

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 of 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

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 subsidiary of the Company (“Hembly Moschino Vehicle”) has entered into an Exclusive Distribution Agreement today with Moschino S.p.A. granting to Hembly Moschino Vehicle distribution exclusivity in the Territory for the Exclusive Moschino Product Lines for the period of 10 years.

Moschino S.p.A. is a part of the Aeffe fashion group and an internationally renowned designer and manufacturer household name for women’s and men’s fashion. Moschino S.p.A. was originally created in 1983 by the late Francisco Moschino, and is well known for its “classico con twist” and “classical twist”. The look of Moschino’s garments and accessories is often referred to as classical, whimsical, and sexy, and unique styles often filled with a dash of humour. The Moschino brand consists of many lines which cater for the luxury and the luxurious affordable markets respectively and internationally.

The exclusive distributorship right granted by Moschino S.p.A. to Hembly Moschino Vehicle within the Territory earmarks another cornerstone achieved by the Group, since its partnership with Benetton towards the entering of a joint venture agreement to set up a joint venture for the exclusive distribution of Sisley products in the People’s Republic of China in September 2006. This collaboration with Moschino S.p.A. further highlights the Group’s capacity to develop its distribution and retailing services within the Greater China Region, and exacerbates the Group’s immense potential to elevate itself from its historical distribution of affordable luxury garments and accessories to market luxury and fashion/designer label items.

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 a subsidiary of the Company (“**Hembly Moschino Vehicle**”) has entered into an exclusive distribution agreement (“**Exclusive Distributorship Agreement**”) today with Moschino S.p.A., granting to Hembly Moschino Vehicle distribution exclusivity in the People’s Republic of China (“**Territory**”) for the following exclusive collections of Moschino products, which include Moschino Donna/Couture RTW, Moschino Cheap and Chic RTW, Moschino Jeans Donna RTW, Moschino Jeans Uomo RTW (“**Exclusive Moschino Product Lines**”) for the period of 10 years.

Moschino S.p.A. is a part of the Aeffe fashion group and an internationally renowned designer and manufacturer household name for women’s and men’s fashion. Moschino S.p.A. was originally created in 1983 by the late Francisco Moschino, and is well known for its “classico con twist” and “classical twist”. The look of Moschino’s garments and accessories is often referred to as classical, whimsical, and sexy, and unique styles often filled with a dash of humour. The Moschino brand consists of many lines which cater for the luxury and the luxurious affordable markets respectively and internationally. Aside from the Exclusive Moschino Product Lines, famous collections from Moschino S.p.A. also include lingerie, bags, shoes, fragrances and other fashion and accessory items, almost all of which Hembly Moschino Vehicle is also granted the non-exclusive right to distribute within the Territory under the terms of the Exclusive Distributorship Agreement.

Pursuant to the terms of the Exclusive Distributorship Agreement, in consideration of, inter alia, Moschino S.p.A.’s grant of the exclusive distributorship of the Exclusive Moschino Product Lines within the Territory, Hembly Moschino Vehicle will open 30 shops within the first 5 years from the date of the Exclusive Distributorship Agreement.

Under the Exclusive Distributorship Agreement, Hembly Moschino Vehicle will also take over the operation of the existing Moschino shop at Plaza 66, Shanghai.

The Board is exceptionally proud and excited that the Exclusive Distributorship Agreement will bring about a “paradigm shift” within the industry and in the history of Moschino S.p.A.’s history, wherein products of Moschino S.p.A. could be sourced through the Group and within the People’s Republic of China, without having to be shipped (i) all the way from the People’s Republic of China to Italy; and then all the way back to the People’s Republic of China again, thereby allowing for resulting savings like (i) tax; (ii) logistics fees; (iii) transport and storage fees and etc., the same of which could also be pocketed by the Group to inflate its profit margin at no expense to the manufacturing and the end user parties. To Hembly Moschino Vehicle, which shall be entitled to produce up to 50% of the jeans products of Moschino S.p.A., this is a huge breakthrough that the Group has always advocated and aspired to achieve.

The terms of the Exclusive Distributorship Agreement are determined after arm’s length negotiations between the parties.

Leveraged on the luxury and designer labeled brand-names held by Moschino S.p.A. its solid design, retail and brand management expertise and its internationally diverse customer and established network, the Group believes that the business of Hembly Moschino Vehicle can positively enhance its distributorship services throughout the People’s Republic of China and allow the Group to tap further into the luxury retail and distribution market. Against the above

backdrop, the Group could definitely expand its distribution, retail and sourcing 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.

The above transaction does not constitute a notifiable transaction as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Moschino S.p.A. is an independent third party, which is not a connected person as defined under the Listing Rules.

By Order of the Board of
HEMBLY INTERNATIONAL HOLDINGS LIMITED
Ngok Yan Yu
Chairman

Hong Kong, 5 June 2007

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.