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## **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 BENETTON ASIA PACIFIC LIMITED**

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 Benetton Asia Pacific Limited to set up an equity joint venture company, which shall be named Benlim Limited. Benetton Asia Pacific Limited is the Hong Kong incorporated subsidiary of Benetton Group S.p.A., an international apparel leader, which through its globally diversified subsidiaries, engages in the manufacture and marketing of fashion apparel for men, women, and children worldwide. Benetton Group S.p.A. provides its apparels and leisure-wear under the brand names of *United Colors of Benetton, Undercolors, Sisley, 012, Playlife and Killer Loop*. Pursuant to the JV Agreement, the PRC wholly owned subsidiary, which Benlim Limited shall establish and be named Shanghai Sisley Trading China Limited, shall, during the term of Benlim Limited, which is continuous and unlimited, be appointed as the PRC exclusive distributor of Benetton Group S.p.A. to distribute all items of men and women's apparel and accessories bearing the *Sisley* trade mark and be granted with the non-exclusive right to use the *Sisley* trade mark to carry out manufacturing (through procurement and sourcing) in the PRC in relations to its PRC distribution business.

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 Limei International Limited ("**Limei**"), a wholly owned subsidiary of the Company, has entered into a joint venture agreement ("**JV Agreement**") today with Benetton Asia Pacific Limited ("**Benetton AP**") to set up an equity joint venture company, which shall be named Benlim Limited.

Benetton AP is the Hong Kong incorporated subsidiary of Benetton Group S.p.A., an international apparel leader, which through its globally diversified subsidiaries, engages in the manufacture and marketing of fashion apparel for men, women, and children worldwide. Benetton Group S.p.A. provides its apparels and leisure-wear under the brand names of *United Colors of Benetton, Undercolors, Sisley, 012, Playlife and Killer Loop*.

Pursuant to the JV Agreement, the PRC wholly owned subsidiary, which Benlim Limited shall establish and be named Shanghai Sisley Trading China Limited (“**Shanghai Sisley**”), shall, during the term of Benlim Limited, which is continuous and unlimited, be appointed as the exclusive distributor of Benetton Group S.p.A. to distribute all items of men and women’s apparel and accessories bearing the *Sisley* trade mark (“**Sisley Products**”) in the People’s Republic of China (“**PRC**”) and be granted with the non-exclusive right to use the *Sisley* trade mark to carry out manufacturing (through procurement and sourcing) in the PRC in relations to its PRC business. Pursuant to the JV Agreement, Benlim Limited would be held by Limei as to 50% and by Benetton AP as to 50%. After completion of the JV Agreement, Benlim Limited would establish Shanghai Sisley as a PRC wholly owned subsidiary to act as its operational vehicle, which shall conduct Benlim Limited’s business in the PRC. The terms of the JV Agreement are determined after arm’s length negotiations between the parties.

Benlim Limited and Shanghai Sisley will be principally engaged in the business of carrying out the manufacture (through procurement and sourcing), marketing, promotion, distribution, wholesaling and/or retailing and sale of the Sisley Products in the PRC and such other business as the JV partners may agree in writing from time to time. Subject to all PRC regulatory approvals being obtained, Shanghai Sisley is intended to, within the next 5 years, open or procure for the opening of not less than one hundred and fifty (150) retail outlets within the PRC (including flagship stores, free standing retail outlets, corners, shop in shops and etc.) for the exclusive distribution of Sisley Products. Additionally, the JV Agreement also stipulates for the transfer of the operation control, assets (including fixtures & fittings) and labor force of about 30 existing exclusive retail outlets of Sisley Products in the PRC into Shanghai Sisley.

Leveraged on the famous and established brand-names held by Benetton Group S.p.A., its solid retail and brand management expertise and its diverse customer and established network, the Group believes that the business of Benlim Limited and Shanghai Sisley can positively enhance its distributorship services throughout the PRC. Against the above backdrop, the Group could definitely expand its distribution and production capacity as well as strengthen its PRC distribution network, thereby increasing the Group’s competitiveness in the garment industry and therefore maximizing the Company’s shareholders’ value.

Benetton AP and its ultimate owners are independent third parties and are not connected persons as defined under the Listing Rules.

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

Hong Kong, 1 September 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.