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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)

ANNOUNCEMENT HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made in respect of the high concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 27 July 2006.

In view of the high concentration of Shares in the hands of a small number of Shareholders, the price of the Shares could fluctuate substantially even with a small number of Shares traded. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to provide information to the public in respect of high concentration of the shareholding of Hembly International Holdings Limited (the “**Company**”) in the hands of a limited number of shareholders (the “**Shareholders**”) of the Company as at 27 July 2006.

The board (the “**Board**”) of directors (the “**Directors**”) of Company was informed by the Stock Exchange that on the basis of information provided by the Securities and Futures Commission (the “**SFC**”), as at 27 July 2006, 7 Shareholders held an aggregate of 36,866,080 Shares, representing approximately 14.74% of the Company’s total issued share capital of 250,080,000 Shares as at 27 July 2006. Their shareholdings, together with the Shares held by four substantial Shareholders, namely, Charm Hero Investments Limited, Smart Fame Holdings Limited, Credit Suisse Securities (Europe) Limited and Evolution Master Fund Limited held 196,549,210 Shares (approximately 78.60% of the Company’s total issued share capital as at 27 July 2006), amounted to approximately 93.34% of the Company’s total issued share capital as at 27 July 2006. As such, approximately 6.66% of the Company’s total issued shares were in the hands of other investors.

The Board was also informed that the SFC noted that at the conclusion of the first day of listing of the Shares, trading price of the Shares closed at HK\$1.88, representing an increase of 10.59% from the offer price of HK\$1.7 per Shares pursuant to the initial public offering of the Shares, with a high turnover of 28,726,000 Shares. During the period from 14 July 2006 to 27 July 2006, trading price of the Shares increased substantially by 63.44% to close at prices ranging from HK\$1.86 to HK\$3.04 with an average daily turnover of only 2,132,600 Shares.

The Board, having made all reasonable enquiries with the directors, chief executive or substantial shareholders of the Company and its subsidiaries or their respective associates (those terms as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)), confirms that there has been no change in the shareholding interest held by Charm Hero Investments Limited since 27 July 2006 up to the date of this announcement. In addition, the Board wishes to advise that, in addition to the Shares held by Charm Hero Investments Limited, an aggregate of 11,162,790 Shares were held by certain Directors or their associates and that these 11,162,790 Shares comprise (i) 3,588,030 Shares held by Sycomore Limited, which is owned as to 50% by Mr. Marcello Appella, an executive Director, and 50% by his spouse; (ii) 5,980,050 Shares held by Capital Way Investments Limited, a wholly owned subsidiary of Walter International Corporation, which in turn is wholly owned by Mr. Je Kin Ming, a non-executive Director; and (iii) 1,594,710 Shares held by Polybest Group Limited which is wholly owned by Mr. Lam Hon Keung, Keith, an executive Director.

Save as disclosed above, the Board, having made all reasonable enquiries, is not aware of any of its connected persons (as defined in the Listing Rules) having interests in 10% or more of the issued share capital of the Company as at the date of this announcement.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, 77,280,000 Shares, representing approximately 30.9% of the Company’s total issued share capital as at 27 July 2006 (250,080,000 Shares) and 79,500,000 Shares, representing 31.5% of the Company’s total issued share capital as at 25 August 2006 (252,300,000 Shares), the last trading date immediately preceding the date of this announcement, respectively were held by the public and thus the Company is in compliance with Rule 8.08 of the Listing Rules. However, given that the concentration of the Company’s public float was in the hands of a limited number of public shareholders on 27 July 2006 as notified by the SFC, the Company hereby makes this announcement to keep the market informed.

The closing price of the Shares as at the date of this announcement is HK\$2.30.

In view of the high concentration of Shares in the hands of a small number of Shareholders, the price of the Shares could fluctuate substantially even with a small number of Shares traded. Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares.

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

Hong Kong, 28 August 2006

As at the date of this announcement, the executive Directors are Mr. NGOK Yan Yu, Mr. LAM Hon Keung, Keith, Ms. TANG Chui Yi, Janny, Mr. WONG Ming Yeung, Mr. PIVA Antonio and Mr. APPELLA Marcello; the non-executive Director is Mr. JE Kin Ming; the independent non-executive Directors are Mr. LO Ming Chi, Charles, Mr. PAO Ping Wing and Mr. KWAN Hung Sang, Francis.

Please also refer to the published version of this announcement in The Standard.