statements.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

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

3. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

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

	2008							
	Toy and gift products <i>HK\$'000</i>	Computer heads <i>HK\$'000</i>	Housewares <i>HK\$'000</i>	Timepieces <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	861,543	166,126	189,340	319,083	-	17,914	-	1,554,006
Other revenue from external customers	2,675	139	6,270	1,018	10,105	1,910	-	22,117
Inter-segment revenue	-	-	-	-	-	2,979	(2,979)	-
Total	<u>864,218</u>	<u>166,265</u>	<u>195,610</u>	<u>320,101</u>	<u>10,105</u>	<u>22,803</u>	<u>(2,979)</u>	<u>1,576,123</u>
Segment result	53,351	18,665	2,478	42,885	7,759	18,911		144,049
Unallocated operating income and expenses								(412)
Profit from operations								143,637
Finance costs								(123)
Share of profit of jointly controlled entity	-	-	425	-	-	-		425
Income tax								(25,811)
Profit for the year								<u>118,128</u>
Depreciation and amort- isation for the year	<u>16,410</u>	<u>3,293</u>	<u>2,510</u>	<u>2,892</u>	<u>-</u>	<u>1,854</u>		<u>26,959</u>
Segment assets	378,299	126,525	132,571	89,673	174,218	57,773	(20,367)	938,692
Interest in jointly controlled entity	-	-	2,345	-	-	-		2,345
Unallocated assets								48,845
Total assets								<u>989,882</u>
Segment liabilities	116,353	25,489	38,129	20,279	-	1,550	(20,367)	181,433
Unallocated liabilities								15,599
Total liabilities								<u>197,032</u>
Capital expenditure incurred during the year	<u>9,299</u>	<u>40,513</u>	<u>2,921</u>	<u>1,895</u>	<u>-</u>	<u>117</u>		<u>54,745</u>

	2007							
	Toy and gift products <i>HK\$ '000</i>	Computer heads <i>HK\$ '000</i>	Housewares <i>HK\$ '000</i>	Timepieces <i>HK\$ '000</i>	Investments <i>HK\$ '000</i>	Others <i>HK\$ '000</i>	Inter- segment elimination <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
Revenue from external customers	829,212	156,112	210,460	333,033	-	21,274	-	1,550,091
Other revenue from external customers	2,800	46	5,192	1,099	4,750	1,867	-	15,754
Inter-segment revenue	-	-	-	-	-	2,979	(2,979)	-
Total	<u>832,012</u>	<u>156,158</u>	<u>215,652</u>	<u>334,132</u>	<u>4,750</u>	<u>26,120</u>	<u>(2,979)</u>	<u>1,565,845</u>
Segment result	35,711	14,377	(4,725)	41,239	13,389	10,331		110,322
Unallocated operating income and expenses								12,262
Profit from operations								122,584
Finance costs								(342)
Share of profit of jointly controlled entity	-	-	201	-	-	-		201
Income tax								(13,775)
Profit for the year								<u>108,668</u>
Depreciation and amort- isation for the year	19,308	2,830	2,450	1,646	-	1,814		28,048
Write back of impairment losses on property, plant and equipment	-	-	836	-	-	794		1,630
Segment assets	340,309	92,410	127,197	104,566	132,896	46,226	(19,028)	824,576
Interest in jointly controlled entity	-	-	1,998	-	-	-		1,998
Unallocated assets								65,106
Total assets								<u>891,680</u>
Segment liabilities	96,324	26,413	40,995	24,042	-	1,827	(19,028)	170,573
Unallocated liabilities								12,449
Total liabilities								<u>183,022</u>
Capital expenditure incurred during the year	<u>17,702</u>	<u>4,825</u>	<u>1,167</u>	<u>712</u>	<u>-</u>	<u>102</u>		<u>24,508</u>

Geographical segments

The Group's business is managed on a worldwide basis, but participates mainly in three principal economic environments. North America is a major market for the toy and gift division, the computer head division and the houseware division. Europe is a major market for the timepiece division and the houseware division and to a lesser extent the toy and gift division and the computer head division. In Asia, the Group's manufacturing activities are carried out in the People's Republic of China (the "PRC").

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	2008						
	Asia			Europe		North America	Others
	Hong Kong	Mainland China	Others	United Kingdom	Others		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	104,816	9,999	20,587	533,381	133,248	707,688	44,287
Segment assets	504,115	291,465	228	143,587	17,240	2,424	-
Capital expenditure incurred during the year	1,486	50,564	-	2,695	-	-	-

	2007						
	Asia			Europe		North America	Others
	Hong Kong	Mainland China	Others	United Kingdom	Others		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	68,454	7,066	47,391	590,684	122,948	667,196	46,352
Segment assets	378,120	243,192	1,960	166,642	39,574	14,116	-
Capital expenditure incurred during the year	2,516	20,240	-	1,750	-	2	-

4. Write back of impairment losses on property, plant and equipment

During the year ended 31 March 2007, the directors carried out a review of the recoverable amount of the land and buildings held for own use and considered that impairment losses recognised in prior years had decreased. Based on their review, provision for impairment losses was written back by HK\$1,630,000. The estimates of recoverable amount were based on fair values less costs to sell, determined with reference to valuations performed by professional surveyors.

5. Profit before taxation

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

	2008 HK\$'000	2007 HK\$'000
Interest on borrowings	123	342
Depreciation		
- assets held for use under operating leases	313	297
- other assets	26,334	27,448
Amortisation of land lease premium	312	303
Loss on disposal of property, plant and equipment	100	856
Net realised and unrealised losses/(gains) on trading securities	1,496	(8,639)
Interest income		
- trading securities	(6,056)	(2,353)
- deposits with banks	(6,872)	(7,237)
- loan to a director of a wholly-owned subsidiary	(225)	-
Rental income	(3,802)	(3,536)
Dividend income from listed securities	(1,269)	(1,768)
Share of jointly controlled entity's taxation	170	113
	<u>170</u>	<u>113</u>

6. Income tax

	2008 HK\$'000	2007 HK\$'000
Hong Kong Profits Tax	18,661	12,317
Taxation outside Hong Kong	6,364	3,242
Deferred taxation	786	(1,784)
	<u>25,811</u>	<u>13,775</u>

Provision for Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the year. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

7. Dividends payable to equity shareholders of the Company attributable to the year

	2008 HK\$'000	2007 HK\$'000
Interim dividend declared and paid - HK3 cents per share	18,228	18,402
(2007 : HK3 cents per share)		
Final dividend proposed after the balance sheet date		
- HK5 cents per share	30,336	27,342
(2007 : HK4.5 cents per share)		
	<u>48,564</u>	<u>45,744</u>

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$117,946,000 (2007: HK\$111,120,000) and the weighted average number of shares of 607,520,000 (2007: 612,672,000) in issue during the year.

There were no dilutive potential shares in existence during the years ended 31 March 2007 and 2008, therefore diluted earnings per share is the same as the basic earnings per share for both the current and prior years.

9. 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 31 March 2008 HK\$'000	At 31 March 2007 HK\$'000
Current	98,193	80,991
Less than 1 month past due	40,809	50,244
1 to 3 months past due	17,502	7,595
More than 3 months but less than 12 months past due	412	7,537
Trade debtors and bills receivable	156,916	146,367
Deposits, prepayments and other receivables	41,686	33,591
Derivative financial instruments	5,645	-
	204,247	179,958

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.

10. 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 31 March 2008 HK\$'000	At 31 March 2007 HK\$'000
By date of invoice		
Within 1 month	46,349	41,922
Over 1 month but within 3 months	13,583	22,443
Over 3 months	1,193	2,194
Trade creditors and bills payable	61,125	66,559
Accruals and other payables	120,082	101,821
Derivative financial instruments	2,580	3,579
	183,787	171,959

All of the trade and other payables are expected to be settled within one year.

REVIEW OF OPERATIONS

The group achieved favourable results in the financial year under review. The turnover of the group for the year ended 31 March 2008 was HK\$1,554 million which was virtually flat as compared to the turnover of the previous year. The net profit attributable to the equity shareholders of the company was HK\$117.9 million, representing an increase of 6.1% from the net profit of HK\$111.1 million in the earlier year.

The net profit for the year included a gain of HK\$13 million (2007: HK\$5.2 million) relating to revaluation of investment properties. Excluding this item, the adjusted net profit of the group in the year under review was HK\$104.9 million, compared to the adjusted net profit of HK\$105.9 million in the prior year.

Toy and Gift Division

The whole toy industry faced a very challenging environment in 2007. In addition to the prolonged appreciation of Renminbi, shortages of labour and the rise of wage rates have continued to put pressure on the cost of production for manufacturers in China. Furthermore, the massive toy recalls by some major toy companies in the United States have raised the whole industry's concerns about product safety. To deal with this issue, the Toy and Gift Division has strengthened its testing and quality control measures to ensure that its products fulfil the more stringent safety requirements. Facing these extremely difficult operating conditions, the division succeeded in recording a growth in both its turnover and net operating profit. For the year under review, the turnover of the division increased by 4% or HK\$33 million from HK\$829 million to HK\$862 million and the operating profit increased by HK\$17.7 million from HK\$35.7 million to HK\$53.4 million.

Timepiece Division

For the year ended 31 March 2008, the turnover of the Timepiece Division decreased by 4.2% or HK\$14 million to HK\$319 million. Much of this was due to a decrease in sales of jewellery watches to a major UK customer. Despite the decline in sales volume, the division's operating profit for the year increased by 4.1% from HK\$41.2 million to HK\$42.9 million. This is largely due to product mix. In general, the brands that performed well in the year have better margins. During the year under review, the division's watch distribution business performed well. Watches that the division currently distributes in the UK market include "Skagen", "Gant" and "Porsche Design".

Computer Head Division

The business of the Computer Head Division remained stable in the fiscal year 2008. Compared to last year, the division's turnover increased slightly by 6.4% from HK\$156 million to HK\$166 million. During the year under review, the business of thin-film computer heads increased by 11.6% to HK\$125 million. However, the sales of ferrite computer heads declined. For the full year, the operating profit of the division amounted to HK\$18.7 million, representing an increase of HK\$4.3 million as compared to the operating profit in the prior year. To cope with future expansion plans, the division acquired in December 2007 properties at Nan Pin, Zhuhai for HK\$36.4 million. The properties comprise 33,000 sq.m. of land and 11,858 sq.m. of premises. The division plans to move the existing factory in Nan Shan, Zhuhai to the newly acquired premises by the end of this year.

Houseware Division

The adverse market conditions that the Houseware Division experienced in the previous year continued in the year under review. For the year ended 31 March 2008, the sales of the division decreased by 10% or HK\$21 million to HK\$189 million from HK\$210 million a year earlier. The decrease was largely due to the decline of the sales of stainless steel cookware which has become unprofitable due to the rise of price of stainless steel. On the other hand, the price of aluminium stabilised in the fiscal year 2008 and the business of aluminium cookware improved. The division's customers include major retailers in the United States and the UK. In February 2008, the division was awarded the "Home Supplier of the Year 2007" from Sainsbury's, the division's largest customer in the UK. During the year under review, the division had an operating profit of HK\$2.5 million compared to an operating loss of HK\$4.7 million in the previous year.

Investment Income

During the year under review, the group had net realised and unrealised losses on trading securities of HK\$1.5 million (2007: Gains of HK\$8.6 million) and dividend income and interest income on trading securities of HK\$7.3 million (2007: HK\$4.1 million). Compared to last year, the group's trading securities at 31 March 2008 decreased by HK\$26.9 million from HK\$95.8 million to HK\$68.9 million.

FINANCIAL POSITION

The Group has maintained its sound financial position. At the end of the financial year, the Group had a strong balance sheet with a healthy liquidity position. As at 31 March 2008, the Group had total assets of HK\$990 million (2007: HK\$892 million) which were financed by current liabilities of HK\$194 million (2007: HK\$180 million), non-current liabilities of HK\$3 million (2007: HK\$3 million), minority interests of HK\$29 million (2007: HK\$30 million) and equity attributable to the company's equity shareholders of HK\$764 million (2007: HK\$679 million).

At 31 March 2008, the Group's cash balances aggregated to HK\$299 million which increased from HK\$240 million in last year's balance sheet. The Group's current assets position as at 31 March 2008 was HK\$747 million compared to HK\$700 million as at 31 March 2007. The inventories decreased to HK\$173 million from HK\$181 million while the trade and other receivables increased to HK\$204 million from HK\$180 million. During the year, the Group acquired certain listed equity securities, unlisted equity/currency linked notes and managed funds and other equity contracts which are held for trading. The Group's trading financial assets as at 31 March 2008 amounted to HK\$69 million (2007: HK\$96 million).

The Group's current liabilities increased from HK\$180 million to HK\$194 million primarily due to increase in trade and other payables.

Like last year, the Group had no bank borrowings at 31 March 2008. Furthermore, the Group has no long-term borrowings. Trading financial assets and bank deposits of HK\$176 million (2007: HK\$116 million) are pledged to banks to secure banking facilities granted to a subsidiary of the Company. As at 31 March 2008, the working capital ratio, an indicator of a company's liquidity represented by a ratio between the current assets over the current liabilities, was 3.85 compared to 3.90 last year. The quick ratio, another ratio that gauges the short-term liquidity of a company measured by trade debtors, and cash and cash equivalents over the current liabilities, decreases to 1.80 from 1.95.

CONTINGENT LIABILITIES

As at 31 March 2008 the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

During the year under review, approximately 25% of the Group's turnover was denominated in sterling. From time to time, the Group enters forward foreign exchange contracts to hedge its foreign exchange exposure.

PROSPECT AND GENERAL OUTLOOK

The management anticipates that the business of the Toy and Gift Division will continue to be robust in the new financial year. Projections from our customers indicate that the business for the first half of the new financial year may exceed that of the preceding year. However, the management has concerns over the problem of shortage of workers and the negative impact of the newly implemented Labour Contract Law in China, which may trigger labour disputes.

In the new fiscal year the thin-film computer tape heads will remain the major products of the Computer Head Division. The management believes that the growth of this business can be sustained. In addition, the division currently produces half-height motor actuator assemblies for an important customer. Meanwhile, the division is undergoing the same customer's reliability test for the full-height motor actuator assemblies. It is expected the latter will boost the division's turnover in the second half.

Due to the sluggishness of both the North American and European retail markets, the business environment of both the cookware business and the timepiece division remains very challenging in the new financial year. As at the beginning of the new fiscal year, their order positions were weaker as compared to the level a year earlier. Despite the adverse economic environment, the management has confidence that both divisions would remain profitable in the new financial year.

DIVIDENDS

At the forthcoming Annual General Meeting to be held on 19 September 2008, the Directors will recommend a final dividend of HK5 cents per share (2007: HK4.5 cents). Together with the interim dividend of HK3 cents (2007: HK3 cents), the dividend for the year of HK8 cents (2007: HK7.5 cents) would represent an annual return of 8.1 % (2007: 10.1%) on the Company's average share price of HK99 cents (2007: HK74 cents) in the year ended 31 March 2008.

The total final dividend will amount to HK\$30,336,000 and is calculated based on the total number of shares in issue as at 10 July 2008 being the latest practicable date prior to the announcement of the results. Dividend will be payable on 30 September 2008 to shareholders registered in the Register of Members on 19 September 2008.

REGISTER OF MEMBERS

The Register of Members will be closed from 17 September 2008 to 19 September 2008, both days inclusive, during which period no transfer of shares will be effected. Shareholders should ensure that all transfers accompanied by relevant share certificates are lodged with the Company's Registrars, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 16 September 2008 in order that they may receive their dividend entitlement.

EMPLOYEES

As at 31 March 2008, the number of employees of the Group was approximately 224 in Hong Kong, 9,085 in Mainland China and 109 in Europe. The Group ensures that its employee's remuneration packages are competitive. Employees are rewarded based on their performance and experience and the prevailing industry practice. Total staff costs for the year amounted to HK\$323,307,000 (2007: HK\$280,821,000).

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

During the year, the Company repurchased a total of 555,000 of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$509,000 before expenses, all of which were then cancelled. The premium paid and the expenses directly attributable to the repurchase were charged against share premium in accordance with the Bermuda Companies Act 1981. Details of the shares repurchased are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Total paid HK\$
January 2008	355,000	0.93	0.90	329,000
March 2008	200,000	0.90	0.90	180,000
	<u>555,000</u>			<u>509,000</u>

AUDIT COMMITTEE

The audit committee reports to the board of directors and currently comprises three independent non-executive directors, namely Mr. Tang King Hung, being the chairman, Mr. David Tai Chong Lie-A-Cheong and Mr. Yeh Man Chun, Kent. The audit committee meets with 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 annual results of the Group have been reviewed by the audit committee of the Company.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 16 March 2005. The remuneration committee comprises two independent non-executive directors, namely Mr. Tang King Hung, 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 with the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008 except that the independent non-executive directors are not appointed for a specific term, which deviates from the code provision A.4.1. However, the 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.

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 ANNUAL RESULTS AND ANNUAL 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 2008 annual report containing all the information required by the Listing Rules and the notice of the Annual General Meeting will be dispatched to the shareholders and published on the Stock Exchange's website and the Company's website in due course.

By Order of the Board
Cheung Tsang Kay, Stan
Chairman

Hong Kong, 11 July 2008

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Cheung Tsang Kay, Stan, Robert Dorfman, Thong Yeung Sum, Michael, George Bloch and Chang Dong Song 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*