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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

### **DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF SHARES IN A SUBSIDIARY**

On 19th December 2007, the Investor, Spring Castle, Well Metro and the Parent Entities entered into the Agreement, pursuant to which Spring Castle agreed to sell, and the Investor agreed to purchase, the Preferred Shares for the Consideration. The Preferred Shares represent 16.67% of Well Metro's existing issued share capital.

As the relevant percentage ratio under Rule 14.07 of the Listing Rules for the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules.

A circular containing, amongst other things, further details of the Agreement will be despatched to the Shareholders as soon as possible and, in any event, within 21 days of the date of this announcement.

#### **THE AGREEMENT**

**Date**

19th December 2007

## **Parties**

1. Spring Castle;
2. Well Metro;
3. the Investor; and
4. the Parent Entities

Immediately prior to the execution of the Agreement, Well Metro was an indirect non-wholly owned subsidiary of the Company which is owned as to 94.44% of its entire issued share capital by Spring Castle, a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Investor and its ultimate beneficial owners are third parties independent of the Group and the Company's connected persons (within the meaning under the Listing Rules).

## **Interest acquired by the Investor**

Spring Castle agreed to sell, and the Investor agreed to purchase, the Preferred Shares, representing approximately 16.67% of Well Metro's existing issued share capital, upon the terms and subject to the conditions set out in the Agreement.

## **Consideration**

The Consideration payable by the Investor to Spring Castle for the Preferred Shares will be satisfied in full by cash on Completion.

The Consideration is determined by reference to the financial position, the historical financial performance and the business prospect of Well Metro. After due consideration, the Directors consider that the above basis for determining the Consideration is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The 16.67% attributable interest of the unaudited net asset value of Well Metro as at the Latest Practicable Date is HK\$30,537,000.00, and the Consideration therefore represents a premium of approximately 198%.

## **Conditions to the Agreement**

The Agreement is subject to the following conditions, among others:

1. the acknowledgement from the Company Registry in the BVI that the Restated Memorandum and Articles of Association has been adopted and filed;
2. Spring Castle, Well Metro, the Investor and the other shareholder of Well Metro entering into a shareholders' agreement in the form agreed by the Parties;

3. the passing of all necessary resolutions of the board of directors of each of Spring Castle, Well Metro and the Parent Entities to approve the Agreement, the Transaction, and any such other matters as may be contemplated in the Agreement;
4. no legal proceedings being instituted or threatened or claimed or demanded against any member of the Group;
5. no material adverse effect or change on the Group;
6. satisfactory business, accounting and legal due diligence reviews of the Group by the Investor;
7. adoption of a business plan (detailing Well Metro's project development and shop expansion schedule) reasonably satisfactory to the Investor; and
8. certain customary conditions set out in the Agreement (including accuracy of warranties as at Completion, due delivery of documents for Completion and due obtaining of all requisite and applicable approvals).

Details of the conditions will be more particularly set out in the circular which will be sent to the Shareholders as soon as possible and, in any event, within 21 days of the date of this announcement

### **Guarantee**

Pursuant to the Agreement, the Parent Entities shall individually and collectively, on a joint and several basis, as primary obligors themselves, to guarantee and procure that Spring Castle and Well Metro shall observe and promptly perform all of its obligations under the Agreement and other related documents.

### **Completion**

Completion is subject to and conditional upon fulfillment or waiver of all the Conditions, all of which are expected to be fulfilled or waived on or about 21st December 2007.

After Completion, Well Metro will be owned as to 77.78% by Spring Castle and remain as an indirect non-wholly owned subsidiary of the Company.

### **REASONS FOR THE AGREEMENT**

The Group is principally engaged in the provision of supply chain services for its supply of apparel and accessories to international brand apparel makers and the distribution and retailing of apparel and footwear. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Investor is an investment holding company.



“BVI”	the British Virgin Islands
“Company”	Hembly International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Completion”	the completion of the Transaction pursuant to the Agreement
“Conditions”	the conditions precedent to Completion, as more particularly set out under the section headed “Conditions to the Agreement” of this announcement
“Consideration”	the aggregate consideration for the Preferred Shares of HK\$90,859,500.00
“Directors”	the directors of the Company
“Full Prosper”	Full Prosper Holdings Limited, a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investor”	All Field Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of New World Strategic Investment Limited
“Latest Practicable Date”	18th December 2007, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parent Entities”	the Company and Full Prosper
“Preferred Shares”	the 1,500 redeemable cumulative convertible preferred shares with par value of US\$1.00 each in the capital of Well Metro, representing 16.67% of Well Metro’s existing issued share capital

“PRC”	the People’s Republic of China
“Restated Memorandum and Articles”	the amended and restated Memorandum and Articles of Association of Well Metro, which form is agreed among the parties to the Agreement
“Shareholders”	the holders of shares of the Company
“Spring Castle”	Spring Castle Group Limited, a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of Full Prosper and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale by Spring Castle and the purchase by the Investor of the Preferred Shares pursuant to the Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“Well Metro”	Well Metro Group Limited, a company incorporated in the BVI, which is an indirect non-wholly owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 20th December 2007

*As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Ngok Yan Yu, Mr. Lam Hon Keung, Keith, Ms. Tang Chui Yi, Janny, Mr. Wong Ming Yeung, Mr. Appella Marcello and Ms. Tang Wai Ha; two non-executive Directors, namely Mr. Piva Antonio and Mr. Je Kin Ming; and three independent non-executive Directors, namely Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing and Mr. Kwan Hung Sang, Francis.*

*The announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under “Latest Listed Companies Information” and at the website of the Company at [www.hembly.com.cn](http://www.hembly.com.cn).*

*The Notification will be published in The South China Morning Post and the Hong Kong Economic Times on the date of the announcement.*