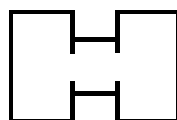


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HERALD HOLDINGS LIMITED

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 2009

The Board of Directors of Herald Holdings Limited (the “Company”) presents the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2009, together with the comparative figures for the previous year, as follows:

Consolidated income statement

For the year ended 31 March 2009

	Note	2009 HK\$'000	2008 HK\$'000
Turnover	3	1,640,914	1,554,006
Cost of sales		<u>(1,227,104)</u>	<u>(1,181,352)</u>
Gross profit		413,810	372,654
Other revenue		21,905	26,494
Other net loss		(66,076)	(395)
Selling expenses		(45,738)	(50,826)
Administrative expenses		(232,666)	(217,500)
Valuation (losses)/gains on investment properties		(4,240)	13,040
Impairment losses on property, plant and equipment	4	(5,624)	-
(Impairment losses)/write back of impairment losses on club membership		<u>(130)</u>	<u>170</u>
Profit from operations	3	81,241	143,637
Finance costs		(61)	(123)
Share of profit of jointly controlled entity		<u>323</u>	<u>425</u>
Profit before taxation	5	81,503	143,939
Income tax	6	<u>(33,706)</u>	<u>(25,811)</u>
Profit for the year		<u><u>47,797</u></u>	<u><u>118,128</u></u>

Attributable to:			
Equity shareholders of the Company		51,736	117,946
Minority interests		(3,939)	182
		<hr/>	<hr/>
Profit for the year		47,797	118,128
		<hr/>	<hr/>
Dividends payable to equity shareholders of the Company attributable to the year	7	48,277	48,564
		<hr/>	<hr/>
Earnings per share	8		
- Basic and diluted		8.54 cents	19.41 cents
		<hr/>	<hr/>

Consolidated Balance Sheet
At 31 March 2009

		2009	2008
	Note	HK\$'000	HK\$'000
Non-current assets			
Fixed assets			
- Property, plant and equipment		194,837	187,984
- Investment properties		30,700	34,940
- Interests in leasehold land held for own use under operating leases		5,702	6,007
		231,239	228,931
Club membership		1,860	1,990
Interest in jointly controlled entity		2,398	2,345
Other financial assets		4,680	4,680
Deferred tax assets		6,895	4,879
		247,072	242,825
Current assets			
Trading securities		61,703	68,929
Inventories		187,119	173,443
Trade and other receivables	9	150,328	204,247
Current tax recoverable		1,564	1,444
Pledged bank balances		81,394	107,220
Cash and cash equivalents		244,271	191,774
		726,379	747,057
Current liabilities			
Trade and other payables	10	179,094	183,787
Current tax payable		19,025	10,331
		198,119	194,118
Net current assets		528,260	552,939
Total assets less current liabilities		775,332	795,764
Non-current liabilities			
Deferred tax liabilities		515	386
Provision for long service payments		4,035	2,528
		4,550	2,914
NET ASSETS		770,782	792,850
CAPITAL AND RESERVES			
Share capital		46,994	47,349
Reserves		702,068	716,391
Total equity attributable to equity shareholders of the Company		749,062	763,740
Minority interests		21,720	29,110
TOTAL EQUITY		770,782	792,850

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 2009 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 the 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 Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company. However, none of these developments are relevant to the Group's or the Company's operations.

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.

	2009							
	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	1,044,795	181,552	146,621	256,410	-	11,536	-	1,640,914
Other revenue from external customers	4,592	126	5,232	2,236	5,492	2,250	-	19,928
Inter-segment revenue	-	-	-	-	-	2,979	(2,979)	-
Total	<u>1,049,387</u>	<u>181,678</u>	<u>151,853</u>	<u>258,646</u>	<u>5,492</u>	<u>16,765</u>	<u>(2,979)</u>	<u>1,660,842</u>
Segment result	124,878	10,606	(24,526)	22,444	(34,829)	1,259		99,832
Unallocated operating income and expenses								(18,591)
Profit from operations								81,241
Finance costs								(61)
Share of profit of jointly controlled entity	-	-	323	-	-	-		323
Income tax								(33,706)
Profit for the year								<u>47,797</u>
Depreciation and amort- isation for the year	<u>17,783</u>	<u>5,636</u>	<u>2,781</u>	<u>1,777</u>	<u>-</u>	<u>1,634</u>		<u>29,611</u>
Impairment losses on property, plant and equipment	<u>1,872</u>	<u>-</u>	<u>2,952</u>	<u>800</u>	<u>-</u>	<u>-</u>		<u>5,624</u>
Segment assets	426,994	127,303	108,872	84,582	141,737	50,603	(19,446)	920,645
Interest in jointly controlled entity	-	-	2,398	-	-	-		2,398
Unallocated assets								50,408
Total assets								<u>973,451</u>
Segment liabilities	119,685	18,559	36,854	22,921	-	1,506	(19,446)	180,079
Unallocated liabilities								22,590
Total liabilities								<u>202,669</u>
Capital expenditure incurred during the year	<u>25,259</u>	<u>13,229</u>	<u>2,129</u>	<u>1,721</u>	<u>-</u>	<u>1,952</u>		<u>44,290</u>

	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>
Impairment losses on property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</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>

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.

	2009						
	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	111,272	8,104	46,943	432,273	162,778	818,718	60,826
Segment assets	506,803	320,886	8,567	88,542	8,960	1,630	4,703
Capital expenditure incurred during the year	5,605	37,670	-	1,013	-	2	-

	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	-	-	-

4. Impairment losses on property, plant and equipment

During the year ended 31 March 2009, the directors carried out an assessment of the recoverable amount of certain property, plant and equipment of the Group. As a result, the carrying amount of the property, plant and equipment has been written down by HK\$5,624,000. The estimates of recoverable amount were based on the value in use of the property, plant and equipment where the directors assessed that these assets are unable to generate positive cash flows to the Group.

5. Profit before taxation

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

	2009 HK\$'000	2008 HK\$'000
Interest on bank advances repayable within five years	61	123
Depreciation		
- assets held for use under operating leases	213	313
- other assets	29,070	26,334
Amortisation of land lease premium	328	312
Loss on disposal of property, plant and equipment	206	100
Net realised and unrealised losses on trading securities	40,320	1,496
Interest income		
- trading securities	(2,389)	(6,056)
- deposits with banks	(2,062)	(6,872)
- loan to a director of a wholly-owned subsidiary	(81)	(225)
Rental income	(4,411)	(3,802)
Dividend income		
- listed securities	(2,201)	(1,269)
- unlisted securities	(594)	-
Impairment loss recognised/(written back) on trade debtors	7,323	(914)
Share of jointly controlled entity's taxation	142	170

6. Income tax

	2009 HK\$'000	2008 HK\$'000
Hong Kong Profits Tax	30,885	18,661
Taxation outside Hong Kong	4,952	6,364
Deferred taxation	(2,131)	786
	<u>33,706</u>	<u>25,811</u>

In February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 March 2009. This decrease is taken into account in the preparation of the Group's and the Company's 2009 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 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

	2009 HK\$'000	2008 HK\$'000
Interim dividend declared and paid - HK3 cents per share (2008 : HK3 cents per share)	18,152	18,228
Final dividend proposed after the balance sheet date - HK5 cents per share (2008 : HK5 cents per share)	30,125	30,336
	<u>48,277</u>	<u>48,564</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\$51,736,000 (2008: HK\$117,946,000) and the weighted average number of shares of 605,866,000 (2008: 607,520,000) in issue during the year.

There were no dilutive potential shares in existence during the years ended 31 March 2008 and 2009, 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 2009 HK\$'000	At 31 March 2008 HK\$'000
Current	82,747	98,193
Less than 1 month past due	28,351	40,809
1 to 3 months past due	5,879	17,502
More than 3 months but less than 12 months past due	707	412
Trade debtors and bills receivable	117,684	156,916
Deposits, prepayments and other receivables	30,935	41,686
Derivative financial instruments	1,709	5,645
	150,328	204,247

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 2009 HK\$'000	At 31 March 2008 HK\$'000
By date of invoice		
Within 1 month	44,606	46,349
Over 1 month but within 3 months	13,447	13,583
Over 3 months	1,728	1,193
Trade creditors and bills payable	59,781	61,125
Accruals and other payables	118,027	120,082
Derivative financial instruments	1,286	2,580
	179,094	183,787

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.

REVIEW OF OPERATIONS

The turnover of the Group for the year ended 31 March 2009 was HK\$1,641 million which was HK\$87 million or 6% more than the turnover of HK\$1,554 million in the previous year. The increase in the Group's turnover mainly came from the Toy and Gift Division. The net profit attributable to the equity shareholders of the Company was HK\$51.7 million, representing a decrease of 56.1% from the net profit of HK\$117.9 million in the previous year.

The net profit for the year included valuation losses of HK\$4.2 million (2008: gains of HK\$13.0 million) on investment properties. Excluding this item, the adjusted net profit of the Group for the year under review was HK\$55.9 million, down 46.7% from the adjusted profit of HK\$104.9 million in the prior year.

Toy and Gift Division

The Toy and Gift Division finished the financial year with a very satisfactory result. Bolstered by the strong sales of toys related to a popular movie and other toy products, the turnover of the division for the year ended 31 March 2009 increased 21% or HK\$183 million to HK\$1,045 million from HK\$862 million a year earlier. As the pressure of rising material and labour costs which had affected the division for years eased off in the second half of the financial year, the gross profit margin of the division improved. Together with a larger volume of sales, the operating profit of the division for the financial year increased by HK\$71.5 million or 133.9% from HK\$53.4 million to HK\$124.9 million. In October 2008, the division completed the construction of a factory building and a dormitory building in Dongguan at a cost of HK\$6.8 million. The new factory building has a total floor area of approximately 4,000 square meters, which has boosted the production capacity of the division.

Timepiece Division

The business of the Timepiece Division was badly hit by the global economic turmoil in the second half of the financial year. The division saw its sales in the UK, a major market for the division, drop by 21% year-on-year. Nevertheless, the division performed well in the United States because of a substantial growth of business with a customer there. For the year ended 31 March 2009, the turnover of the division dropped 20% to HK\$256 million from HK\$319 million in the prior year. Due to decreased turnover and a weak pound sterling, the operating profit of the division for the same period decreased by 47.8% to HK\$22.4 million from HK\$42.9 million a year earlier.

Computer Head Division

During the year under review, the sales of thin-film computer heads increased by 7% to HK\$134 million from HK\$125 million in the previous year. However, a major customer substantially cut back its orders of thin-film computer heads in the last quarter of the financial year due to the uncertain market environment. On the other hand, the sales of motor actuator assemblies for the financial year jumped 178% year-on-year to HK\$29 million. Compared to last year, the division's turnover increased by 10% from HK\$166 million to HK\$182 million, whereas its operating profit decreased by 43% from HK\$18.7 million to HK\$10.6 million. The decrease in the operating profit was mainly attributable to price reductions of its major products. The division completed the first phase of relocation to the newly acquired premises in Nan Pin, Zhuhai and plans to move more production facilities to the new premises in 2009.

Houseware Division

The turnover of the Houseware division for the financial year fell 22% year-on-year to HK\$147 million from HK\$189 million. In November 2008, a major customer went into administration in the UK. The total amount of bad debts and inventories written off for this customer was approximately HK\$8.9 million. Apart from the loss of business from the above-mentioned customer, the division's operation in the UK was affected by the switch of some retailers to buying cookware directly from overseas markets. Furthermore, the division suffered exchange losses of HK\$7.7 million from the devaluation of pound sterling. In comparison with an operating profit of HK\$2.5 million in the previous year, the division had an operating loss of HK\$24.5 million for the year ended 31 March 2009.

Investment Income

Due to the deterioration of the global investment market, the group had net realised and unrealised losses on trading securities of HK\$40.3 million (2008: HK\$1.5 million) during the year under review. The dividend income and interest income on trading securities for the same period amounted to HK\$4.6 million (2008: HK\$7.3 million). Compared to last year, the group's trading securities at 31 March 2009 decreased by HK\$7.2 million from HK\$68.9 million to HK\$61.7 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 2009, the Group had total assets of HK\$973 million (2008: HK\$990 million) which were financed by current liabilities of HK\$198 million (2008: HK\$194 million), non-current liabilities of HK\$4 million (2008: HK\$3 million), minority interests of HK\$22 million (2008: HK\$29 million) and equity attributable to the company's equity shareholders of HK\$749 million (2008: HK\$764 million).

At 31 March 2009, the Group's cash balances aggregated to HK\$326 million which increased from HK\$299 million in last year's balance sheet. The Group's current assets position as at 31 March 2009 was HK\$726 million compared to HK\$747 million as at 31 March 2008. The inventories increased to HK\$187 million from HK\$173 million while the trade and other receivables decreased to HK\$150 million from HK\$204 million. During the year, the Group acquired certain listed equity securities, managed funds and debt securities, unlisted equity/currency linked notes and paper gold which are held for trading. The Group's trading financial assets as at 31 March 2009 amounted to HK\$62 million (2008: HK\$69 million).

The Group's current liabilities increased from HK\$194 million to HK\$198 million. Like last year, the Group had no bank borrowings at 31 March 2009. Furthermore, the Group has no long-term borrowings. Trading financial assets and bank deposits of HK\$138 million (2008: HK\$176 million) are pledged to banks to secure banking facilities granted to a subsidiary of the Company. As at 31 March 2009, the working capital ratio, an indicator of a company's liquidity represented by a ratio between the current assets over the current liabilities, was 3.67 compared to 3.85 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, increased to 1.83 from 1.80.

CONTINGENT LIABILITIES

As at 31 March 2009 the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

During the year under review, approximately 17% 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 global move to increase public spending and cut interest rates seems to be having a positive effect on the world economy. There are encouraging signs to indicate that the economy is approaching bottom. Despite the uncertain economic environment, the management is confident that the Group will weather the market difficulties in 2009.

As indicated by the strong orders on hand, the business of the Toy and Gift Division will remain robust in the first half of the new financial year. However, price pressure and stiff competition in the toy industry will likely erode the profit margin of the division. The business prospects of the Computer Head Division are positive. The sales orders of thin-film computer heads are picking up from July 2009, which will push up the division's sales in the new financial year. On the other hand, the business environment remains difficult for the Timepiece Division and the Houseware Division. Both divisions are exploring opportunities to increase revenue and implementing measures to cut costs.

DIVIDENDS

At the forthcoming Annual General Meeting to be held on 18 September 2009, the Directors will recommend a final dividend of HK5 cents per share (2008: HK5 cents). Together with the interim dividend of HK3 cents (2008: HK3 cents), the dividend for the year of HK8 cents (2008: HK8 cents) would represent an annual return of 10.8% (2008: 8.1%) on the Company's average share price of HK74 cents (2008: HK99 cents) in the year ended 31 March 2009.

The total final dividend will amount to HK\$30,125,000 and is calculated based on the total number of shares in issue as at 9 July 2009 being the latest practicable date prior to the announcement of the results. Dividend will be payable on 30 September 2009 to shareholders registered in the Register of Members on 18 September 2009.

REGISTER OF MEMBERS

The Register of Members will be closed from 16 September 2009 to 18 September 2009, 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 15 September 2009 in order that they may receive their dividend entitlement.

EMPLOYEES

As at 31 March 2009, the number of employees of the Group was approximately 240 in Hong Kong, 10,001 in Mainland China and 111 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\$ 372,849,000 (2008: HK\$323,307,000).

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

During the year, the Company repurchased a total of 4,545,000 of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$2,759,950 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\$
June 2008	315,000	0.93	0.90	287,250
September 2008	670,000	0.80	0.73	507,000
October 2008	960,000	0.66	0.62	609,200
February 2009	450,000	0.53	0.53	238,500
March 2009	2,150,000	0.52	0.52	1,118,000
	<u>4,545,000</u>			<u>2,759,950</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 2009 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 of 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 2009 annual report containing all the information required by the Listing Rules 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, 10 July 2009

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 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*