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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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**

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A notice convening the Annual General Meeting of Herald Holdings Limited (the “Company”) to be held on Friday, 19 September, 2008 at the Queensway and Victoria, JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 3:45 p.m. (or any adjournment thereof) is set out on pages 14 to 17 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

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*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 19 September, 2008 at the Queensway and Victoria, JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, 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 14 to 17 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

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## DEFINITIONS

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“Latest Practicable Date”	18 July, 2008 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 14 to 17 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 14 to 17 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.

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## LETTER FROM THE BOARD

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### HERALD HOLDINGS LIMITED

興利集團有限公司\*

(incorporated in Bermuda with limited liability)

(Stock Code : 00114)

*Executive directors:*

Cheung Tsang-Kay, Stan PhD, Hon LLD, Hon DBA, JP

(Chairman)

Robert Dorfman (Vice Chairman)

Thong Yeung-Sum, Michael FCCA, CPA

(Managing Director)

George Bloch

Chang Dong-Song

*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, 2008

*To the shareholders*

Dear Sir or Madam,

**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

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## LETTER FROM THE BOARD

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### 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 60,672,076 Shares on the basis that the issued share capital of the Company comprised 606,720,763 Shares as at the date of the AGM (assuming that the issued share capital of the Company remains unchanged up to 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 121,344,152 Shares on the basis that the issued share capital of the Company comprised 606,720,763 Shares as at the date of the AGM (assuming that the issued share capital of the Company remains unchanged up to 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. Tang King-Hung, David Tai-Chong Lie-A-Cheong, Yeh Man-Chun, Kent 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 14 to 17 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.

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## LETTER FROM THE BOARD

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### 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**  
**Cheung Tsang-Kay, Stan**  
*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 606,720,763 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 60,672,076 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, 2008) 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.

The following table sets out the shareholdings of the Shareholders having an interest in 5% or more of the issued share capital as recorded in the register required to be kept by the Company under Section 336 of the SFO as at the Latest Practicable Date and their shareholdings upon the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, on the basis that the issued share capital of the Company remains unchanged up to the date of the AGM.

Name of Shareholders	Note	Number of Shares	Percentage of shareholding	
			before repurchase	after repurchase
Cheung Tsang-Kay, Stan	(a)(c)	123,841,164	20.41%	22.68%
Ng Yiu-Chi, Eleanor	(e)	123,841,164	20.41%	22.68%
HSBC International Trustee Ltd ("HIT")	(d)	120,993,664	19.94%	22.16%
Chang Dong-Song	(a)	107,193,235	17.67%	19.63%
Chan Him-Wee	(a)(e)	107,193,235	17.67%	19.63%
Goldfinch Investments Ltd ("GIL")	(b)	69,728,356	11.49%	12.77%
Allianz SE ("ASE")	(f)	47,000,000	7.75%	8.61%
Dresdner Bank Aktiengesellschaft ("DBA")	(f)	47,000,000	7.75%	8.61%
Veer Palthe Voute NV ("VPV")	(f)	47,000,000	7.75%	8.61%
Robert Dorfman		46,470,000	7.66%	8.51%

Name of Shareholders	Note	Number of Shares	Percentage of shareholding	
			before repurchase	after repurchase
Sheri Tillman Dorfman	(e)	46,470,000	7.66%	8.51%
Gershon Dorfman		37,740,799	6.22%	6.91%
Lydia Dorfman	(e)	37,740,799	6.22%	6.91%
Moral Excel Holdings Ltd ("MEH")	(c)	35,455,308	5.84%	6.49%

*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) 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.
- (c) MEH is a company owned by a separate family trust which owned 35,455,308 Shares. Dr. Cheung Tsang-Kay, Stan is the beneficiary of this family trust.
- (d) HIT, the trustee of the above-mentioned trusts, was deemed to be interested in 120,993,664 Shares held by these trusts.
- (e) 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.
- (f) These interests were held by VPV, an investment manager. DBA, being the holding company of VPV and ASE which in turn owned 81.10% of DBA were both deemed to have the interests.

As set out above, if the Repurchase Mandate is exercised in full, then, as a result solely of such repurchase, the total interests of the above Shareholders in the Shares would be increased to approximately the respective percentages shown in the last column above. Such increases would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code since none of the Shareholders or group of Shareholders acting in concert would hold 30% or more of the voting rights of the Company after the repurchase.

The Directors have no present intention to exercise the power to repurchase Shares to such extent which will trigger off the mandatory offer requirement under the Takeovers Code or which will result in the number of the Shares held by the public hands being 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 870,000 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	Lowest price paid per share HK\$	Highest price paid per share HK\$	Total paid HK\$
23 January 2008	355,000	0.90	0.93	329,000
25 March 2008	200,000	0.90	0.90	180,000
2 June 2008	45,000	0.93	0.93	41,850
5 June 2008	55,000	0.93	0.93	51,150
6 June 2008	25,000	0.93	0.93	23,250
10 June 2008	190,000	0.90	0.90	171,000
	<u>870,000</u>			<u>796,250</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, 2008 to 18 July, 2008 (the Latest Practicable Date) are set out below:

**Share Price**

<b>Month</b>	<b>Highest <i>HK\$</i></b>	<b>Lowest <i>HK\$</i></b>
<b>2007</b>		
July	1.28	0.93
August	1.23	0.95
September	1.14	1.05
October	1.10	1.02
November	1.14	1.04
December	1.24	1.05
<b>2008</b>		
January	1.08	0.81
February	1.01	0.90
March	1.03	0.84
April	1.00	0.93
May	0.99	0.90
June	0.93	0.81
1 July-18 July (the Latest Practicable Date)	0.93	0.82

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

**1. TANG King-Hung, ACA, FCCA, ACIS, CPA, aged 57, Independent Non-executive Director**

Mr. Tang King-Hung was appointed as an independent non-executive director of the Company on 28 September, 2004. Mr. Tang is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Secretaries and Administrators. He has over 30 years of experience in auditing, accounting and financial management. Mr. Tang is a partner of a firm of certified public accountants. During the period from 19 April, 2006 to 19 September, 2007, Mr. Tang was an independent non-executive director of World Houseware (Holdings) Limited, a company listed on the Stock Exchange. Save as disclosed above, he has not held any directorship in other listed public companies in the past three years.

Mr. Tang 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 or any interests in the Shares within the meaning of Part XV of the SFO.

There is neither any service contract between the Company and Mr. Tang 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. Tang is entitled to receive a director's fee of HK\$180,000 per annum. Such emoluments are determined with reference to his qualifications and experience, his duties and responsibilities in the Company and the prevailing market conditions. Save as director's fee, he is not entitled to other emoluments.

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. David Tai-Chong LIE-A-CHEONG, JP, aged 48, Independent Non-executive Director**

Mr. David Tai-Chong Lie-A-Cheong was appointed as an independent non-executive director of the Company on 16 June, 2005. Mr. Lie-A-Cheong is the executive chairman of Newpower International (Holdings) Co., Ltd. and China Concept Consulting Ltd. He has been selected as a Member of the National Committee of the 8th, 9th, 10th and 11th Chinese People's Political Consultative Conference since 1993. Mr. Lie-A-Cheong is currently the Honorary Consul of the Hashemite Kingdom of Jordan in the Hong Kong Special Administrative Region ("HKSAR"), a Member of the Committee on Governance and Political Development of the Commission on Strategic Development of the HKSAR, a Panel Convenors cum Member of the Financial Reporting Review Panel of HKSAR, a Member of The Greater Pearl River Delta Business Council, a Board Member of The Hospital Authority, a Member of the China Overseas Friendship Association, a General Committee Member of the Hong Kong General Chamber of Commerce, Hong Kong Chair of Hong Kong Trade Development Council – Hong Kong/France Business Partnership. During the period from 30 September, 2004 to 25 February, 2008, Mr. Lie-A-Cheong was an independent non-executive director of Wheelock Properties Limited, a company whose securities are listed on the Stock Exchange. Save as disclosed above, he has not held any directorship in other listed public companies in the past three years.

Mr. Lie-A-Cheong 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 or any interests in the Shares within the meaning of Part XV of the SFO.

There is neither any service contract between the Company and Mr. Lie-A-Cheong 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. Lie-A-Cheong is entitled to receive a director's fee of HK\$180,000 per annum. Such emoluments are determined with reference to his qualifications and experience, his duties and responsibilities in the Company and the prevailing market conditions. Save as director's fee, he is not entitled to other emoluments.

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. YEH Man-Chun, Kent, aged 53, Independent Non-executive Director**

Mr. Yeh Man-Chun, Kent was appointed as an independent non-executive director of the Company on 5 October, 2005. Mr. Yeh is a consultant for Robina Wood Limited, a company involved in the marketing, distribution and manufacturing of wood flooring products. Mr. Yeh is also a partner and director of Prima (Shanghai) Co., Ltd, a Shanghai-based firm providing business advisory services. Mr. Yeh is an independent non-executive director of Pacific Andes International Holdings Limited, a company listed on the Stock Exchange. Mr. Yeh had also been the managing director of Tai Ping Carpets International Limited (“Tai Ping”), a company listed on the Stock Exchange. He remained as a non-executive director of Tai Ping until 8 September, 2005. Save as disclosed above, he has not held any directorship in other listed public companies in the past three years. Mr. Yeh received a Bachelor of Science degree in Industrial Engineering from the University of California, Berkeley, U.S.A. and a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, U.S.A.

Mr. Yeh 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 or any interests in the Shares within the meaning of Part XV of the SFO.

There is neither any service contract between the Company and Mr. Yeh 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. Yeh is entitled to receive a director’s fee of HK\$180,000 per annum. Such emoluments are determined with reference to his qualifications and experience, his duties and responsibilities in the Company and the prevailing market conditions. Save as director’s fee, he is not entitled to other emoluments.

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.

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## NOTICE OF AGM

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### 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 Queensway and Victoria, JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 19 September, 2008 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, 2008.
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



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## NOTICE OF AGM

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- (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;

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- (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**  
**Shum Kam Hung**  
*Company Secretary*

Hong Kong, 25 July, 2008

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## NOTICE OF AGM

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*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. 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.*