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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Hembly International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer 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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**HEMBLY**

**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)

**CONTINUING CONNECTED TRANSACTION**

**Financial Adviser to the Company**

**AmCap**  
*Ample Capital Limited*  
豐盛融資有限公司

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



**Hantec Capital Limited**

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A letter from the Independent Board Committee (as defined in this circular) is set out on page 10 of this circular. A letter from Hantec Capital Limited, an independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders (as defined in this circular) is set out on pages 11 to 15 of this circular.

A notice convening the EGM (as defined in this circular) to be held at 10:00 a.m. on Tuesday, 30 December 2008, at 36th Floor, No. 1 Hung To Road, Kwun Tong, Kowloon, Hong Kong is set out on pages 28 to 29 of this circular. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

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## DEFINITIONS

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

“Articles”	articles of association of the Company
“associates”	has the meaning defined under the Listing Rules
“Board”	board of Directors
“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
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 10:00 a.m. on Tuesday, 30 December 2008 to consider and approve the New Sourcing Agreement and the related annual caps, notice of which is set out at the end of this circular
“EUR”	Euro, the lawful currency of the member states of the European Union
“Group”	Company and its subsidiaries
“Hantec”	Hantec Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Sourcing Agreement
“Hembly Garment Manufacturing”	Hembly Garment Manufacturing Limited, a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“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

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the New Sourcing Agreement and the related proposed annual caps
“Independent Shareholders”	Shareholders other than Charm Hero and its associates
“Independent Third Party(ies)”	an independent third party(ies) which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates
“Latest Practicable Date”	2 December 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ngok”	Ngok Yan Yu, the chairman and an executive director and substantial shareholder of the Company
“New Sourcing Agreement”	sourcing agreement dated 14 November 2008 and made between Sergio Tacchini and Hembly Garment Manufacturing setting out the terms and conditions of the Sourcing Arrangement for the three years ending 31 December 2011.
“Old Sourcing Agreement”	sourcing agreement dated 4 July 2007 and made between Sergio Tacchini and Hembly Garment Manufacturing setting out the terms and conditions of the Sourcing Arrangement which will be expired on 31 December 2008
“Sergio Tacchini”	Sergio Tacchini International S.P.A., previously known as H4T S.R.L., a company incorporated in Italy and indirectly wholly-owned by Mr. Ngok
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of Shares

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## DEFINITIONS

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“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Sourcing Arrangement”	the ongoing sourcing arrangement between the Group and Sergio Tacchini whereby the Group sells products to Sergio Tacchini
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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LETTER FROM THE BOARD

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**HEMBLY**

**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)

*Executive directors:*

Ngok Yan Yu (*Chairman*)

Lam Hon Keung, Keith

Tang Chui Yi, Janny

Wong Ming Yeung

Tang Wai Ha

Marcello Appella

*Non-executive directors:*

Antonio Piva

Je Kin Ming

*Independent non-executive directors:*

Lo Ming Chi, Charles

Pao Ping Wing

Kwan Hung Sang, Francis

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal*

*place of business:*

36th Floor, No.1 Hung To Road

Kwun Tong

Kowloon

Hong Kong

5 December 2008

*To the Shareholders and, for information only,  
holders of share options of the Company*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION**

**1. INTRODUCTION**

In the announcements dated 14 November 2008, the Company announced that Sergio Tacchini and Hembly Garment Manufacturing entered into the New Sourcing Agreement on the same day. The New Sourcing Agreement constitutes continuing connected transactions for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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The Independent Board Committee, comprising all of the independent non-executive Directors, Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing, and Mr. Kwan Hung Sang, Francis, has been formed to advise the Independent Shareholders in relation to the New Sourcing Agreement and the related proposed annual caps.

Hantec has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the New Sourcing Agreement is on normal commercial terms and in the ordinary course of business of the Group and whether the terms of the New Sourcing Agreement and the related proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is:

- (a) to provide you with details of the New Sourcing Agreement and the related proposed annual caps;
- (b) to set out the recommendations of the Independent Board Committee in respect of the New Sourcing Agreement and the related proposed annual caps;
- (c) to set out the advice of Hantec to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Sourcing Agreement and the related proposed annual caps;
- (d) to give you notice of the EGM to be held to consider and, if thought fit, approve the New Sourcing Agreement and the related proposed annual caps; and
- (e) to provide you with such other information as is required under the Listing Rules.

## 2. BACKGROUND

On 4 July 2007, Hembly Garment Manufacturing entered into the Old Sourcing Agreement with Sergio Tacchini for a term of 19 months commencing from 1 June 2007 to 31 December 2008. Pursuant to the Old Sourcing Agreement, Sergio Tacchini has appointed Hembly Garment Manufacturing (including all its subsidiaries and its fellow subsidiaries) as its sourcing supplier to provide exclusive sourcing services for all sourcing of sports apparel, leisure wear and related accessories bearing the trademarks of “Sergio Tacchini” and/or “S.T.” that will be manufactured in Asia.

As the Old Sourcing Agreement will expire on 31 December 2008, Sergio Tacchini and Hembly Garment Manufacturing have entered into the New Sourcing Agreement.

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## LETTER FROM THE BOARD

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### 3. PARTICULARS OF THE NEW SOURCING AGREEMENT

Date:	14 November 2008
Parties:	Sergio Tacchini and Hembly Garment Manufacturing
Nature of transaction:	Sergio Tacchini appointed Hembly Garment Manufacturing (including all its subsidiaries and its fellow subsidiaries) as its sourcing supplier to provide exclusive sourcing services for all sourcing of sport apparel, leisure wear and related accessories bearing the trademarks of “Sergio Tacchini” and/or “S.T.” that will be manufactured in Asia
Consideration:	6% of FOB (free on board) price plus delivery and duty costs paid (but excluding value-added tax which Sergio Tacchini will settle directly with the relevant authorities) for each sport apparel, leisure wear and accessory purchased by Sergio Tacchini, payable by Sergio Tacchini to the Group at the end of each month
Effective period:	Three (3) years from 1 January 2009 to 31 December 2011, subject to Sergio Tacchini’s right of termination by giving 3 months’ written notice to Hembly Garment Manufacturing
Condition Precedent:	The New Sourcing Agreement is subject to the approval of the New Sourcing Agreement and the annual caps in relation to the transactions contemplated under the New Sourcing Agreement given by the independent shareholders of the Company in an extraordinary general meeting

### 4. REASONS FOR THE TRANSACTION

As disclosed in the announcement dated 5 July 2007, it is the intention of Sergio Tacchini to develop the Group into its exclusive sourcing supplier in the Asian region. The Old Sourcing Agreement will expire on 31 December 2008. Sergio Tacchini intends to continue the existing Sourcing Arrangement with the Group and to scale-up the same. The continuing of the Sourcing Arrangement and the increase in size of orders will definitely broaden revenue of the Group.

### 5. ANNUAL CAPS AND BASIS OF ANNUAL CAPS

The annual cap for the Old Sourcing Agreement for the 7 month period ending 31 December 2007 and the year ending 31 December 2008 as approved by the Shareholders in the extraordinary general meeting on 22 August 2007 were HK\$267,521,000 and HK\$362,880,000 respectively.



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## LETTER FROM THE BOARD

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For the year ended 31 December 2007 and for the six months ended 30 June 2008, the provision of sourcing services by Hembly Garment Manufacturing, its subsidiaries and fellow subsidiaries to Sergio Tacchini amounted to about HK\$213,877,000 and HK\$130,332,000 respectively.

Based on the projection provided by Sergio Tacchini with the projected maximum amount of order that it shall place with the Group, the Board estimates that the annual caps for the amount of sales by the Group to Sergio Tacchini pursuant to the New Sourcing Agreement for the three years ending 31 December 2011 would approximately be HK\$410,000,000, HK\$540,000,000 and HK\$717,000,000 respectively. These annual caps of the New Sourcing Agreement for the three years are determined based on projections provided by Sergio Tacchini. Based on Sergio Tacchini's representations, Sergio Tacchini plans to consolidate all sourcing services with the intention that Hembly Garment Manufacturing will eventually become its exclusive sourcing supplier/agent in the Asian region. The increase in size of orders from Sergio Tacchini pursuant to the New Sourcing Agreement each year will increase the revenue of the Group for each relevant year and therefore the necessity to increase the proposed annual caps pursuant to the New Sourcing Agreement for each of the three years ending 31 December 2011 for 13%, 32% and 33% respectively.

### **6. IMPLICATIONS UNDER THE LISTING RULES**

Sergio Tacchini is a company wholly-owned by Mr. Ngok and hence a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the New Sourcing Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and the New Sourcing Agreement accordingly constitutes a continuing connected transaction of the Company under the Listing Rules.

As each of the relevant percentage ratios set out in the Listing Rules in respect of the annual caps for the amount of sales by the Group in relation to the New Sourcing Agreement is, on an annual basis, more than 2.5% and the annual consideration is estimated to be more than HK\$10,000,000, the New Sourcing Agreement will constitute non-exempt continuing connected transactions for the Company under Rule 14A.16(5) of the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the independent shareholders' approval requirements under the Listing Rules in relation to the New Sourcing Agreement. An Independent Board Committee has been set up to advise the independent shareholders of the Company in relation to the New Sourcing Agreement and an independent financial adviser, Hantec, has been appointed to advise the Independent Board Committee in this regard.

The Company will also comply with the requirements under Rules 14A.37 to 14A.40 of the Listing Rules in relation to the New Sourcing Agreement for the duration for which the New Sourcing Agreement is carried out. Details of the New Sourcing Agreement will be included in the Company's published annual reports and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing

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## LETTER FROM THE BOARD

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Rules. The Company will comply with the requirements under Rule 14A.36 of the Listing Rules if the annual caps under the New Sourcing Agreement should exceed the applicable annual caps described above, or where the New Sourcing Agreement is renewed or where there are material changes to its terms.

### 7. EGM

Your attention is drawn to pages 28 to 29 of this circular where you will find a notice of the EGM to be held at 10:00 a.m. on Tuesday, 30 December 2008 at 36th Floor, No. 1 Hung To Road, Kwun Tong, Kowloon, Hong Kong. At the EGM, resolutions will be put forward to the Independent Shareholders to approve the New Sourcing Agreement and the related proposed annual caps. Voting on these resolutions will be by poll.

Pursuant to the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) 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) 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) 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, any Director or Directors, who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights of all Shareholders having the right to vote at such meeting.

Charm Hero, the direct controlling shareholder of the Company which is indirectly wholly-owned by Mr. Ngok, together with any of its associates will abstain from voting on the resolutions to be proposed at the EGM to approve the New Sourcing Agreement and the related annual caps.

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## LETTER FROM THE BOARD

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So far as the Company was aware having made all reasonable enquiries, Charm Hero held the voting right in respect of approximately 35.98% of the Company's issued ordinary share capital as at the Latest Practicable Date; no voting trust or other agreement or arrangement or understanding has been entered into by or was binding on Charm Hero and/or any of its associates; and there was no other obligation or entitlement of Charm Hero and/or any of its associates as at the Latest Practicable Date whereby Charm Hero and/or any of its associates has/have or may has/have temporarily or permanently passed control over the exercise of the voting rights in respect of its/their Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event, not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

### **8. FURTHER INFORMATION**

The Independent Board Committee has been appointed to advise the Independent Shareholders in relation to the New Sourcing Agreement and the related proposed annual caps. Hantec has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Accordingly, your attention is drawn to the letter of advice from the Independent Board Committee set out on page 10 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from Hantec set out on pages 11 to 15 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

Your attention is also drawn to the general information set out in the Appendix to this circular.

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

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**HEMBLY**

**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)

*Executive directors:*

Ngok Yan Yu  
Lam Hon Keung, Keith  
Tang Chui Yi, Janny  
Wong Ming Yeung  
Tang Wai Ha  
Marcello Appella

*Non-executive director:*

Antonio Piva  
Je Kin Ming

*Independent non-executive directors:*

Lo Ming Chi, Charles  
Pao Ping Wing  
Kwan Hung Sang, Francis

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal*

*place of business:*  
36th Floor, No.1 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

5 December 2008

*To the Independent Shareholders*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION**

We refer to the circular to the Shareholders dated 5 December 2008 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, the entering into of the New Sourcing Agreement is in the interests of the Company and its Shareholders as a whole and the terms of which and the proposed annual caps in relation thereto as described in the Circular are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Hantec has been appointed to advise the Independent Board Committee and the Independent Shareholders.

We wish to draw your attention to the “Letter from Hantec” as set out on pages 11 to 15 of the Circular. We have considered the terms and conditions of the New Sourcing Agreement, the advice of Hantec and the other factors contained in the “Letter from the Board” as set out on pages 4 to 9 of the Circular.

In our opinion, the terms of the New Sourcing Agreement and the related annual caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We also consider that the New Sourcing Agreement is on normal commercial terms and in the ordinary course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the New Sourcing Agreement and the related annual caps.

Yours faithfully,  
**The Independent Board Committee of  
Hembly International Holdings Limited  
Lo Ming Chi, Charles  
Pao Ping Wing  
Kwan Hung Sang, Francis**

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## LETTER FROM HANTEC

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*The following is the full text of a letter of advice from Hantec to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this circular:*



**Hantec Capital Limited**  
45th Floor, COSCO Tower  
183 Queen's Road Central  
Hong Kong

5 December 2008

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the New Sourcing Agreement, details of which are contained in the Letter from the Board ("**the Letter from the Board**") contained in the circular (the "**Circular**") of the Company to the Shareholders dated 5 December 2008, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

On 4 July 2007, Hembly Garment Manufacturing entered into the Old Sourcing Agreement with Sergio Tacchini for a term of 19 months commencing from 1 June 2007 to 31 December 2008. The Old Sourcing Agreement will be expired on 31 December 2008. As it is the intention of Sergio Tacchini to develop the Group into its exclusive sourcing supplier in the Asian region, Sergio Tacchini and Hembly Garment Manufacturing entered into the New Sourcing Agreement. On 14 November 2008, Hembly Garment Manufacturing entered into the New Sourcing Agreement with Sergio Tacchini to set out the terms and conditions of the Sourcing Arrangement.

Sergio Tacchini is a company wholly-owned by Mr. Ngok and hence a connected person of the Company within the meaning of the Listing Rules. In addition, as each of the relevant percentage ratios set out in the Listing Rules in respect of the annual caps for the amount of sales by the Group in relation to the New Sourcing Agreement is, on an annual basis, more than 2.5% and the annual consideration is estimated to be more than HK\$10,000,000, the New Sourcing Agreement will constitute non-exempt continuing connect transactions for the Company under Rule 14A.16(5) of the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As stated in the Letter from the Board, Charm Hero Investments Limited, which is the direct controlling shareholder of the Company and wholly-owned by Mr. Ngok, together with any of its associates will abstain from voting on the resolution to approve the New Sourcing Agreement and the related annual caps at the EGM.

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## LETTER FROM HANTEC

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The Independent Board Committee comprising Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing and Mr. Kwan Hung Sang, Francis, all being independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) whether the New Sourcing Agreement is in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) whether the terms of the New Sourcing Agreement (and the related proposed annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) whether the Independent Shareholders should vote in favour of the resolutions to approve the New Sourcing Agreement and the related proposed annual caps.

### **BASIS OF OUR ADVICE**

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

The principal factors and reasons that we have taken into consideration in assessing the New Sourcing Agreement and arriving at our opinion are set out as follows:

#### **1. Background and reasons for entering into the New Sourcing 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.

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## LETTER FROM HANTEC

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Sergio Tacchini is an Italian incorporated company which principal activities include, as far as the Directors are aware, the production (direct and indirect) and sale of clothing, shoes, accessories, perfumes, glasses and other products for sport and leisure and bearing the trademarks "Sergio Tacchini" and/or "S.T.". It is one of the Group's major customers. For the six months ended 30 June 2008, the provision of sourcing services by the Group to Sergio Tacchini amounted to approximately HK\$130.3 million, representing approximately 20.9% of the Group's turnover generated from its supply chain services.

On 4 July 2007, Hembly Garment Manufacturing entered into the Old Sourcing Agreement with Sergio Tacchini for a term of 19 months commencing from 1 June 2007 to 31 December 2008. Pursuant to the Old Sourcing Agreement, Sergio Tacchini has appointed Hembly Garment Manufacturing (including all its subsidiaries and its fellow subsidiaries) as its sourcing supplier to provide exclusive sourcing services for all sourcing of sports apparel, leisure wear and related accessories bearing the trademarks of "Sergio Tacchini" and/or "S.T." manufactured in Asia.

The Old Sourcing Agreement will expire on 31 December 2008. Sergio Tacchini intends to continue the existing Sourcing Arrangement with the Group and to scale-up the same. The continuing of the Sourcing Arrangement and the increase in size of orders will definitely broaden revenue of the Group. Accordingly, Sergio Tacchini and Hembly Garment Manufacturing have entered into the New Sourcing Agreement.

Taken into account that (i) the transactions under the New Sourcing Agreement is in line with the principal business of the Group; (ii) Sergio Tacchini is a major customer of the Group; and (iii) it is expected that the scale of the transactions under the New Sourcing Agreement will be expanded, we consider that the New Sourcing Agreement is in the ordinary and usual course of business of the Group and is in the interest of the Group and its Shareholders as a whole.

### **2. Principal terms of the New Sourcing Agreement**

Pursuant to the New Sourcing Agreement, the Group will charge Sergio Tacchini a consideration of 6% of FOB (free on board) price plus delivery and duty costs paid (but excluding value-added tax which Sergio Tacchini will settle directly with the relevant authorities) for each sport apparel, leisure wear and accessory purchased by Sergio Tacchini, payable by Sergio Tacchini to the Group at the end of each month.

As confirmed by the Company, there are no sourcing agreements similar to the New Sourcing Agreement entered into between the Group and third party customers. As a result, it is not possible to compare the terms offered by Hembly Garment Manufacturing to Sergio Tacchini directly with that offered to Independent Third Parties. However, we have reviewed samples of sales transactions of sports apparel, leisure wear and related accessories between the Group and its customers, including Sergio Tacchini and Independent Third Party customers under which the Group provided pure trading sourcing services, and noted that the gross profit margin under the sampled sales to Sergio Tacchini was in line with those under the sampled sales to Independent Third Party customers. Accordingly, the consideration under the New Sourcing Agreement enables the Group to get a gross profit in line with other similar sourcing arrangement with Independent Third Parties.



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## LETTER FROM HANTEC

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Moreover, we understand that the consideration under the New Sourcing Agreement is the same as that under the Old Sourcing Agreement, which has been approved by the then independent shareholders of the Company at the extraordinary general meeting of the Company held on 22 August 2007.

Having taking into account of the above, we consider that the terms of the New Sourcing Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### 3. Basis of determination of the proposed new annual caps

The table below sets forth the actual amount in respect of the provision of sourcing services by Hembly Garment Manufacturing, its subsidiaries and fellow subsidiaries to Sergio Tacchini for the year ended 31 December 2007 and the six months ended 30 June 2008, the existing annual caps for the two years ending 31 December 2008 and the proposed new annual caps for each of the three years ending 31 December 2011:

	For the year ended/ending 31 December				
	2007	2008	2009	2010	2011
	(HK\$)	(HK\$)	(HK\$)	(HK\$)	(HK\$)
Actual amount	213,877,000	130,332,000	-	-	-
(Approximate)		(Note)			
Existing annual caps	267,521,000	362,880,000	-	-	-
Proposed new annual caps	-	-	410,000,000	540,000,000	717,000,000

*Note:* This figure represented the sale up to 30 June 2008.

In assessing the fairness and reasonableness of the proposed annual caps, we have discussed with the management of the Company and understood that the proposed annual caps have been determined based on the projection provided by Sergio Tacchini. Such a projection represents the projected amount of orders that Sergio Tacchini will place with the Group. We have reviewed Sergio Tacchini's projection and understood that such projection has taken into account (i) an expected increase in the selling prices of the products provided by the Group to Sergio Tacchini; and (ii) the expected increase in the quantity of products to be purchased by the Group. As advised by the management of the Group, we note that it is the plan of Sergio Tacchini to shift its market positioning strategy to high-end market. Accordingly, Sergio Tacchini expects that the selling prices will be on an upward trend for the three years ending 31 December 2011.

In view that (i) the annual caps have been determined based on the projection provided by Sergio Tacchini and represented Sergio Tacchini's expected purchases from the Group; and (ii) the transactions under the New Sourcing Agreement will increase the revenue of the Group, we are of the view that the bases for determining the proposed annual caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned.



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## LETTER FROM HANTEC

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### RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that (i) the New Sourcing Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group; (ii) the terms of the New Sourcing Agreement and the related annual caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) the entering into of the New Sourcing Agreement is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the New Sourcing Agreement and the related annual caps.

Yours faithfully,  
For and on behalf of  
**Hantec Capital Limited**  
**Kinson Li**  
*Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. INTERESTS IN SECURITIES

### (a) Interests and short positions of Directors and chief executive in shares and debentures

As at the Latest Practicable Date, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

#### (i) Shares of the Company

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholdings
Mr. Ngok	Interest of a controlled corporation	101,829,470 (Note 1)	35.98%
Lam Hon Keung, Keith	Beneficial owner	100,000	0.04%
Wong Ming Yeung	Beneficial owner	10,000	0.004%
Marcello Appella	Interest of a controlled corporation	3,588,030 (Note 2)	1.27%
Je Kin Ming	Interest of a controlled corporation	5,980,050 (Note 3)	2.11%
Kwan Hung Sang, Francis	Beneficial owner	180,000	0.06%

*Notes:*

1. These Shares were held by Charm Hero Investments Limited (“Charm Hero”), a wholly-owned subsidiary of Mensun Limited (“Mensun”), which was wholly-owned by Mr. Ngok, a substantial shareholder and the chairman of the Company. As such, Mr. Ngok was deemed or taken to be interested in the shares of the Company held by Charm Hero for the purposes of the SFO.
2. These Shares were held by Sycomore Limited (“**Sycomore**”), which was owned as to 50% by Mr. Marcello Appella, an executive director of the Company, and 50% by Mrs. Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Mr. Marcello Appella. As such, Mr. Marcello Appella was deemed or taken to be interested in the shares of the Company held by Sycomore for the purpose of the SFO.
3. These Shares were held by Capital Way Management Limited (“**Capital Way**”), a wholly-owned subsidiary of Walter International Corporation, which was wholly-owned by Mr. Je Kin Ming, a non-executive director of the Company. As such, Mr. Je Kin Ming was deemed or taken to be interested in the shares held by Capital Way for the purposes of the SFO.

*(ii) Shares of the associated corporations of the Company*

Name of director	Name of associated corporation	Capacity	Number/class of shares held	Approximate percentage of shareholdings
Mr. Ngok	Complete Expert Limited (“ <b>Complete Expert</b> ”)	Trustee	20 ordinary <i>(Note 1)</i>	20%
	Charm Hero	Interest of a controlled corporation	20 ordinary <i>(Note 2)</i>	100%
	Mensun	Beneficial owner	100 ordinary	100%

*Notes:*

1. Pursuant to a declaration of trust dated 1 September 2004, Mr. Ngok, a substantial shareholder and the chairman of the Company, held 20 shares in Complete Expert, being 20% of its entire issued share capital, in trust for Hembly Garment Manufacturing, an indirect wholly-owned subsidiary of the Company.
2. Charm Hero was a wholly-owned subsidiary of Mensun which was wholly-owned by Mr. Ngok.

*(iii) Share options of the Company*

Name of director	Number of shares options held (Note 1)	Exercisable period (Note 1)	Approximate percentage of issued share capital of the Company	Exercise price
Mr. Ngok	1,000,000	14/9/2006 – 13/9/2009 (Note 2)	0.35%	HK\$2.60
	300,000	9/10/2007 – 8/10/2010 (Note 3)	0.11%	HK\$4.91
	500,000	18/8/2008 – 17/8/2018 (Note 5)	0.18%	HK\$1.57
	<u>1,800,000</u>		<u>0.64%</u>	
Tang Chui Yi, Janny	800,000	14/9/2006 – 13/9/2009 (Note 2)	0.28%	HK\$2.60
	400,000	9/10/2007 – 8/10/2010 (Note 3)	0.14%	HK\$4.91
	500,000	18/8/2008 – 17/8/2018 (Note 5)	0.18%	HK\$1.57
	<u>1,700,000</u>		<u>0.60%</u>	
Lam Hon Keung, Keith	400,000	14/9/2006 – 13/9/2009 (Note 2)	0.14%	HK\$2.60
	200,000	9/10/2007 – 8/10/2010 (Note 3)	0.07%	HK\$4.91
	100,000	18/8/2008 – 17/8/2018 (Note 5)	0.04%	HK\$1.57
	<u>700,000</u>		<u>0.25%</u>	

Name of director	Number of shares options held (Note 1)	Exercisable period (Note 1)	Approximate percentage of issued share capital of the Company	Exercise price
Wong Ming Yeung	250,000	14/9/2006 – 13/9/2009 (Note 2)	0.09%	HK\$2.60
	300,000	9/10/2007 – 8/10/2010 (Note 3)	0.11%	HK\$4.91
	100,000	18/8/2008 – 17/8/2018 (Note 5)	0.04%	HK\$1.57
	<u>650,000</u>		<u>0.23%</u>	
Tang Wai Ha	300,000	7/5/2007 – 6/5/2010 (Note 4)	0.11%	HK\$2.90
	200,000	18/8/2008 – 17/8/2018 (Note 5)	0.07%	HK\$1.57
	<u>500,000</u>		<u>0.18%</u>	
Marcello Appella	500,000	14/9/2006 – 13/9/2009 (Note 2)	0.18%	HK\$2.60
	250,000	9/10/2007 – 8/10/2010 (Note 3)	0.09%	HK\$4.91
	200,000	18/8/2008 – 17/8/2018 (Note 5)	0.07%	HK\$1.57
	<u>950,000</u>		<u>0.34%</u>	
Antonio Piva	500,000	14/9/2006 – 13/9/2009 (Note 2)	0.18%	HK\$2.60
	100,000	18/8/2008 – 17/8/2018 (Note 5)	0.04%	HK\$1.57
	<u>600,000</u>		<u>0.21%</u>	

Name of director	Number of shares options held (Note 1)	Exercisable period (Note 1)	Approximate percentage of issued share capital of the Company	Exercise price
Je Kin Ming	500,000	14/9/2006 – 13/9/2009 (Note 2)	0.18%	HK\$2.60
	100,000	18/8/2008 – 17/8/2018 (Note 5)	0.04%	HK\$1.57
	<u>600,000</u>		<u>0.21%</u>	

*Notes:*

1. The number of options held by each person is the same as the number of underlying Shares in which that person is interested pursuant to the options.
2. These share options were granted on 14 September 2006, 20% of the share options granted to the Directors would vest on 14 September 2006 and be exercisable from 14 September 2006 to 13 September 2009. Another 30% of the granted share options would vest on 14 September 2007 and be exercisable from 14 September 2007 to 13 September 2009. The remaining 50% of the granted share options would vest on 14 September 2008 and be exercisable from 14 September 2008 to 13 September 2009.
3. These share options were granted on 9 October 2007. 20% of the granted share options would vest on 9 October 2007 and be exercisable from 9 October 2007 to 8 October 2010. Another 30% of the granted share options would vest on 9 October 2008 and be exercisable from 9 October 2008 to 8 October 2010. The remaining 50% of the granted share options would vest on 9 October 2009 and be exercisable from 9 October 2009 to 8 October 2010.
4. These share options were granted on 7 May 2007 and would vest on 7 May 2007 and be exercisable from 7 May 2007 to 6 May 2010.
5. These share options were granted on 18 August 2008, 20% of the share options granted to the Directors would vest on 18 August 2008 and be exercisable from 18 August 2008 to 17 August 2018. Another 30% of the granted share options would vest on 18 August 2009 and be exercisable from 18 August 2009 to 17 August 2018. The remaining 50% of the granted share options would vest on 18 August 2010 and be exercisable from 18 August 2010 to 17 August 2018.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and

short positions which the Directors were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**(b) Notifiable interests and short positions of substantial shareholders and other persons in Shares**

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following substantial shareholders of the Company within the meaning of the Listing Rules and other persons (in each case other than the Directors and chief executive of the Company) had an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholdings
Mensun	Interest of a controlled corporation (Note 1)	101,829,470	35.98%
Charm Hero	Beneficial owner (Note 1)	101,829,470	35.98%
Mr. Ngok	Interest of a controlled corporation (Note 1)	101,829,470	35.98%
Tang Chui Yi, Janny	Interests of a spouse (Note 1)	101,829,470	35.98%
Ward Ferry Management (BVI) Limited	Investment manager (Note 2)	25,508,000	9.01%
Keywise Capital Management (HK) Limited	Investment manager (Note 3)	24,848,000	8.78%
Keywise Greater China Opportunities Master Fund	Beneficial owner (Note 3)	24,848,000	8.78%

Name of shareholders	Capacity	Number of shares held	Approximate percentage of shareholdings
New World Development Company Limited	Interest of a controlled corporation (Note 4)	15,199,320	5.37%
New World Enterprise Holdings Limited	Interest of a controlled corporation (Note 4)	15,199,320	5.37%
New World China Industrial Limited	Interest of a controlled corporation (Note 4)	15,199,320	5.37%
New World China Enterprises Investments Limited	Interest of a controlled corporation (Note 4)	15,199,320	5.37%
New World Liberty China Ventures Limited	Interest of a controlled corporation (Note 4)	15,199,320	5.37%
Liberty New World China Enterprises Investments, LP	Interest of a controlled corporation (Note 4)	15,199,320	5.37%
Smart Fame Holdings Limited	Beneficial owner (Note 4)	15,199,320	5.37%

*Notes:*

1. These Shares were held by Charm Hero, a wholly-owned subsidiary of Mensun which was wholly-owned by Mr. Ngok. As such, Mensun and Mr. Ngok were deemed or taken to be interested in the shares of the Company held by Charm Hero for the purpose of the SFO, and Ms. Tang Chui Yi, Janny, being the spouse of Mr. Ngok, was also deemed or taken to be interested in the shares of the Company held by Charm Hero for the purpose of the SFO.
2. These Shares were held as to 18,508,000 Shares by WF Asian Reconnaissance Fund Limited and as to 7,000,000 Shares by WF Asian Smaller Companies Fund Limited. Both WF Asian Reconnaissance Fund Limited and WF Asian Smaller Companies Fund Limited were managed by Ward Ferry Management (BVI) Limited in the capacity as investment manager. As such, Ward Ferry Management (BVI) Limited was deemed or taken to be beneficially interested in the Shares respectively held by WF Asian Reconnaissance Fund Limited and WF Asian Smaller Companies Fund Limited for the purposes of the SFO.



3. These Shares were held by Keywise Greater China Opportunities MasterFund, as their beneficial owner and were held by Keywise Capital Management (HK) Limited as their investment manager. As such, Keywise Capital Management (HK) Limited was deemed or taken to be beneficially interested in the said shares of the company held by Keywise Greater China Opportunities Master Fund for the purpose of the SFO.
4. These Shares were held by Smart Fame Holdings Limited, a wholly-owned subsidiary of New World Liberty China Ventures Ltd., which was owned as to 50% by New World China Enterprises Investments Limited and as to 50% by Liberty New World China Enterprises Investments, LP, New World China Enterprises Investments Limited was a wholly-owned subsidiary of New World China Industrial Limited, which was in turn a wholly-owned subsidiary of New World Enterprise Holdings Limited, which was in turn wholly-owned by New World Development Company Limited. As such, New World Liberty China Ventures Ltd., New World China Enterprises Investments Limited, New World China Industrial Limited, New World Enterprise Holdings Limited, New World Development Company Limited and Liberty New World China Enterprises Investments, LP were deemed to be beneficially interested in the said shares of the Company held by Smart Fame Holdings Limited for the purposes of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any substantial shareholder of the Company within the meaning of the Listing Rules or other person (in each case other than a Director or chief executive of the Company) who had, as at the Latest Practicable Date, an interest or a short position in Shares or underlying Shares which was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

**(c) Interests in 10% or more of shares in subsidiaries**

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following are the persons who (not being a member of the Group or a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the subsidiaries of the Company or in any options in respect of such capital:

Name of subsidiary	Name of shareholder	Number of shares held or extent of registered capital in which interested	Approximate percentage of the existing issued share capital or registered capital of the subsidiary
Pro-Brilliance International Development Limited	Long Wise (Holdings) Limited	35 (Note 1)	35%
Pro-Brilliance International Development Limited	Wong Hei See	35 (Note 1)	35%
M.D.T. Sourcing (China) Limited	Rich Merit Investments Limited	382,200 (Note 2)	49%
Well Metro Group Limited	All Field Investments Limited	1,500 (Note 3)	17%

*Notes:*

1. The 35 shares were held in trust by Long Wise (Holdings) Limited for the benefit of Ms. Wong Hei See pursuant to a declaration of trust dated 9 August 2003.
2. The 382,200 shares were held by Rich Merit Investments Limited.
3. The 1,500 preferred shares were held by All Field Investments Limited which was a wholly-owned subsidiary of New World Strategic Investment Limited, which in turn was wholly-owned by New World Development Company Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (other than a member of the Group or a Director or chief executive of the Company) who was, as at the Latest Practicable Date, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the subsidiaries of the Company or in any options in respect of such capital.

### 3. DIRECTORS' SERVICE CONTRACTS

#### Executive Directors

Each of the executive Directors has entered into a service contract with the Company. Particulars of these contracts are set out below:

Each of the service contracts is for an initial term of three years commencing on from 15 June 2006 unless terminated by not less than three months' notice in writing served by either the Director or the Company. In certain other circumstances, each service contract can also be terminated by the Company, including but not limited to serious breaches of the Directors' obligations under the service contract or serious misconduct.

The current basic annual salaries of the executive Directors are as follows:

<b>Name of Director</b>	<b>Amount (HK\$)</b>
<i>Executive Directors</i>	
Mr. Ngok	1,200,000
Mr. Lam Hon Keung, Keith	360,000
Ms. Tang Chui Yi, Janny	1,800,000
Mr. Wong Ming Yeung	720,000
Ms. Tang Wai Ha	1,440,000
Mr. Marcello Appella	819,840( <i>Note</i> )

*Note:* Mr. Marcello Appella is entitled to an annual salary of EUR84,000.

Exchange rate as at Latest Practicable Date is EUR 1 = HK\$9.76.

In addition, for the financial year ending 31 December 2007 and each of the financial years thereafter, the executive Directors are also entitled to a discretionary bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of the Company may not exceed 15% of the audited consolidated or combined net profit of the Group (after taxation and minority interests but before extraordinary and exceptional items) in respect of the financial year of the Group.

#### **Non-executive Director and independent non-executive Directors**

Letters of appointment have been signed by the Company with the non-executive Director and independent non-executive Directors. The non-executive Director and the independent non-executive Directors have been appointed for a term of three years commencing from 15 June 2006 (save for Antonio Piva's letter of appointment commencing on 31 July 2007). Save for directors' fees of HK\$30,000.00 and HK\$20,000.00 per month for the non-executive Director and each of the independent non-executive Directors respectively, none of the non-executive Director and independent non-executive Directors is expected to receive any other remuneration for holding their office as a non-executive Director or independent non-executive Director.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

#### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

#### **5. OTHER ARRANGEMENTS INVOLVING DIRECTORS**

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2007 (the date to which the latest published audited accounts of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

**6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2007, the date to which the latest published audited financial statements of the Company were made up.

**7. EXPERT**

- (a) The following are the qualifications of the expert who has given its opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Hantec Capital Limited	licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

- (b) Hantec has no shareholding in any member of the Group and does not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Hantec has no direct or indirect interest in any assets which have been, since 31 December 2007 (the date to which the latest published audited accounts of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group.
- (d) Hantec has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and the reference to its name included herein in the form and context in which they respectively appear.

**8. GENERAL**

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company at 36th Floor, No. 1 Hung To Road, Kwun Tong, Kowloon, Hong Kong from the date of this circular up to and including 30 December 2008:

- (a) the Articles;
- (b) the New Sourcing Agreement;
- (c) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 10 of this circular;
- (d) the letter of advice from Hantec, the text of which is set out on pages 11 to 15 of this circular;
- (e) the written consent of Hantec referred to in the section headed “Expert” in this appendix; and
- (f) the service contracts referred to in the section headed “Directors’ service contracts” in this appendix.

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## NOTICE OF EGM

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# HEMBLY

**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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Hembly International Holdings Limited (the “**Company**”) will be held at 10:00 a.m. on Tuesday, 30 December 2008, at 36th Floor, No. 1 Hung To Road, Kwun Tong, Kowloon, Hong Kong for the purposes of considering and, if thought fit, passing with or without modifications the following resolution as an ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

**“THAT:**

- (a) the sourcing agreement dated 14 November 2008 and made between Sergio Tacchini and Hembly Garment Manufacturing Limited (the “**New Sourcing Agreement**”, a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the execution thereof and implementation of all transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed maximum aggregate annual values of the transactions under the New Sourcing Agreement as described in the Circular be and are hereby approved; and
- (c) the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the New Sourcing Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the New Sourcing Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this Resolution.”

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

Hong Kong, 5 December 2008

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## NOTICE OF EGM

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*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or, where that member holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof.
3. Where there are joint holders of any ordinary share of the Company, any one of such holders may vote at the meeting, in person or by proxy, in respect of such share as if he or she was solely entitled thereto, but if more than one of such holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased shareholder in whose name any share stands shall for this purpose be deemed joint holders thereof.
4. In accordance with the Listing Rules, Charm Hero Investments Limited and its associates shall abstain from voting in respect of the resolution set out in the notice as set out above which shall be voted only by way of poll.
5. As at the date of this circular, 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, Ms. Tang Wai Ha and Mr. Marcello Appella; two non-executive directors, namely Mr. Antonio Piva 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.