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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: 03989)

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Financial Adviser**

**AmCap**

*Ample Capital Limited*

*豐盛融資有限公司*

**Placing Agent**



**Fortune (HK) Securities Limited**

### **PLACING OF NEW SHARES**

On 27 August 2009, the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to maximum of 29,900,000 new Shares to independent Placees at a price of HK\$0.60 per Placing Share. The maximum of 29,900,000 Placing Shares represent approximately 6.99% of the Company's existing issued share capital and approximately 6.53% of its issued share capital as enlarged by the Placing.

The Placing Price represents (i) a discount of approximately 14.3% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on 27 August 2009, immediately preceding the suspension of trading in the Shares prior to the release of this announcement, (ii) a discount of approximately 15.5% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on 26 August 2009, the last full trading day prior to the date of the Placing Agreement; and (iii) a discount of approximately 12.5% to the average closing price of approximately HK\$0.686 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 27 August 2009.

The gross proceeds from the Placing will be up to a maximum amount of approximately HK\$17.94 million. The Company plans to use the entire net proceeds from the Placing of up to a maximum amount of approximately HK\$16.91 million for the general working capital of the Group.

The Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

## **RESUMPTION OF TRADING**

Trading in the Shares was suspended with effect from 2:30 p.m. on 27 August 2009 at the request of the Company pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 28 August 2009.

## **THE PLACING AGREEMENT**

### **Date**

27 August 2009

### **Issuer**

The Company

### **Placing Agent and the Placees**

Fortune (HK) Securities Limited, the Placing Agent, has conditionally agreed to place a maximum of 29,900,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 1.5% on the gross proceeds of the Placing upon completion of the Placing. The Directors are of the view that the placing commission with reference to the market rate is fair and reasonable. The Placing Agent and its ultimate beneficial owner(s) are not Connected persons of the Company and are independent from and not connected with the Company and its Connected persons.

The Placing Agent will place the Placing Shares to not less than six Placees, being individuals, institutional or other professional investors, and who and whose ultimate beneficial owners will not be Connected persons of the Company and will be independent from and not connected with the Company and its Connected persons. It is expected that none of the Placees will become Substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

### **Number of Placing Shares**

The maximum of 29,900,000 Placing Shares represent approximately 6.99% of the Company's existing issued share capital and approximately 6.53% of its issued share capital as enlarged by the Placing.

## **Placing Price**

The Placing Price of HK\$0.60 per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares. Such price represents (i) a discount of approximately 14.3% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on 27 August 2009, immediately preceding the suspension of trading in the Shares prior to the release of this announcement, (ii) a discount of approximately 15.5% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on 26 August 2009, the last full trading day prior to the date of the Placing Agreement; and (iii) a discount of approximately 12.5% to the average closing price of approximately HK\$0.686 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 27 August 2009.

The net placing price under the Placing is approximately HK\$0.57 per Placing Share.

The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Ranking of Placing Shares**

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **General Mandate**

The Placing Shares will be allotted and issued under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 3 June 2009 pursuant to which the Directors are allowed to allot and issue up to 84,909,000 Shares.

As at the date of the announcement, 55,000,000 warrants have been issued and allotted pursuant to such general mandate.

## **Condition of the Placing**

The Placing, which is not subject to the Shareholders' approval, is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The condition must be fulfilled on or before 27 October 2009 (or such other date as agreed by the Company and the Placing Agent), failing which the Placing Agreement shall terminate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

## Completion of the Placing

Completion of the Placing shall take place not later than the second Business Day after the Placing Agreement has become unconditional (or such later date as may be agreed between the Company and the Placing Agent).

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company was incorporated in Cayman Islands under the Companies Law as an exempted company with limited liability on 27 May 2004 and its shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 13 July 2006. The principal activities of the Company and its subsidiaries are the manufacture and sales of apparel and accessories, and distribution and retailing of apparel and footwear.

The gross proceeds from the Placing will be up to a maximum amount of approximately HK\$17.94 million. The Company plans to use the entire net proceeds from the Placing of up to a maximum amount of approximately HK\$16.91 million for the general working capital of the Group. As at the date of this announcement, the Company had not identified any specific investment opportunities.

Under the prevailing market conditions, the Directors are of view that the Placing will enlarge the shareholder base and the capital base of the Company, and will strengthen the Group’s financial position. The Directors consider that the Placing offers good opportunities to raise further capital which can be used as the Group’s general working capital. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

## FUND RAISING EXERCISES DURING THE PAST 12 MONTHS

Date of announcement	Transaction	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
21 January 2009	Open offer of 141,515,000 new Shares on a fully underwritten basis	HK\$40.16 million	To be used for the general working capital of the Group	Used as intended
2 July 2009	Private placing of 55,000,000 warrants at the issue price of HK\$0.03 per each warrant, on a fully underwritten basis	HK\$0.71 million	To be used for the general working capital of the Group	Used as intended

Save as disclosed above, the Company has not conducted any other fund raising exercise in the past twelve months before the date of this announcement.

## SHAREHOLDINGS STRUCTURE

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Placing, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Approximate Shares	%	Number of Approximate Shares	%
Charm Hero ( <i>Note 1</i> )	152,744,205	35.69%	152,744,205	33.36%
Other Directors	3,968,030	0.93%	3,968,030	0.86%
Public Shareholders:				
– Placees	0	0%	29,900,000	6.53%
– Others	271,278,765	63.38%	271,278,765	59.25%
Total	<u>427,991,000</u>	<u>100.00%</u>	<u>457,891,000</u>	<u>100.00%</u>

### Note

1. These shares are held by Charm Hero Investments Limited, a wholly owned subsidiary of Mensun Limited, which was controlled by Mr. Ngok Yan Yu, Chairman and Executive Director of the Company.

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## DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong generally are open for business
“Company”	Hembly International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange

“Connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors(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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placcees”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Fortune (HK) Securities Limited, a deemed licensed corporation within the meaning of the SFO
“Placing Agreement”	a conditional placing agreement dated 27 August 2009 entered into between the Company and the Placing Agent in relations to the Placing
“Placing Price”	HK\$0.60 per Placing Share
“Placing Shares”	up to a maximum of 29,900,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 27 August 2009

*As at the date of this announcement, 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, Mr. Marcello Appella and Mr. Chan Tak Yan; and three independent non-executive directors, namely Mr. Lo Ming Chi, Charles, Mr. Pao Ping Wing and Mr. Kwan Hung Sang, Francis.*