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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 stockbroker or other registered dealer in securities, 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 and the accompany form of proxy to the purchaser or transferee or to the bank, stockbroker 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 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)

**PROPOSALS FOR  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
GENERAL MANDATES TO  
ISSUE AND REPURCHASE SHARES  
AND  
REFRESHMENT OF THE LIMIT UNDER THE SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of Hembly International Holdings Limited to be held at 36/F., No. 1 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Tuesday, 27 May 2008 at 10:00 a.m. is set out on pages 15 to 19 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompany form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or at any adjourned meeting thereof should you so desire.

30 April 2008

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company convened to be held at 36/F., No. 1 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 27 May 2008 at 10:00 a.m. and any adjournment thereof
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	Hembly International Holdings Limited, a company incorporated with limited liability in the Cayman Islands on 27 May 2004 under the Companies Law, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	23 April 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice convening the Annual General Meeting as set out in Appendix III of this circular

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## DEFINITIONS

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“Participant”	means all full-time employees, Directors (including independent non-executive Directors) and part-time employees with weekly working hours of 10 hours and above, of the Group, substantial shareholders of each member of the Group, associates of the directors and substantial shareholders of any member of the Group, trustee of any trust pre-approved by the Board; and any advisor (professional or otherwise) or consultant, distributors, suppliers, agents, customers, joint venture partners, service provider to the Group whom the Board considers, in its sole discretion, have contributed or contribute to the Group
“Proposed Refreshment”	the proposal to refresh the 10% general limit on the grant of options under the Share Option Scheme so that the Company may grant options to the Participants up to 10% of its issued share capital as at the date of approving of such refreshment by the Shareholders at the Annual General Meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share Option Scheme”	the share option scheme of the Company currently in force and adopted by the shareholders of the Company on 15 June 2006
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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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:*

Mr. Ngok Yan Yu (*Chairman*)  
Mr. Lam Hon Keung, Keith (*Deputy Chairman*)  
Ms. Tang Chui Yi, Janny (*Chief Executive Officer*)  
Mr. Wong Ming Yeung  
Ms. Tang Wai Ha  
Mr. Marcello Appella

*Registered office:*

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

*Non-executive Directors:*

Mr. Antonio Piva  
Mr. 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:*

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

30 April 2008

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
GENERAL MANDATES TO  
ISSUE AND REPURCHASE SHARES  
AND  
REFRESHMENT OF THE LIMIT UNDER THE SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with the information regarding the resolutions to be proposed at the Annual General Meeting relating to (i) the re-election of retiring Directors; (2) the grant of general mandates to the Directors for the issue and repurchase of the Company's shares; (3) the refreshment of the limit under the Share Option Scheme and to give you the Notice of Annual General Meeting at which the resolutions will be proposed to consider and, if thought fit, approve such matters.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 87 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. As such, Mr. Lam Hon Keung, Keith, Mr. Wong Ming Yeung, Mr. Marcello Appella and Mr. Kwan Hung Sang, Francis will retire from office by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting. In accordance with article 86 of the Articles of Association, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As such, Ms. Tang Wai Ha who was appointed by the Board as an executive Director on 9 October 2007, will retire from office and, being eligible, offer herself for re-election at the Annual General Meeting.

Information on the retiring Directors to be disclosed under the Listing Rules is set out in Appendix I to this circular.

### GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the Annual General Meeting, separate ordinary resolutions will be proposed to approve the grant of general mandates to the Directors to:

- (a) allot, issue and deal with Shares of an aggregate amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue (283,030,000 Shares), namely, the maximum number of 56,606,000 Shares to be issued as at the date of the passing of the resolution (the "Issuance Mandate");
- (b) repurchase Shares on the Stock Exchange of an aggregate amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue (283,030,000 Shares) as at the date of the passing of the resolution (the "Repurchase Mandate"); and
- (c) extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to the Repurchase Mandate.

The Issuance Mandate and the Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in Resolution No. 6A and 6B as set out in the Notice. With reference to these resolutions, the Directors wish to state that they have no plans to issue any new Shares or to repurchase any Shares pursuant to the relevant mandates.

Shareholders should refer to the Explanatory Statement contained in Appendix II of this circular which sets out further information in relation to the proposed Repurchase Mandate.

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## LETTER FROM THE BOARD

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### **PROPOSED REFRESHMENT OF THE LIMIT UNDER THE SHARE OPTION SCHEME**

The Share Option Scheme was approved by the shareholders on 15 June 2006, pursuant to the Share Option Scheme, the Directors were authorized to grant share options to the Participants to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of the share options granted under the Share Option Scheme, and the maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

Under the Share Option Scheme, the Company may grant options of up to 10% (equivalent to 24,000,000 shares) of the issued share capital of the Company as at the listing date (“Scheme Limit”), being the date on which dealings in Shares first commencing on the Stock Exchange (excluding any shares which may be issued pursuant to the exercise of the over-allotment option).

Unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted to each Participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time.

As the Latest Practicable Date, a total of 16,100,000 options were granted, of which 9,150,000 were exercised, 6,950,000 were outstanding (representing approximately 3.23% and 2.46% respectively of the issued share capital of the Company) and none was lapsed.

#### **Reasons for the Proposed Refreshment**

The purpose of the Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution to the Group.

As at the Latest Practicable Date, there remains 7,900,000 available share options, which the Company may grant to the Participants under the Scheme Limit, representing 2.79% of the issued share capital of the Company as at the Latest Practicable Date. The Directors consider that the Share Option Scheme is a cost effective way to reward Participants who have made contributions to the Group and the Company should refresh the Scheme Limit so that the Company could have more flexibility to provide incentives to and motivate those Participants under the Share Option Scheme by way of granting share options to them.

Upon the approval of the Proposed Refreshment of the Scheme Limit at the Annual General Meeting, based on the 283,030,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be issued or repurchased up to the date of the Annual General Meeting, the Company will be authorized to grant options under the Share Option Scheme for subscription of up to a total of 28,303,000 Shares, representing 10% of the issued share capital of the Company as at the date of the Annual General Meeting. Any remaining available share options that are not granted under the Scheme Limit will lapse upon the approval of the Proposed Refreshment at the Annual General Meeting.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company has not adopted any share option schemes other than the existing Share Option Scheme.

### Conditions of the Proposed Refreshment

The Proposed Refreshment is conditional upon

- (a) the passing of the ordinary resolution by the Shareholders at the Annual General Meeting to approve the Proposed Refreshment; and
- (b) the Main Board Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may be issued and allotted upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the Share Options Scheme, up to 10% of the issued share capital of the Company as at the date of passing of the relevant resolution at the Annual General Meeting.

Application will be made to the Stock Exchange for granting approval of the listing of, and permission to deal in, the new Shares which may be issued upon exercise of options to be granted under the refreshed limit of the Share Option Scheme.

### ANNUAL GENERAL MEETING

The Notice convening the Annual General Meeting is set out on pages 15 to 19 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 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 Annual General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or at any adjourned meeting thereof should you so desire.

### RIGHTS TO DEMAND A POLL

Pursuant to article 66 of the Articles of Association, at any general meeting, a resolution put to the vote of a 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 result of the show of hands or on the withdrawal of any other demand for a poll), a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

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## LETTER FROM THE BOARD

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- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized 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, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

A demand by a person as a proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Shareholder.

### RECOMMENDATION

The Directors are of the opinion that (i) the proposed re-election of retiring Directors; (ii) the proposed grant of the Issuance Mandate and the Repurchase Mandate and the extension of the Issuance Mandate to include the aggregate nominal amount of such Shares repurchased under the Repurchase Mandate, and (iii) the refreshment of the Scheme Limit under the Share Option Scheme are in the best interests of the Company and the Shareholders as a whole and therefore, recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

### 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.

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

The details of the retiring Directors proposed for re-election at the Annual General Meeting are set out as follows:

**EXECUTIVE DIRECTORS**

**Mr. Lam Hon Keung, Keith**, aged 68, is the deputy chairman of the Company. He joined the Group in June 2006 and is responsible for business advisory and strategic consulting to the Group. Mr. Lam was a former district board member as well as a former appointed legislative councilor, a former committee member of Far East Exchange Limited, a former council member and the vice-chairman of the management committee of the Stock Exchange (1988), a director of Hong Kong Securities Clearing Company Limited (1990 - 1994), the Hong Kong District Affairs Adviser to Xinhua News Agency (Hong Kong branch) (1994 - 1997), a member of the Board of Kowloon-Canton Railway Corporation (1998 - 2002), a member of the board of management of the Chinese Permanent Cemeteries (1997 - 2003), a member of Social Welfare Advisory Committee (2000 - 2006) and a member of management committee of Hong Kong Paralympians Fund (2001 - 2005). Apart from his other positions in various companies, Mr. Lam is an independent non-executive director of Wah Ha Realty Company Limited and was a deputy chairman and executive director of China Fair Land Holdings Limited during the period from 16 January 2002 to 8 June 2007, both of the companies are listed on the Stock Exchange. He is also the chairman of the Hong Kong Buddhist Hospital, the vice chairman of the Hong Kong Buddhist Association, a director of Buddhist Heung Hoi Ching Kok Lin Association and Buddhist Li Chong Yuet Ming Nursing Home for the Elderly, senior consultant of the Association for Stock Enterprises, Jiangsu Province, the PRC, investment consultant of Yangzhou Municipal People's Government, the PRC, the supervisor of Buddhist Mau Fung Memorial College and Buddhist Chi Hong Chi Lam Memorial College. Mr. Lam was bestowed a badge of honour in 1977 and was appointed as an unofficial Justice of the Peace of Hong Kong in 1981, he was also bestowed an officer of The Order of the British Empire (O.B.E.) in 1993 and is a fellow of the Hong Kong Institute of Directors and a fellow of Chartered Management Institute. Save as disclosed, Mr. Lam has no directorship held in other listed companies in the last three years.

Mr. Lam does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Polybest Group Limited ("Polybest"), a company wholly owned by Mr. Lam, owns 1,594,710 Shares, representing approximately 0.56% of the issued share capital of the Company. For the purpose of Part XV of the SFO, Mr. Lam is therefore deemed to be interested in the Shares held by Polybest in the Company. Altogether with 100,000 Shares held by him personally, he has an aggregate interest of 1,694,710 Shares of the Company. Mr. Lam also has a personal interest in 600,000 share options, representing 0.21% of the issued share capital of the Company. Apart from these, Mr. Lam does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Lam has entered into a service contract with the Company for a term of three years commencing from 15 June 2006, and will continue thereafter until terminated by either party thereto giving to the other party not less than three month's prior notice in writing. He is entitled to a monthly fixed salary of HK\$30,000.00 and a year-end bonus to be determined at the discretion of the Board with references to his duties and responsibilities and the performance of the Company.

**Mr. Wong Ming Yeung**, aged 41, is an executive director of the Company. Mr. Wong joined the Group in June 2001. He is responsible for sales and marketing of the Group in Hong Kong. He has over 16 years of experience in the textile and garment industry at various posts such as merchandiser and sales manager and was responsible for handling and following up orders and liaising with overseas buyers. He graduated from the Hong Kong Polytechnic University in November 1990 with a Higher Diploma in Textile and Clothing Studies. Save as disclosed, Mr. Wong has no directorship held in other listed companies in the last three years.

Mr. Wong does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Wong owns 30,000 Shares and has a personal interest in 550,000 share options, representing approximately 0.01% and 0.19% respectively of the issued share capital of the Company. Apart from these, Mr. Wong does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Wong has entered into a service contract with the Company for a term of three years commencing from 15 June 2006, and will continue thereafter until terminated by either party thereto giving to the other party not less than three month's prior notice in writing. He is entitled to a monthly fixed salary of HK\$60,000.00 and a contractual contingency bonus based on achievement of agreed sales target. He is also entitled to a year-end bonus to be determined at the discretion of the Board with references to his duties and responsibilities and the performance of the Company.

**Ms. Tang Wai Ha**, aged 45, is an executive director of the Company and the managing director of Scienward International Holdings Limited. Ms. Tang joined the Group in September 2005 and is responsible for the overall management of the Group's distribution and retailing business. Ms. Tang previously worked for Arthur Andersen and PricewaterhouseCoopers. She specialised in the areas of tax and business advisory. She is particularly familiar with the PRC market. She obtained a Bachelor Degree in Education from the University of Bristol in the United Kingdom and a post-graduate Diploma in Accounting and Finance in London School of Economics and Political Science, University of London. She is a member of the Institute of Chartered Accountants in England and Wales and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Save as disclosed, Ms. Tang has no directorship held in other listed companies in the last three years.

Save for Ms. Tang is a cousin of Ms. Tang Chui Yi, Janny., the chief executive officer of the Company who in turn is the spouse of Mr. Ngok Yan Yu, the chairman of the Company, Ms. Tang does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Ms. Tang has a personal interest in 300,000 shares options, representing 0.11% of the issued share capital of the Company. Apart from these, Ms. Tang does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Ms. Tang has entered into a service contract with the Company for a term of three years commencing from 9 October 2007, and will continue thereafter until terminated by either party thereto giving to the other not less than three month's prior notice in writing. She is entitled to a monthly fixed salary of HK\$120,000.00 and a monthly housing allowance of HK\$13,000.00 and a year-end bonus to be determined at the discretion of the Board with references to her duties and responsibilities and the performance of the Company.

**Mr. Marcello Appella**, aged 53, is an executive director of the Company and the general manager of Hembly Europe SARL. Mr. Appella joined the Group in 2001. He is responsible for sales and marketing of the Group in France. He has over 27 years of experience in the apparel industry and has accumulated substantial business knowledge in both the European and Asian markets. Prior to joining the Group, Mr. Appella had assumed various positions from technical advisor to general manager for international brand names such as Eminence, New Man, Adidas and Jockey International. He obtained a Diploma in Technology from the University of Montpellier, France in July 1976 and a Diploma in Engineering from the National College of Textile Industries of Mulhouse, France in July 1980. Save as disclosed, Mr. Appella has no directorship held in other listed companies in the last three years.

Mr. Appella does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Sycomore Limited ("Sycomore") owns 3,588,030 Shares, representing approximately 1.27% of the issued share capital of the Company. Sycomore which is owned as to 50% by Mr. Appella and 50% by Mrs. Maguy, Alice, Juliette, Marie Pujol ep. Appella, the spouse of Mr. Appella. As such, Mr. Appella was deemed or taken to be interested in the Shares held by Sycomore for the purposes of the SFO. Mr. Appella also has a personal interest in 750,000 share options of the Company. Apart from these, Mr. Appella does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Appella has entered into a service contract with the Company for a term of three years commencing from 15 June 2006, and will continue thereafter until terminated by either party thereto giving to the other not less than three month's prior notice in writing. He is entitled to a monthly fixed salary of EUR7,000.00 and a year-end bonus to be determined at the discretion of the Board with references to his duties and responsibilities and the performance of the Company.

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Mr. Kwan Hung Sang, Francis**, aged 57, was appointed as an independent non-executive director of the Company in June 2006. Mr. Kwan has over 37 years of experience in exchange operations, commercial banking, investment and risk management in Hong Kong and Canada. He has held senior positions in The Hong Kong Exchanges and Clearing Limited for almost 10 years. Prior to that, he had also worked with a number of international banks and financial institutions. Mr. Kwan obtained a Management Development Certificate from the University of British Columbia in Canada in 1989. He is an independent non-executive director of Tianjin Port Development Holdings Limited, which is a company listed on the Stock Exchange. Save as disclosed, Mr. Kwan has no directorship held in other listed companies in the last three years.

Mr. Kwan does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. Kwan owns 180,000 Shares, representing approximately 0.06% of the issued share capital of the Company, save as disclosed, he does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Kwan has entered into a letter of appointment with the Company for a term of three years commencing from 15 June 2006 and he is not entitled to bonus except a monthly fixed director's fee of HK\$20,000.00 and is determined by the Board from time to time with reference to the market conditions.

Save as disclosed above, there is no other information relating to Mr. Lam Hon Keung, Keith, Mr. Wong Ming Yeung, Ms. Tang Wai Ha, Mr. Marcello Appella and Mr. Kwan Hung Sang, Francis to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matters which need to be brought to the attention of the Shareholders of the Company.

This appendix serves as an explanatory statement as required by the Listing Rules to provide the requisite information to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Repurchase Mandate to be proposed at the Annual General Meeting.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to exercise all the powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the resolution.

The Repurchase Mandate will continue to be in force until the conclusion of the next annual general meeting of the Company which is required to be held by the Companies Law and the Articles of Association or any earlier date as referred to in paragraph (iii) of Resolution No. 6(B) as set out in the Notice.

### **EXERCISE OF THE REPURCHASE MANDATE**

As at the Latest Practicable Date, the issued ordinary share capital of the Company was HK\$28,303,000, comprising 283,030,000 Shares of HKD\$0.10 each. Subject to the passing of the proposed Resolution No. 6(B) as set out in the Notice and on the basis that no further Shares are issued or repurchased by the Company prior to the Annual General Meeting, exercise in full of the Repurchase Mandate could accordingly result in up to 28,303,000 fully paid up Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

### **REASONS FOR SHARE REPURCHASE**

The Directors believe that the proposed Repurchase Mandate is in the interests of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. The Directors are seeking the grant of the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

### **FUNDING OF REPURCHASE**

Repurchases must be financed out of funds which are legally available for the purpose in accordance with the Memorandum of Association and Articles of Association, the Listing Rules, the Companies Law and other applicable laws of the Cayman Islands and any other applicable laws. A company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases may be made out of funds which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose, or if so authorized by the Articles of Association and subject to the Companies Law, out of capital. Any premium on a repurchase may be made out of funds which would otherwise be available for dividend or distribution or out of the Company's share premium account, or if so authorized by the Articles of Association and subject to the Companies Law, out of capital.

There might be an adverse impact on the working capital or gearing position of the Company in the event that Share repurchases pursuant to the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors from time to time appropriate for the Company.

**MARKET PRICE**

The highest and lowest closing prices at which the Shares of the Company were traded on the Stock Exchange during the previous twelve months preceding the Latest Practicable Date were as follows:

	Shares Price	
	Highest HK\$	Lowest HK\$
2007		
April	3.00	2.60
May	3.90	2.68
June	4.50	3.65
July	6.83	4.57
August	6.06	4.45
September	6.05	5.05
October	5.17	4.30
November	4.80	3.80
December	4.85	4.04
2008		
January	4.70	3.10
February	3.79	3.20
March	3.77	3.30
April**	3.60	3.30

\*\* up to the Latest Practicable Date

**GENERAL**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell any Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell any Shares to the Company or its subsidiaries, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

The Board have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

**TAKEOVERS CODE**

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Charm Hero Investments Limited, the controlling Shareholder of the Company, owns 101,829,470 Shares, representing approximately 35.98% of the issued share capital of the Company. The issued share capital of Charm Hero Investments Limited is wholly owned by Mensun Limited and which is in turn wholly owned by Mr. Ngok Yan Yu. For the purpose of Part XV of the SFO, Mr. Ngok Yan Yu is therefore deemed interested in the Shares held by Charm Hero Investments Limited in the Company.

On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting and in the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the attributable interests of Charm Hero Investments Limited, Mr. Ngok Yan Yu would be increased to approximately 39.98% of the issued share capital of the Company. In the opinion of the Directors, such increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate proposal to such an extent as would result in takeover obligations. The Directors will not make any repurchase of Shares to such extent that the public shareholding in the Company would be reduced to less than 25% of the issued share capital of the Company.

**SHARE REPURCHASES MADE BY THE COMPANY**

The Company did not repurchase any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

# 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 OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Hembly International Holdings Limited (the “Company”) will be held at 36/F., No. 1 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Tuesday, 27 May 2008 at 10:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the Directors and auditors for the year ended 31 December 2007.
2. To declare and approve the payment of final dividend for the year ended 31 December 2007.
3. To re-elect the following retiring Directors:-
  - (i) Mr. Lam Hon Keung, Keith as Executive Director
  - (ii) Mr. Wong Ming Yeung as Executive Director
  - (iii) Ms. Tang Wai Ha as Executive Director
  - (iv) Mr. Marcello Appella as Executive Director
  - (v) Mr. Kwan Hung Sang, Francis as Independent Non-executive Director
4. To authorize the Board to fix the Directors’ remuneration.
5. To re-appoint Deloitte Touche Tohmatsu as the Company’s auditors and to authorize the Board to fix their remuneration.

6. As special business, to consider and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions:

A. **“THAT**

- (i) subject to paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional ordinary shares of HK\$0.10 each in the capital of the Company or options, warrants, or similar rights to subscribe for any shares and to make or grant offers, agreements and options (including bonds, debentures, notes, warrants or securities convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution shall authorize the directors of the Company during the Relevant Period to make and grant offers, agreements and options (including bonds, debentures, notes, warrants or securities convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to:
  - (a) a Rights Issue (as hereinafter defined);
  - (b) the exercise of rights of subscription or conversion under the terms of any issued warrants, bonds, debentures, notes or securities which are convertible into shares of the Company;
  - (c) an issue of shares of the Company by way of scrip dividend or other similar arrangement providing for the allotment and issue of shares of the Company in lieu of the whole or part of a dividend on shares of the Company pursuant to the Articles of Association of the Company from time to time; or
  - (d) the exercise of any options granted under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue to the eligible persons prescribed thereunder to subscribe for, or rights to acquire, shares of the Company,

shall not in aggregate exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and

- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is to the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

“Rights Issue” means the allotment or issue of shares in the capital of the Company pursuant to an offer of shares open for a period fixed by the directors of the Company made to holders of shares of the Company or any class thereof whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

**B. “THAT**

- (i) subject to paragraph (ii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchase, subject to and in accordance with all the applicable laws, the requirements in the Rules Governing the Listing of Securities on the Stock Exchange and the rules and regulations of the Securities and Futures Commission and the Articles of Association of the Company be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the aggregate nominal amount of share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and

(iii) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is to the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. **“THAT** conditional upon the resolutions numbered 6A and 6B in the notice of this meeting being passed, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to the said resolution numbered 6A be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares repurchased by the Company under the authority granted pursuant to the said resolution numbered 6B.”

7. As special business, to consider and, if thought fit, passing the following ordinary resolution with or without amendments:

**“THAT** subject to and conditional upon the Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the share of HK\$0.1 each in the capital of the Company issuable upon exercise of the options to be granted pursuant to the authority hereby given, the board of directors of the Company be and is hereby authorized to grant options under the share option scheme of the Company adopted on 15 June 2006 pursuant to which shares representing up to 10% of the number of shares in issue as the date of passing this resolution may be issued upon the exercise of such options (the “Refreshed Scheme Limit”) and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Refreshed Scheme Limit.”

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

Hong Kong, 30 April 2008

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting by the above notice is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of more than one share may appoint more than one proxy to represent him/her and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. A proxy of a member who has appointed more than one proxy may only vote on a poll.
2. Where there are joint holders of a share of the Company, any one of such joint holders may vote at the meeting either in person or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting in person or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.
3. A form of proxy in respect of the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon.
4. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's Hong Kong branch registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty eight hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or at any adjournment thereof and, in such event, the appointed proxy shall be deemed to have been revoked.
5. The register of members of the Company will be closed from 22 May 2008 to 27 May 2008 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and the entitlement to attend and vote at the meeting, all transfer of shares, accompanied by the relevant share certificate, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 21 May 2008. The proposed final dividend is expected to be paid on 23 June 2008 to the shareholders whose names appear on the register of members of the Company on 27 May 2008.

As at the date hereof, 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; three independent non-executive Directors, namely, Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing and Mr. Kwan Hung Sang, Francis.