



Press Release
For Immediate Release

**HEMBLY ANNOUNCES 2008 INTERIM RESULTS
REVENUE ACHIEVED A RECORD BREAKING INCREASE OF
100.3% TO HK\$735.7 MILLION**

**DEMONSTRATION OF SUCCESSFUL VERTICAL INTEGRATION AND
STRONG PORTFOLIO OF AFFORDABLE LUXURY BRANDS**

Financial Highlights

	For the six months ended 30 June		Change
	2008 HK\$'000	2007 HK\$'000	
Revenue	735,700	367,351	+100.3%
Profit attributable to shareholders	61,800	45,647	+35.3%
Earnings per share - Basic	HK21.8 cents	HK18.0 cents	+21.1%
Dividend per share	HK3.0 cents	HK3.0 cents	N/A

(Hong Kong, 19 September 2008) – **Hembly International Holdings Limited** and its subsidiaries (“Hembly” or the “Group”, Stock Code: 3989) today announced the strong performance in the first half of 2008.

For the six months ended 30 June 2008, the Group’s revenue rocketed 100.3% to approximately HK\$735.7 million. Profit attributable to shareholders exceeded the new benchmark of 35.3% to approximately HK\$61.8 million, as compared to the corresponding period last year. Basic earnings per share increased 21.1% to HK21.8 cents. The strong growth in turnover reflects the Group’s success in increasing client portfolio for its supply chain services. Meanwhile, the Group’s distribution and retailing businesses reaped satisfactory profits in light of the PRC’s fast-growing retail market and the Group’s stable expansion of PRC distribution and retailing platform.

The Board has recommended the payment of an interim dividend of HK3.0 cents per share for the six months ended 30 June 2008 (2007: HK3.0 cents per share).



Mr. Ngok Yan Yu, Chairman of Hembly, said “The remarkable result in the first half of 2008 demonstrated the success of our vertical integration and our ability to capture market share via the appeal of our affordable luxury brands. These core values will continue to bring us prosperity in the second half year.”

Supply Chain Services – Reinforcement of Value-Added Services

Hembly continued to achieve exceptional performance in supply chain services as a result of the increasing outsourcing trend of European distributors and brands. Coupled with the expansion of supply chain revenue base resulting from the Group’s exclusive rights for all *Sergio Tacchini* products, Hembly recorded further success in this business segment.

The Group’s revenue for supply chain services reached approximately HK\$623.3 million, representing a significant increase of approximately 84.9%, as compared to the same period last year, which accounted for approximately 84.7% of the Group’s revenue in the first half of 2008.

To further move the Group’s raw-material sourcing services upstream, the Group on 30 June 2008 entered into a joint-venture (“Nilorn JV”) with Nilorn Group, a leading European fashion and textile industry components supplier, which engages in branding and designing of labels, packaging and accessories, principally for customers in the fashion industry. The Nilorn JV will offer holistic, creative and tailor-made design, product development and logistic solutions for labels, packaging and accessories to existing and potential customers.

“With Nilorn’s strong track record and reputation in Europe, coupled with Hembly’s extensive sourcing network, the Nilorn JV will provide an excellent business opportunity and platform for Hembly to add value to the raw material sourcing needs of its customers” said Mr. Ngok.

Distribution and Retailing Services – Outstanding Performance with Superior Brand Portfolio

The Group’s distribution and retailing businesses continued to operate under a favorable business environment due to the PRC’s strong and sustained economic growth and its emerging middle class’s increased consumption power. Effective sales and marketing strategies, well-planned expansion of points-of-sale, coupled with enrichment of the



Group's brand portfolio, contributed significantly to the rocket high growth of the distribution and retailing sector.

Revenue for the Group's distribution and retailing businesses totaled approximately HK\$112.4 million, recording a drastic growth of approximately 271.7%, as compared to the same period last year and this accounted for approximately 15.3% of the Group's revenue.

During the period under review, gross margin of the Sisley JV reached approximately 66.5%. Aiming to set the *Sisley* ever more firmly in the affordable luxury arena to attract higher-end customers, *Sisley* has gradually shifted its shop development strategy to embrace more stand-alone boutiques, with higher gross floor areas. Meanwhile, *Sisley* will consolidate its existing shop-in-shops to focus more on well-established department stores ladies' sections in order to leverage on its potential in ladies' wear market.

Meanwhile, with the success of the up-market positioning strategy, gross margin of *Moschino*, to which the Group was granted a 10-year distribution exclusivity in the PRC, reached approximately 71.4%. In addition to the Shanghai flagship store, the geographic reach of the brand has extended to Beijing, Shenzhen and Suzhou during the period under review and the retail networks will continue to expand steadily.

During the period under review, *Stonefly* effectively reduced procurement costs and continued to improve the brand's gross margin to approximately 52.1% through leveraging on the Group's vertical integration business model. In view of the booming footwear market in PRC, Hembly purchased the 50% shareholding in the 50:50 *Stonefly* joint venture from *Stonefly* in April 2008, enabling the Group to enjoy more flexibility to apply its vertical integration strategies for the brand and to seize further market share in the garment sector of comfort shoes and accessories.

"With the increasing demand for international luxury brands in China and our profound brand management expertise, Hembly's distribution and retailing businesses will see a high pace of growth in the second half of 2008. Looking ahead, we will continue to enrich our unique brand portfolio by acquiring more notable affordable luxury brands. Dedicated to becoming one of the China's multi-brand management leaders in the affordable luxury market in China and Europe, we will embrace the promising opportunities ahead and strive for better investment returns to our shareholders," Mr. Ngok concluded.

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About Hembly International Holdings Limited (Stock code: 3989)

Established in 2000 and listed on Hong Kong Stock Exchange in 2006, Hembly International Holdings Limited is a leader in the provision of apparel supply chain services. Hembly's capability of supply chain solutions is highly recognized by multinational renowned clients, including *United Colors of Benetton, Sisley, Moschino, See by Chloé, R.E.D. Valentino, DKNY Jeans, Diesel, Quiksilver, Lafuma, Lotto, Salewa, Sergio Tacchini* and *Bond Street*.

To capture the business opportunity brought by the booming consumer market in China, Hembly has extended its capabilities to encompass the broader spectrum of services, including distribution and retailing of apparel and footwear in China. The Group has established joint-ventures with Stonefly and Sisley to offer affordable luxury and sportswear in tier-1 and tier-2 cities in China. In addition, Hembly is also the exclusive distributor for various *Moschino* product lines within the PRC.

Headquartered in Hong Kong, Hembly has strong European sales and marketing arms in Italy, France, Sweden and Germany and operation arms in China, including Nanjing, Shenzhen, Shanghai and Beijing, and Macao.

For more information of Hembly, please visit its website at www.hembly.com.

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