

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.



Hembly International Holdings Limited

恒寶利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3989)

ANNOUNCEMENT JOINT VENTURE WITH MEB

This announcement is made pursuant to paragraph 13.09 of the Listing Rules.

The board of directors of the Company is pleased to announce that a wholly owned subsidiary of the Company has entered into a JV Agreement today with Mountain Experience Beteiligungs Gesellschaft M.B.H. to set up an equity joint venture company, which shall be named M.T.T. Limited (of which M.T.T. is the acronym for the words “**Mountain Textile Technology**”). Mountain Experience Beteiligungs Gesellschaft M.B.H. holds a group of companies which carries on the business of manufacture, sales and distribution of sports oriented mountaineering and outdoor products.

This announcement is made pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “**Board**”) of Hembly International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that Primeline Investment Limited (“**Primeline**”), a wholly owned subsidiary of the Company, has entered into a joint venture agreement (“**JV Agreement**”) today with Mountain Experience Beteiligungs Gesellschaft M.B.H. (“**MEB**”), a company incorporated in Austria, to set up an equity joint venture company, which shall be established in Hong Kong and named M.T.T. Limited (of which M.T.T. is the acronym for the words “**Mountain Textile Technology**”). Pursuant to the JV Agreement, M.T.T. Limited would be held by Primeline as to 50% and by MEB as to 50%. After Completion, which shall occur 14 days after the JV Agreement (unless the parties otherwise agree in writing), M.T.T. Limited would establish a wholly owned subsidiary (“**M.T.T. PRC**”) in the People’s Republic of China (“**PRC**”) to act as its operational vehicle, which shall conduct M.T.T. Limited’s business in the PRC. The terms of the JV Agreement are determined after arm’s length negotiations between the parties.

M.T.T. Limited and M.T.T. PRC will be principally engaged in the operation of a production and technological center in the PRC for the manufacturing and outsourcing of products, with the mission and vision to develop high-tech garment manufacturing techniques.

MEB holds a group of companies which carries on the business of manufacture, sales and distribution of sports oriented mountaineering and outdoor products under different trademarks. The Group believes that the business of M.T.T. Limited and M.T.T. PRC can positively enhance the Group's supply chain services to international brands. With the establishment of M.T.T. Limited and M.T.T. PRC, the Group could expand its production capacity as well as consolidate its ability to develop high-tech garment manufacturing techniques extending the Group's competitiveness in the garment industry and therefore maximizing the Company's shareholders' value.

MEB is an independent third party, which is not a connected person as defined under the Listing Rules.

By order of the Board
Hembly International Holdings Limited
NGOK Yan Yu
Chairman

Hong Kong, 30 August 2006

As at the date of this announcement, the executive Directors are Mr. NGOK Yan Yu, Mr. LAM Hon Keung, Keith, Ms. TANG Chui Yi, Janny, Mr. WONG Ming Yeung, Mr. PIVA Antonio and Mr. APPELLA Marcello; the non-executive Director is Mr. JE Kin Ming; the independent non-executive Directors are Mr. LO Ming Chi, Charles, Mr. PAO Ping Wing and Mr. KWAN Hung Sang, Francis.

Please also refer to the published version of this announcement in The Standard.