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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, 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.

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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**

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10 January 2008

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## DEFINITIONS

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

“Agreement”	the conditional preferred share purchase agreement dated 19 December 2007 entered into among Well Metro, the Investor and the Parent Entities pursuant to which the Investor has agreed to purchase and Spring Castle has agreed to sell the Preferred Shares
“Announcement”	The announcement of the Company dated 20 December 2007 relating to the Agreement
“Board”	the board of Directors of the 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 circular
“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

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## DEFINITIONS

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“Latest Practicable Date”	8 January 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of a nominal value of HK\$0.10 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“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



**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  
Marcello Appella  
Tang Wai Ha

*Registered office:*

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

*Non-executive directors:*

Antonio Piva  
Je Kin Ming

*Head office and principal place  
of business:*

36th Floor,  
No.1 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

*Independent non-executive directors:*

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

10 January 2008

*To the Shareholders,*

Dear Sirs,

**DISCLOSEABLE TRANSACTION**

**INTRODUCTION**

The Company announced on 20 December 2007 that the Investor, Spring Castle, Well Metro and the Parent Entities have on 19 December 2007 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 approximately 16.67% of Well Metro's existing issued share capital.

The Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you further information regarding the Transaction and other information of the Group.

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## LETTER FROM THE BOARD

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### THE AGREEMENT

#### Date

19 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 would 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 18 December 2007, being the latest practicable date for the purpose of ascertaining certain information contained in the Announcement, is HK\$30,537,000, 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;

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## LETTER FROM THE BOARD

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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).

### **Terms of the Preferred Shares**

The Preferred Shares will carry full voting rights and the Investor shall have the rights to convert the Preferred Shares into ordinary shares of Well Metro at an initial ratio of one Preferred Share to one ordinary share basis, subject to adjustments in certain circumstances, including subdivision or consolidation of the share capital of Well Metro, any time within three years from the date of issuance.

The Investor shall also have the right to require Well Metro to purchase all of the Preferred Shares at any time after 36 months from 19 December 2007, being the date of issuance of the Preferred Shares, for an amount equal to the Consideration plus any accrued and unpaid dividends.

In addition, the Preferred Shares shall be redeemable in full at the option of the Investor at a price equal to the Consideration plus an amount representing a 15% per annum return compounded annually on the Consideration from the said date of issuance to the date of redemption upon the occurrence of any event of default, which includes, amongst others, if Spring Castle cease to control the majority of the board of Well Metro.

In the event of any liquidation, dissolution, winding up of Well Metro, the assets and funds of Well Metro available for distribution amongst the holders of the Preferred Shares will be applied in priority to any payment to the holders of any other class of shares in the capital of Well Metro.

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## LETTER FROM THE BOARD

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The Investor shall be entitled to receive a yield to maturity in an amount equal to 5% of the Consideration per annum, compounded annually to the extent not paid by Well Metro. The Preferred Shares will be entitled to dividends in the event any dividends are declared and paid to the holders of ordinary shares of Well Metro.

### 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 had been fulfilled and the Transaction had been completed on 28 December 2007.

After Completion, Well Metro is owned as to 77.78% by Spring Castle and remains 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.

The principal activities of Well Metro are investment holding and it holds a group of companies which carries out the business of distribution and retailing in the PRC. Set out below is a summary of the unaudited consolidated financial information of Well Metro for the two years ended 31 December 2006, prepared based on Hong Kong Financial Reporting Standard and Hong Kong Accounting Standard:

	<b>For the years ended</b>	
	<b>31 December</b>	
	<b>2005</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) before taxation and extraordinary items	(4,530)	(896)
Net profit/(loss) after taxation and extraordinary items	(4,535)	(890)

The Transaction is for the purposes of raising working capital for the Group to enable its further development and expansion of business. The proceeds from the sale of the Preferred Shares will be used for general working capital of Spring Castle.



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## LETTER FROM THE BOARD

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The Directors consider that the Agreement was negotiated on an arm's length basis and were agreed on normal commercial terms between the parties to the Agreement and that the terms are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

### **EFFECT OF THE TRANSACTION ON THE FINANCIAL POSITION OF THE GROUP**

It is estimated that the Transaction will not result in any gain or loss or any material effect on the earnings of the Group as the Preferred Shares are redeemable at the option of the Investor as stated above under the heading "Terms of the Preferred Shares". Taking into such option to redeem, the assets and liabilities of the Group are both expected to be increased by an amount equal to the Consideration after Completion.

### **GENERAL**

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

### **ADDITIONAL INFORMATION**

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*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information which 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
Ngok Yan Yu	Interest of a controlled corporation	101,829,470 (L)	36.00% (L)
		50,000,000 (S) (Note 1)	17.68% (S)
Tang Chui Yi, Janny	Interest of spouse	101,829,470 (L)	36.00% (L)
		50,000,000 (S) (Note 1)	17.68% (S)
Lam Hon Keung, Keith	Beneficial owner and interest of a controlled corporation	1,694,710, (L) (Note 2)	0.60% (L)
Marcello Appella	Interest of a controlled corporation	3,588,030 (L) (Note 3)	1.27% (L)

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholdings
Je Kin Ming	Interest of a controlled corporation	5,980,050(L) (Note 4)	2.11%(L)
Kwan Hung Sang, Francis	Beneficial owner	180,000(L)	0.06%(L)
Wong Ming Yeung	Beneficial owner	90,000(L)	0.03%(L)

*(L) denotes a long position and (S) denotes a short position in the share capital of the Company.*

*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 Ngok Yan Yu. As such, Ngok Yan Yu and his spouse Tang Chui Yi, Janny were deemed or taken to be interested in the Shares held by Charm Hero for the purposes of the SFO.
2. These Shares were held as to 100,000 Shares by Lam Hon Keung, Keith and as to the remaining 1,594,710 Shares by Polybest Group Limited (“**Polybest**”), which was wholly owned by Mr. Lam Hon Keung, Keith, an executive director of the Company. As such, Mr. Lam Hon Keung, Keith was deemed or taken to be interested in the Shares held by Polybest for the purposes of the SFO.
3. These Shares were held by Sycomore Limited (“**Sycomore**”), which was owned as to 50% by Marcello Appella, an executive director of the Company, and 50% by Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Marcello Appella. As such, Mr. Marcello Appella was deemed or taken to be interested in the Shares held by Sycomore for the purpose of the SFO.
4. These Shares were held by Capital Way Management Limited (“**Capital Way**”), a wholly owned subsidiary of Walter International Corporation, which was wholly owned by Je Kin Ming, a non-executive director of the Company. As such, 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*

<b>Name of director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Number/ class of shares held</b>	<b>Approximate percentage of shareholdings</b>
Ngok Yan Yu	Complete Expert Limited ("Complete Expert")	Trustee	20 ordinary (Note 1)	20%
	Charm Hero	Interest of a controlled corporation	2 ordinary (Note 2)	100%
Tang Chui Yi, Janny	Complete Expert	Interest of a spouse	20 ordinary (Note 3)	20%
	Charm Hero	Interest of a spouse	2 ordinary (Note 3)	100%

*Notes:*

- Pursuant to a declaration of trust dated 1 September 2004, Ngok Yan Yu, a controlling 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 Limited, an indirect wholly owned subsidiary of the Company.
- Charm Hero was a wholly owned subsidiary of Mensun which was wholly owned by Ngok Yan Yu.
- Tang Chui Yi, Janny was an executive director of the Company and the spouse of Ngok Yan Yu. As such, Tang Chui Yi, Janny was deemed or taken to be interested in the shares beneficially owned by Ngok Yan Yu for the purposes of the SFO.

*(iii) Share options of the Company*

<b>Name of director</b>	<b>Number of shares options held</b> <i>(Note 1)</i>	<b>Exercisable period</b>	<b>Approximate percentage of issued share capital of the Company</b>	<b>Exercise price</b>
Ngok Yan Yu	1,000,000	14/9/2006 – 13/9/2009 <i>(Note 2)</i>	0.35%	HK\$2.60
	300,000	09/10/2007 – 08/10/2010 <i>(Note 3)</i>	0.11%	HK\$4.91
Tang Chui Yi, Janny	800,000	14/9/2006 – 13/9/2009 <i>(Note 2)</i>	0.28%	HK\$2.60
	400,000	09/10/2007 – 08/10/2010 <i>(Note 3)</i>	0.14%	HK\$4.91
Lam Hon Keung, Keith	400,000	14/9/2006 – 13/9/2009 <i>(Note 2)</i>	0.14%	HK\$2.60
	200,000	09/10/2007 – 08/10/2010 <i>(Note 3)</i>	0.07%	HK\$4.91
Marcello Appella	500,000	14/9/2006 – 13/9/2009 <i>(Note 2)</i>	0.18%	HK\$2.60
	250,000	09/10/2007 – 08/10/2010 <i>(Note 3)</i>	0.09%	HK\$4.91
Je Kin Ming	500,000	14/9/2006 – 13/9/2009 <i>(Note 2)</i>	0.18%	HK\$2.60
Antonio Piva	500,000	14/9/2006 – 13/9/2009 <i>(Note 2)</i>	0.18%	HK\$2.60
Tang Wai Ha	300,000	7/5/2007 – 6/5/2010 <i>(Note 4)</i>	0.11%	HK\$2.90

*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 Share options granted to the Directors 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, all of the Share options granted would vest on 7 May 2007 and be exercisable from 7 May 2007 to 6 May 2010.

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 he was 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
Charm Hero	Beneficial owner	101,829,470(L) 50,000,000(S)	36.00%(L) 17.68%(S)
Mensun	Interest of a controlled corporation	101,829,470(L) 50,000,000(S) <i>(Note 1)</i>	36.00%(L) 17.68%(S)
Och Daniel Saul	Interest of a controlled corporation	93,800,000(L) <i>(Note 2)</i>	33.16%(L)
Och-Ziff Capital Management Group LLC	Interest of a controlled corporation	93,800,000(L) <i>(Note 2)</i>	33.16%(L)
OZ Management L.P.	Investment Manager	93,800,000(L) <i>(Note 2)</i>	33.16%(L)
OZMD IR, LLC	Person having a security interest in shares	42,069,300(L) <i>(Note 2)</i>	14.87%(L)
OZAS IR, LLC	Person having a security interest in shares	39,602,360(L) <i>(Note 2)</i>	14.00%(L)
Keywise Capital Management (HK) Limited	Investment Manager	22,614,000(L) <i>(Note 3)</i>	7.80%(L)
Keywise Greater China Opportunities Master Fund	Beneficial Owner	22,614,000(L) <i>(Note 3)</i>	7.80%(L)
Cheah Capital Management Limited	Interest of a controlled corporation	21,988,420(L) <i>(Note 4)</i>	7.77%(L)
Cheah Cheng Hye	Founder of a discretionary trust	21,988,420(L) <i>(Note 4)</i>	7.77%(L)
Cheah Company Limited	Interest of a controlled corporation	21,988,420(L) <i>(Note 4)</i>	7.77%(L)

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholdings</b>
Hang Seng Bank Trustee International Limited	Trustee	21,988,420(L) <i>(Note 4)</i>	7.77%(L)
To Hau Yin	Interest of a spouse	21,988,420(L) <i>(Note 4)</i>	7.77%(L)
Value Partners Group Limited	Interest of a controlled corporation	21,988,420(L) <i>(Note 4)</i>	7.77%(L)
Value Partners Limited	Investment manager	21,988,420(L) <i>(Note 4)</i>	7.77%(L)
Ward Ferry Management (BVI) Limited	Investment manager	17,322,000(L) <i>(Note 5)</i>	6.12%(L)
Liberty New World China Enterprises Investments, LP	Interest of a controlled corporation	15,199,320(L) <i>(Note 6)</i>	5.37%(L)
New World China Enterprises Investments Limited	Interest of a controlled corporation	15,199,320(L) <i>(Note 6)</i>	5.37%(L)
New World China Industrial Limited	Interest of a controlled corporation	15,199,320(L) <i>(Note 6)</i>	5.37%(L)
New World Development Company Limited	Interest of a controlled corporation	15,199,320(L) <i>(Note 6)</i>	5.37%(L)
New World Enterprise Holdings Limited	Interest of a controlled corporation	15,199,320(L) <i>(Note 6)</i>	5.37%(L)
New World Liberty China Ventures Limited	Interest of a controlled corporation	15,199,320(L) <i>(Note 6)</i>	5.37%(L)
Smart Fame Holdings Limited	Beneficial owner	15,199,320(L) <i>(Note 6)</i>	5.37%(L)



*Notes:*

1. These Shares were held by Charm Hero, a wholly owned subsidiary of Mensun which was wholly owned by Ngok Yan Yu. As such, Mensun and Ngok Yan Yu were deemed or taken to be interested in the Shares held by Charm Hero for the purpose of the SFO, and Tang Chui Yi, Janny, being the spouse of Ngok Yan Yu, was also deemed or taken to be interested in the Shares held by Charm Hero for the purpose of the SFO. Ngok Yan Yu is also the sole director of both Charm Hero and Mensun.
2. These Shares were held as to 39,602,360 Shares by OZAS IR, LLC, as to 42,069,300 Shares by OZMD IR, LLC, and as to 12,128,340 Shares by SIMF IR, LLC. OZAS IR, LLC, OZMD IR, LLC and SIMF IR, LLC were wholly owned subsidiaries of OZ Management, L.P., which was in turn a wholly owned subsidiary of Och-Ziff Holding Corporation, which was in turn a wholly owned subsidiary of Och-Ziff Capital Management Group LLC, which was in turn owned as to 79.1% by Och Daniel Saul. As such, OZ Management, L.P., Och-Ziff Holding Corporation, Och-Ziff Capital Management Group LLC and Och Daniel Saul were deemed to be beneficially interested in the said Shares held by OZAS IR, LLC, OZMD IR, LLC and SIMF IR, LLC 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 held by Keywise Greater China Opportunities Master Fund for the purpose of the SFO.
4. These Shares were held by Value Partners Limited, a wholly owned subsidiary of Value Partners Group Limited, which was owned as to approximately 35.65% by Cheah Capital Management Limited, a wholly owned subsidiary of Cheah Company Limited, whose entire issued capital was held by Hang Seng Bank Trustee International Ltd, Limited (acting as trustee for The C H Cheah Family Trust of which Mr.Cheah Cheng Hye is a discretionary object). As such, Cheah Cheng Hye and To Hau Yin as his spouse were deemed or taken to be interested in the Shares held by Value Partners Limited for the purpose of the SFO.
5. These Shares were held as to 10,322,000 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.
6. 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 Investment, 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 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:

<b>Name of subsidiary</b>	<b>Name of shareholder</b>	<b>Number of shares held or extent of registered capital in which interested</b>	<b>Approximate percentage of the existing issued share capital or registered capital of the subsidiary</b>
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	Morgan SA	382,200 (Note 2)	49%
Well Metro	Investor	1,500 (Note 3)	17%
Well Metro	New World Strategic Investment 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 Morgan SA.
3. The 1,500 preferred shares were held by the Investor, which was wholly owned by New World Strategic Investment 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. Each of the service contracts is for an initial term of three years commencing from 15 June 2006, save as for the service contract with Tang Wai Ha which commenced from 9 October 2007 (again for an initial term of three years) 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</b> <i>(HK\$)</i>
<i>Executive Directors</i>	
Ngok Yan Yu	1,200,000
Lam Hon Keung, Keith	360,000
Tang Chui Yi, Janny	1,800,000
Tang Wai Ha	1,440,000
Wong Ming Yeung	720,000
Marcello Appella	840,000

In addition, for the financial year ending 31 December 2006 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 Directors and independent non-executive Directors

Letters of appointment have been signed by the Company with the non-executive Directors and independent non-executive Directors. The non-executive Directors and the independent non-executive Directors have been appointed for a term of three years commencing from 15 June 2006, save for Antonio Piva who has been re-designated from an executive director to a non-executive Director with effect from 31 July 2007, again for an initial term of three years). Save for monthly directors' fees of HK\$20,000.00 for Antonio Piva, the directors' fees of HK\$30,000.00 and HK\$20,000.00 per month for the non-executive Directors (excluding Antonio Piva) and each of the independent non-executive Directors respectively, none of the non-executive Directors 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. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

#### **6. GENERAL**

- (a) The joint secretaries of the Company are Ms. Kwan Shin Luen, Susanna and Mr. Yeung Kwong Wai. Ms. Kwan Shin Luen, Susanna is a member of the Law Society of Hong Kong. Mr. Yeung Kwong Wai is a member of American Institute of Certified Public Accountants.
- (b) The qualified accountant of the Company is Mr. Yeung Kwong Wai. He is a member of American Institute of Certified Public Accountants.
- (c) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.