
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Herald Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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HERALD HOLDINGS LIMITED

興利集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code : 00114)

**PROPOSALS FOR
GENERAL MANDATES TO REPURCHASE SHARES AND
TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Herald Holdings Limited (the "Company") to be held on Tuesday, 18 September, 2007 at the Chater Room I, Function Room Level (B1), The Ritz-Carlton Hotel Hong Kong, 3 Connaught Road Central, Hong Kong at 3:45 p.m. is set out on pages 13 to 16 of this circular.

If you do not intend to attend the meeting, you are requested to complete and return to the principal place of business of the Company in Hong Kong at 3110, 31st Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

* *for identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held on 18 September, 2007 at the Chater Room I, Function Room Level (B1), The Ritz-Carlton Hotel Hong Kong, 3 Connaught Road Central, Hong Kong at 3:45 p.m. or any adjournment thereof
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda, as amended
“Companies Ordinance”	the Companies Ordinance, Chapter 32, Laws of Hong Kong, as amended
“Company”	Herald Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Directors”	the director(s) of the Company
“Group”	the Company and its Subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general and unconditional mandate proposed under resolution numbered 5(2) in the Notice of AGM set out on pages 13 to 16 of this circular to be granted to the Directors to allot and issue securities of the Company up to an aggregate nominal amount not exceeding 20% of the aggregate nominal value of the issued share capital of the Company on the date of the passing of the said ordinary resolution

DEFINITIONS

“Latest Practicable Date”	19 July, 2007 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice of AGM”	the notice convening the AGM as set out on pages 13 to 16 of this circular
“Repurchase Mandate”	the general and unconditional mandate proposed under resolution numbered 5(1) in the Notice of AGM set out on pages 13 to 16 of this circular to be granted to the Directors to repurchase the Company’s securities up to an aggregate nominal amount not exceeding 10% of the aggregate nominal value of the issued share capital of the Company immediately after the passing of the said ordinary resolution
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of Section 2 of the Companies Ordinance or Section 86 of the Companies Act) of the Company
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“US\$”	United States Dollars
“%”	per cent.

LETTER FROM THE BOARD



HERALD HOLDINGS LIMITED

興利集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code : 00114)

Executive directors:

George Bloch (*Chairman*)

Cheung Tsang-Kay, Stan PhD, Hon LLD, Hon DBA, JP
(*Managing Director*)

Chang Dong-Song

Robert Dorfman

Thong Yeung-Sum, Michael FCCA, CPA

Independent non-executive directors:

Tang King-Hung ACA, FCCA, ACIS, CPA

David Tai-Chong Lie-A-Cheong JP

Yeh Man-Chun, Kent

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*

3110, 31st Floor
Tower Two, Lippo Centre
89 Queensway
Hong Kong

25 July, 2007

To the shareholders

**PROPOSALS FOR
GENERAL MANDATES TO REPURCHASE SHARES AND
TO ISSUE SHARES
AND
RE-ELECTION OF DIRECTORS**

INTRODUCTION

The purpose of this circular is to give you Notice of AGM and the information relating to the proposals for (i) the grant of the Repurchase Mandate; (ii) the grant of the Issue Mandate; and (iii) the re-election of Directors.

* *for identification purpose only*

LETTER FROM THE BOARD

GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES

At the AGM, ordinary resolutions will be proposed that the Directors be given general and unconditional mandates to exercise all the powers of the Company to (i) repurchase issued shares of US\$0.01 each in the capital of the Company (“Issued Shares”), the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of the resolution, i.e. up to a maximum of 60,759,076 Shares on the basis that the issued share capital of the Company comprised 607,590,763 Shares as at the date of the AGM; and (ii) allot, issue and otherwise deal with Shares not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of the resolution, i.e. up to a maximum of 121,518,152 Shares on the basis that the issued share capital of the Company comprised 607,590,763 Shares as at the date of the AGM.

The Directors have no immediate plans to repurchase any Issued Shares or to issue any new Shares pursuant to the above mandates.

An explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed Repurchase Mandate is set out in the Appendix I to this document and contains all information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolutions.

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 87 of the Bye-laws, Messrs. George Bloch, Cheung Tsang-Kay, Stan and Thong Yeung-Sum, Michael will retire from the Board by rotation at the AGM and, being eligible, will offer themselves for re-election.

Particulars of the Directors proposed to be re-elected at the AGM as required to be disclosed by the Listing Rules is set out in the Appendix II to this circular.

AGM

The notice convening the AGM is set out on pages 13 to 16 of this circular. At the AGM, ordinary resolutions will be proposed to approve, inter alia, the granting of the Repurchase Mandate and the Issue Mandate and the re-election of Directors.

A proxy form for use at the AGM is enclosed with this circular. If you do not intend to attend the AGM, you are requested to complete and return to the principal place of business of the Company in Hong Kong at 3110, 31st Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong the proxy form in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

LETTER FROM THE BOARD

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

According to Bye-law 66 of the Bye-laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively or together with the chairman of such meeting, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

RECOMMENDATION

The Directors believe that the Issue Mandate, the Repurchase Mandate and the re-election of Directors are all in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that you vote in favour of all the resolutions to be proposed at the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
By Order of the Board
Herald Holdings Limited
George Bloch
Chairman

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 607,590,763 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 60,759,076 Shares, representing 10% of the aggregate nominal amount of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. SOURCE OF FUNDS

Repurchases must be financed out of the funds legally available for the purpose in accordance with the provisions of the Bye-laws, the Listing Rules and the laws of Bermuda. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under Bermuda law, the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant purchased Shares, or out of the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on repurchase may only be paid out of funds of the Company otherwise available for dividend or distribution or out of the share premium account of the Company.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March, 2007) in the event that the proposed repurchases were to be carried out in full as permitted by the general mandate to repurchase shares at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. EFFECT OF THE TAKEOVERS CODE

If as a result of share repurchases by the Company, a Shareholder's proportionate interest in the voting rights of the Company increase, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Takeovers Code. However, the Directors have no present intention of exercising the Repurchase Mandate to such an extent as to trigger the mandatory offer requirement under the Takeovers Code.

At the Latest Practicable Date, the following parties were directly or indirectly interested in 5% or more of the issued share capital of the Company:

Long Positions in Shares of the Company

(Shares of US\$0.01 each of the Company)

Shareholders	Capacity	Number of shares held	Notes	Percentage of total issued shares
Cheung Tsang-Kay, Stan	Beneficial owner, interest of spouse and beneficiary of trusts	123,451,164	(a)	20.32%
Ng Yiu-Chi, Eleanor	Beneficial owner and interest of spouse	123,451,164	(b)	20.32%
HSBC International Trustee Ltd ("HIT")	Trustee	120,993,664	(e)	19.91%
Chang Dong-Song	Interest of spouse and beneficiary of a trust	107,193,235	(a)	17.64%
Chan Him-Wee	Beneficial owner and beneficiary of a trust	107,193,235	(a)(b)	17.64%
Goldfinch Investments Ltd ("GIL")	Beneficial owner	69,728,356	(c)	11.48%
Robert Dorfman	Beneficial owner	46,470,000		7.65%
Sheri Tillman Dorfman	Interest of spouse	46,470,000	(b)	7.65%
Gershon Dorfman	Beneficial owner	37,740,799		6.21%
Lydia Dorfman	Interest of spouse	37,740,799	(b)	6.21%
Moral Excel Holdings Ltd ("MEH")	Beneficial owner	35,455,308	(d)	5.84%

Notes:

- (a) Dr. Cheung Tsang-Kay, Stan, Mr. Chang Dong-Song and Ms. Chan Him-Wee are the beneficiaries of a family trust which owned 85,538,356 Shares in the Company.
- (b) Ms. Chan Him-Wee is the spouse of Mr. Chang Dong-Song, Ms. Ng Yiu-Chi, Eleanor is the spouse of Dr. Cheung Tsang-Kay, Stan, Mrs. Sheri Tillman Dorfman is the spouse of Mr. Robert Dorfman and Mrs. Lydia Dorfman is the spouse of Mr. Gershon Dorfman. Their interests disclosed are the same as those of their spouses disclosed.
- (c) GIL is a company owned by a family trust which owned 85,538,356 Shares in the Company as mentioned in note (a), comprising 69,728,356 Shares held by GIL and 15,810,000 Shares held by the trust itself.
- (d) MEH is a company owned by a separate family trust which owned 35,455,308 Shares.
- (e) HIT, the trustee of these trusts, was deemed to be interested in 120,993,664 Shares held by these trusts.

In the event that the Directors exercise in full the power to repurchase shares under the Repurchase Mandate, the attributable shareholdings in the Company of Dr. Cheung Tsang-Kay, Stan and his spouse, Ms. Ng Yiu-Chi, Eleanor, HIT, Mr. Chang Dong-Song and his spouse, Ms. Chan Him-Wee, GIL, Mr. Robert Dorfman and his spouse, Mrs. Sheri Tillman Dorfman, Mr. Gershon Dorfman and his spouse, Mrs. Lydia Dorfman, and MEH, being not persons acting in concert under the Takeovers Code, would be increased to approximately 22.58%, 22.13%, 19.60%, 12.75%, 8.50%, 6.90% and 6.48% respectively of the issued share capital of the Company. Such increases would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the power to repurchase Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate.

5. GENERAL

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of the Bermuda so far as the same may be applicable.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective Associates have a present intention to sell Shares to the Company, in the event that the Repurchase Mandate is approved.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he has a present intention to sell any Shares to the Company nor has he undertaken not to do so, in the event the Repurchase Mandate is approved.

6. REPURCHASES AND SHARE PRICES

Purchases of 1,020,000 Shares have been made by the Company on the Stock Exchange in the six months prior to the Latest Practicable Date. Save as disclosed above, no other repurchases of Shares have been made by the Company in the six months prior to the Latest Practicable Date.

Details of the shares purchased are as follows:

Date of repurchase	Number of shares repurchased	Highest and lowest price per share <i>HK\$</i>	Aggregate price paid <i>HK\$</i>
5 March 2007	360,000	0.74	266,400
8 March 2007	130,000	0.78	101,400
9 March 2007	530,000	0.78	413,400
	<u>1,020,000</u>		<u>781,200</u>

The highest and lowest prices at which Shares were traded on the Stock Exchange during each of the previous twelve months and the period from 1 July, 2007 to 19 July, 2007 (the Latest Practicable Date) are set out below:

Share Price

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
July	0.84	0.70
August	0.76	0.73
September	0.77	0.68
October	0.73	0.69
November	0.74	0.70
December	0.75	0.69
2007		
January	0.75	0.70
February	0.82	0.70
March	0.82	0.73
April	0.84	0.79
May	0.91	0.80
June	1.12	0.85
1 July-19 July (the Latest Practicable Date)	1.28	0.93

The followings are the particulars of the Directors proposed to be re-elected at the AGM.

1. George BLOCH, aged 86, Chairman

Mr. George Bloch has been the Chairman of the Company since its incorporation in 1992. He is a graduate of the College of Technology in Northampton, England. He went to Shanghai in 1939 and worked for a large engineering firm. He established his business in Japan in 1949 and moved to Hong Kong in 1955. In 1969, Mr. Bloch, together with Mr. Chang Dong-Song founded Herald Metal and Plastic Works Limited, the initial company of the Group. Mr. Bloch is a past District Governor of Lions International in Hong Kong and is Vice-Chairman of the Liver Foundation and was for several years Chairman of the Eye Bank. He is a leading collector of both Western and Chinese art and his collection has been exhibited internationally. He has been honoured by the French Government and made a “Chevalier de l’Ordre des Arts et des Lettres” and a “Chevalier dans l’Ordre de la Legion d’Honneur”. He received the “Chevalier de la Couronne” from the Belgian Government and has a major decoration from the Government of Austria in recognition of his contribution to the arts. In addition, he was made recently “Commendatore dell’ Ordine della Stella della Solidarieta’ Italiana” by the President of the Republic of Italy. He has not held any directorship in other listed public companies in the past three years.

Mr. George Bloch is the step-father of Mr. Robert Dorfman, Executive Director of the Company, and Mr. Gershon Dorfman, managing director of Herald Datanetics Limited, a wholly owned subsidiary of the Company. Save as disclosed above, Mr. Bloch does not have any relationships with any Directors, senior management or substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. In accordance with the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Bloch was interested in 11,791,500 Shares of the Company. Save as aforesaid, Mr. Bloch has no other interests in the Shares within the meaning of Part XV of the SFO.

There is neither any service contract between the Company and Mr. Bloch nor any specified length of service with the Company in respect of his appointment (except the retirement by rotation of Directors under the Bye-laws of the Company). Mr. Bloch is entitled to receive basic emoluments of HK\$3,603,600 per annum and any discretionary bonus which the Company may decide to pay. Such emoluments are determined with reference to the Company’s performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

There is no information required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders in connection with the proposed re-election of the above Director.

2. CHEUNG Tsang-Kay, Stan, PhD, Hon LLD, Hon DBA, JP, aged 63, Managing Director

Dr. Cheung Tsang-Kay, Stan has been the Managing Director of the Company since 1992. Dr. Cheung's community services in the past included Urban Council member, Broadcasting Authority member, The Hong Kong Polytechnic University Council member and Vice-Chairman of Occupational Safety & Health Council, etc. He is currently a member of The Chinese People's Political Consultative Conference, Shanghai Municipal Committee. Also, he is the Honorary Trustee and Adjunct Professor at Shanghai Jiao Tung University, Trustee of Fudan University and Director of Soong Ching Ling Foundation of Shanghai. Dr. Cheung joined the Group in 1975 and is director of the principal subsidiaries of the Company, namely Herald Group Limited, Herald (Hong Kong) Limited, Herald Metal and Plastic Works Limited, Herald Datanetics Limited, Herald Houseware Limited, Pilot Housewares (U.K.) Limited, Zeon Limited and Zeon Far East Limited. He has not held any directorship in other listed public companies in the past three years.

Dr. Cheung is the son of Mr. Chang Dong-Song, Executive Director of the Company. Dr. Cheung is the beneficiary of a family trust. Goldfinch Investments Ltd. and HSBC International Trustee Ltd., being a company owned by the trust and trustee of the trust respectively, are both substantial shareholders of the Company. Ms. Ng Yiu-Chi, Eleanor, the spouse of Dr. Cheung, and Ms. Chan Him-Wee, the mother of Dr. Cheung, are both deemed substantial shareholders of the Company. Save as disclosed above, Dr. Cheung does not have any relationships with any Directors, senior management or substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. In accordance with the meaning of Part XV of the SFO, as at the Latest Practicable Date, Dr. Cheung was interested in 123,451,164 Shares of the Company. Save as aforesaid, Dr. Cheung has no other interests in the Shares within the meaning of Part XV of the SFO.

There is neither any service contract between the Company and Dr. Cheung nor any specified length of service with the Company in respect of his appointment (except the retirement by rotation of Directors under the Bye-laws of the Company). Dr. Cheung is entitled to receive basic emoluments of HK\$3,378,700 per annum and any discretionary bonus which the Company may decide to pay. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

There is no information required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders in connection with the proposed re-election of the above Director.

3. THONG Yeung-Sum, Michael, FCCA, CPA, aged 57, Executive Director

Mr. Thong Yeung-Sum, Michael has been an Executive Director of the Company since 1992 and now serves as the finance director and company secretary of principal subsidiaries of the Company. Mr. Thong obtained a degree in Social Science at the University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Before joining the Group in 1976, he worked for three years in the Hong Kong office of a leading international accounting firm. Mr. Thong is a member of The Chinese People's Political Consultative Conference, Zhuhai Committee. He has not held any directorship in other listed public companies in the past three years.

Mr. Thong does not have any relationships with any Directors, senior management or substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. In accordance with the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Thong was interested in 12,383,308 Shares of the Company. Save as aforesaid, Mr. Thong has no other interests in the Shares within the meaning of Part XV of the SFO.

There is neither any service contract between the Company and Mr. Thong nor any specified length of service with the Company in respect of his appointment (except the retirement by rotation of Directors under the Bye-laws of the Company). Mr. Thong is entitled to receive basic emoluments of HK\$3,316,000 per annum and any discretionary bonus which the Company may decide to pay. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

There is no information required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed above, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders in connection with the proposed re-election of the above Director.

NOTICE OF AGM



HERALD HOLDINGS LIMITED

興利集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code : 00114)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of HERALD HOLDINGS LIMITED (the “**Company**”) will be held at the Chater Room I, Function Room Level (B1), The Ritz-Carlton Hotel Hong Kong, 3 Connaught Road Central, Hong Kong on Tuesday, 18 September, 2007 at 3:45 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March, 2007.
2. To re-elect directors.
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
4. To declare a final dividend.
5. As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) “**THAT**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to purchase shares of US\$0.01 each in the capital of the Company, and to make or grant offers, agreements and options which might require the exercise of such power, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time, be and the same is hereby generally and unconditionally approved;

* *for identification purpose only*

NOTICE OF AGM

- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company on behalf of the Company to purchase shares in the capital of the Company at such price and on such terms as the directors of the Company may in their absolute discretion determine;
- (c) the aggregate nominal amount of the share capital of the Company to be purchased or agreed conditionally or unconditionally to be purchased by the directors of the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution respectively, and such approval be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting.”

(2) **“THAT**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot and issue or otherwise deal with shares in the capital of the Company or securities convertible into such shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities, and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period be and the same is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of the subscription rights under the warrants to subscribe for shares of the Company or any share option scheme as may be adopted by the Company or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on the shares of the Company in accordance with the Bye-laws of the Company from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and such approval be limited accordingly; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange).”

By Order of the Board
Herald Holdings Limited
Michael Thong
Company Secretary

Hong Kong, 25 July, 2007

NOTICE OF AGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the above meeting is enclosed herewith.
3. Where there are joint holders of any shares, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, provided that if more than one of such joint holders be present at the meeting personally or by proxy, the person whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.
4. To be valid, a form of proxy must be lodged with the Company's principal place of business in Hong Kong at 3110, 31st Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, not later than 48 hours before the time for holding the meeting or any adjournment thereof.
5. Members are recommended to read the circular of the Company containing information concerning the resolutions proposed in this notice.

As at the date hereof, the Board of Directors of the Company comprises Messrs. George Bloch, Cheung Tsang-Kay, Stan, Chang Dong-Song, Robert Dorfman and Thong Yeung-Sum, Michael as executive directors; and Messrs. Tang King-Hung, David Tai-Chong Lie-A-Cheong and Yeh Man-Chun, Kent as independent non-executive directors.