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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)

ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcement dated 23 September 2009 (the “**Announcement**”) by Hembly International Holdings Limited (the “**Company**”). Unless otherwise stated, defined terms used herein shall have the same meanings ascribed to them in the Announcement.

In the course of conducting due diligence exercise on the Target Group, the Company has been provided with information of the waste-to-energy projects and would update the Shareholders as follows:

PRINCIPAL BUSINESS ACTIVITIES OF THE TARGET GROUP

The Target Group is engaged in the investment, engineering, procurement of equipment, operation and maintenance of waste treatment and waste-to-energy plants in first tier cities in the PRC. The plants primarily operate on a build-operate-transfer (“**BOT**”) or build-operate-own (“**BOO**”) basis with a concessionary period of 25 to 30 years, whether on their own or in joint ventures with Chinese partners.

The BOT or BOO projects allow the recovery of initial construction costs through operating revenue of such projects during the requisite concessionary period.

The Target Group generates revenue from waste treatment, electricity generation from the operation of waste-to-energy plants, provision of services for design of waste treatment installations, procurement of waste treatment materials and equipment and provision of the relevant consultancy services.

Based on information available to the Directors, the capital expenditure for building a plant with a daily treatment capacity for every ton of waste will be in the range of RMB300,000 to RMB500,000, the waste treatment fee is in the range of approximately RMB69 to RMB148 per ton of waste treated and the on-grid electricity tariff is in the range of approximately RMB0.58 to RMB0.63 per kWh of electricity generated.

The Target Group has secured interest in projects in Beijing, Shanghai, Shenzhen, Nanchang, Nanjing and Guangzhou, of which the project in Shenzhen is currently under operation. The plants primarily treat municipal solid waste (“MSW”) and kitchen waste.

TECHNOLOGY OF THE TARGET GROUP

The Target Group is one of the first operators to use anaerobic digestion technology (“ADT”) in the PRC. The Target Group has secured license agreements with European technology leaders, granting the Target Group the right to use ADT in the PRC. In addition, the Target Group has entered into a license agreement with a global leader in waste sorting systems.

The Company understands that ADT is a biological treatment which uses micro-organisms inherent in waste to decompose organic matters, producing methane and carbon dioxide as a by-product. Methane can be used to generate electricity.

Compared to conventional landfill composting for waste treatment, ADT has the advantage of reducing the size of residue after decomposition, thus decreasing the need for landfills and causing no secondary pollution.

THE SHENZHEN PINGHU PLANT

The Target Group has entered into acquisition agreements to acquire 46% interest in the Shenzhen Pinghu Plant. The incineration plant, which has commenced operation since 2006, is located in Pinghu County, Longgang District, Shenzhen. The concessionary period is 25 years.

The designed daily treatment capacity of the plant is 675 tons with a designed annual electricity generation capacity of 74 million kWh. The waste treatment fee to be received by the Target Group for every ton of waste treated is approximately RMB90.

THE BEIJING DONGCUN PLANT

The Beijing Dongcun plant, designed to adopt ADT for waste treatment, is expected to commence operation by April 2010. The plant is located in Dongcun of Taihu County in the Chaoyang District of Beijing.

The designed daily waste treatment capacity is 650 tons with an estimated annual electricity generation capacity of 36 million kWh. The waste treatment fee is approximately RMB85 per ton of waste treated. The concessionary period, inclusive of the construction period, is 27 years.

The Target Group currently owns 60% in the Beijing Dongcun plant.

THE SHANGHAI PUTUO PLANT

The plant, designed to adopt ADT for waste treatment, is expected to commence operation in July 2010. The plant is located in the Taopu County of the Putuo District in Shanghai.

The designed daily waste treatment capacity is approximately 1,100 tons of MSW with an estimated annual electricity generation capacity of up to 69 million kWh. The waste treatment fee is approximately RMB148 per ton of waste treated. The concessionary period of the BOO contract is for 30 years inclusive of the construction period of the plant.

The Target Group has entered into acquisition agreements to increase its current 33.8% attributable interests to 94% attributable interest in the Shanghai Putuo plant.

THE NANCHANG QUANLING PLANT

The incineration plant is located in Quanling Town of Jinxian County in Nanchang and is expected to commence operations in July 2011.

The designed daily waste treatment capacity is 1,200 tons with an estimated annual electricity generation capacity of 131 million kWh. The waste treatment fee is approximately RMB78 per ton of waste treated. The concessionary period, inclusive of the construction period, is 27 years.

The Nanchang Quanling plant is wholly owned by the Target Group.

THE NANJING JIANGBEI PLANT

The incineration plant is located in Huangyao Village of Taishan County in Pukou District, Nanjing. The plant is expected to commence operations in July 2011.

The designed daily waste treatment capacity is 1,200 tons with an estimated annual electricity generation capacity of 131 million kWh. The waste treatment fee is approximately RMB79 per ton of waste treated. The concessionary period, inclusive of the construction period, is 28 years.

The Target Group has entered into acquisition agreements to acquire 50% attributable interest in the Nanjing Jiangbei plant.

THE SHANGHAI JINSHAN PLANT

The incineration plant is located in Yongjiu Village of Jinwei County in Jinshan District, Shanghai. The plant is expected to commence operations in July 2011.

The designed daily waste treatment capacity is 600 tons with an estimated annual electricity generation capacity of 65 million kWh. The waste treatment fee is approximately RMB108 per ton of waste treated. The concessionary period, inclusive of the construction period, is 27 years.

The Shanghai Jinshan plant is wholly owned by the Target Group.

THE GUANGZHOU LIKENG PLANT

The Target Group won a tender for a BOT project in July 2007. The target location of the ADT plant is in Longgui County of Baiyun District, Guangzhou and is expected to commence operations in January 2012.

The target designed daily waste treatment capacity will be 1,000 tons with an estimated annual electricity generation capacity of 63 million kWh, and the concessionary period, inclusive of the construction period, is 28 years. The proposed waste treatment fee is approximately RMB69 per ton of waste treated.

The Target Group has the right to invest in a 30% attributable interest in the Guangzhou Likeng plant.

GENERAL

The due diligence exercise conducted on the Target Group by the Company is still ongoing. Further details relating to the Target Group will be included in the circular relating to the Acquisition expected to be despatched to the Shareholders on or before 13 November 2009.

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

Hong Kong, 19 October 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.