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Unless otherwise defined herein, capitalised terms used in this announcement have the same meanings as defined in the prospectus dated 30 June 2006 (the "Prospectus") issued by Hembly International Holdings Limited (the "Company")



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)

EXERCISE OF THE OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option referred to in the Prospectus has been fully exercised by the Lead Manager (for itself and on behalf of the Underwriters) on 25 July 2006 by requiring the Company to issue and allot 10,080,000 additional new Shares, representing 15% of the Offer Shares initially offered under the Share Offer, solely to cover the over-allocations in the Placing.

The Over-allotment Shares will be issued and allotted by the Company at HK\$1.70 per Share, being the Offer Price per Share under the Share Offer (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee), and will be returned and redelivered to Charm Hero pursuant to the Stock Borrowing Agreement.

The Company announces that the Over-allotment Option referred to in the Prospectus has been fully exercised by SBI E2-Capital Securities Limited (the "**Lead Manager**") (for itself and on behalf of the Underwriters) on 25 July 2006 by requiring the Company to issue and allot 10,080,000 additional new Shares (the "**Over-allotment Shares**"), representing 15% of the Offer Shares initially offered under the Share Offer, solely to cover the over-allocations in the Placing.

The Over-allotment Shares will be issued and allotted by the Company at HK\$1.70 per Share, being the Offer Price per Share under the Share Offer (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee).

The Lead Manager (for itself and on behalf of the Underwriters) has borrowed 10,080,000 Shares from Charm Hero under the Stock Borrowing Agreement entered into between Charm Hero and the Lead Manager (for itself and on behalf of the Underwriters) in order to cover over-allocations in the Placing. The Over-allotment Shares have been issued and will be returned and redelivered to Charm Hero pursuant to the Stock Borrowing Agreement.

After the issue of the Over-allotment Shares, approximately 30.9% of the issued share capital of the Company is held in public hands.

Listing of, and permission to deal in, the Over-allotment Shares have already been granted by the Listing Committee of the Stock Exchange.

The shareholding structure of the Company immediately before and after the issue of the Over-allotment Shares is as follows:

Shareholders	Immediately before the issue of Over-allotment Shares		Immediately after the issue of Over-allotment Shares	
	Number of Shares	Approximate percentage of issued share capital	Number of Shares	Approximate percentage of issued share capital
Charm Hero	131,437,890 <i>(Note 1)</i>	54.77%	131,437,890 <i>(Note 2)</i>	52.56%
Smart Fame	30,199,320	12.58%	30,199,320	12.08%
Polybest	1,594,710	0.66%	1,594,710	0.64%
Sycomore	3,588,030	1.50%	3,588,030	1.43%
Capital Way	5,980,050	2.49%	5,980,050	2.39%
Public shareholders	<u>67,200,000</u>	<u>28.00%</u>	<u>77,280,000</u>	<u>30.90%</u>
Total number of shares	<u>240,000,000</u>	<u>100.00%</u>	<u>250,080,000</u>	<u>100.00%</u>

Notes:

- (1) Including the 10,080,000 Shares lent to the Lead Manager (for itself and on behalf of the Underwriters) pursuant to the Stock Borrowing Agreement.
- (2) Including the 10,080,000 Over-allotment Shares returned pursuant to the Stock Borrowing Agreement.

The net proceeds from the issue of the Over-allotment Shares are approximately HK\$16.6 million, after deducting the related expenses (comprising principally the underwriting commission, the Stock Exchange trading fee and SFC transaction levy). The Directors intend to apply these additional net proceeds for the repayment of a portion of the Group's trust receipt loans, as described in the section headed "Future Plans" in the Prospectus.

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

Hong Kong, 25 July 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**.*