To : BUSINESS EDITOR
FOR IMMEDIATE RELEASE

HEMBLY ANNOUNCES 2007 ANNUAL RESULTS
REVENUE ROCKETS 69.5% TO HK$1,037 MILLION

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Change
	2007 **HK$'000**	2006 HK$'000	
Revenue	**1,036,956**	611,689	+69.5%
Profit attributable to equity holders	**107,747**	78,128	+37.9%
Earnings per share (Basic)	**HK40.32 cents**	HK36.50 cents	+10.5%
Final dividend per share	**HK7.0 cents**	HK7.0 cents	--

(April 15, Hong Kong) – **Hembly International Holdings Limited** and its subsidiaries ("Hembly" or the "Group"; SEHK: 3989) today announced strong results for the financial year 2007, in line with its vision to become one of the China's multi-brand management leader in the affordable luxury market in China and Europe.

For the year ended 31 December 2007, Hembly continued to record a robust performance. Revenue reached HK$1,037 million, representing an increase of 69.5% compared to financial year 2006. Profits attributable to the Company's equity holders increased by 37.9% to HK$107.7 million. Basic earnings per share increased 10.5%to HK40.32 cents (2006: HK36.50 cents).

The Board has recommended the payment of a final dividend of HK7.0 cents per share. Coupled with the interim dividend of HK3.0 cents per share, total dividend for the year was HK10.0 cents per share

The Group's strong performance in financial year 2007 is mainly attributable to the Group's continued strong organic growth within its supply chain business, coupled with the improved performance of its distribution and retailing businesses.

Hembly's strategy of consolidating its customer base to focus on mid-to high-end customers with high margins and significant growth potential has proved to be both astute and forward-looking. In financial year 2007, the Group's business model is further fine-tuned to gain a higher leverage on the synergy between the Group's well-honed supply chain services and its expanding distribution and retailing business. Hembly will also continue to enhance its value-added services to customers, whilst integrating its supply chain services with its distribution and retailing businesses so as to ensure operational efficiency and cost-effectiveness.

Supply Chain Services

Despite unfavorable circumstantial conditions surrounding the textile and garment industries in the PRC, the Group's supply chain services continued to experience strong growth this year with a record high revenue of HK$913.4 million, representing an increase of 65.5% over last year (2006: $551.9 million).

During the year, the Group has not only enjoyed the robust increase in orders from our existing customers, but also continued to expand its customer base. In March 2007, Mr. Ngok Yan Yu, Chairman of Hembly, granted an option to the Group for the acquisition of his interests in the *Sergio Tacchini* ("ST") business for three years from 24 May 2007. Mr. Ngok also concluded exclusive sourcing arrangements of ST with the Group. The right to exercise such an option which empowers the Group to globalize its retailing network and exponentially increase growth in all aspects to become a brand owner and broaden the Group's supply chain revenue base, thereby further stimulating the Group's supply chain momentum.

Meanwhile, the new phase of the Group's Yangzhou production base began operation in February 2007. These supplementary facilities have strengthened the Group's dual operation model for production management as well as enhancing the Group's high-tech garment manufacturing techniques. To capture increased business opportunities for footwear products, the Group in year 2007 has set up a footwear research and development center in Dongguan to extend its supply chain service capabilities to include footwear items.

Distribution and Retailing Business

Driven by the PRC's favorable business environment resulting from its strong and sustained economic growth and its population's increased consumption power, the Group's distribution and retailing businesses recorded strong growth for year 2007. Revenue from the Group's distribution and retailing business reached HK$123.5 million, representing a 107.9% increase over year 2006.

Benefitted from the Beijing Olympics mania, sports and sports-inspired apparel have gained huge popularity in the PRC, which led to the *Lotto* joint venture's sustained growth this year. The gross margin improved substantially from 38.5% last year to 48.2% in 2007. During the year, the Group continued to expand *Lotto's* sales network, with a net increase of 45 points-of-sale and have 110 points-of-sale including 25 directly-managed shops and 85 franchised shops throughout PRC's first and second tier cities. Going forward, the *Lotto* network expansion will continue in line with the joint venture's three-year shop opening schedule, with a target of 250 points-of-sales by the end of 2008.

In line with the change in strategy for *Stonefly* to focus solely on footwear, the performance of the *Stonefly* joint venture has improved significantly in its third year. The business achieved a turnaround, moving from a loss in 2006 to breakeven in the year under review. The gross margin for this joint venture has increased to 44.0%. As at 31 December 2007, the joint venture had 55 points-of-sale, including 15 directly-managed shops and 40 franchised shops throughout the first and second tier cities of the PRC. There was a net increase of 21 points-of-sale during the year. The Group aims to achieve 100 points-of-sale by the end of 2008, focusing largely on franchised shops.

Since the Group's establishment of the *Sisley* joint venture in 2006, the Group has successfully transferred into this joint venture 40 *Sisley* shops. This had contributed significantly to the revenue of the Group's distribution and retailing business in the second half of 2007. Looking ahead, the *Sisley* network expansion will target the opening of 80 points-of-sales by 2008, of which all of them would be self-owned shops.

In June 2007, Moschino S.p.A appointed the Group as *Moschino*'s exclusive PRC distributor and granted the Group a 10 year distribution exclusivity license for various *Moschino* product lines. This exclusive distributorship appointment from a renowned fashion maison like *Moschino* exactly resounded the Group's acknowledged status within Europe. In year 2007, 1 flagship store for *Moschino* has already been launched in Shanghai and 9 more stores are scheduled for opening in the PRC in 2008.

In early 2008, the Group has completed its purchase from Mariella S.r.L. ("Mariella") of the *Bond Street* business. With almost 25 years of history, the Italian brands *Bond Street* and *Bond Street Collection* are stylish prêt-a-porter collection collaborated by prestigious garment stylists, whilst integrating great spans of designs and models using high-level Italian fabrics. The acquisition of *Bond Street* gives the Group a golden opportunity to further synergize its retailing and distribution networks, both locally and globally.

Prospects

Looking ahead, the Group will focus on effective marketing strategies and improving store-in-store growth for all of our brands in 2008. As the Group noticed brand acquisitions as an important growth driver behind the Group's business development which will further expand our customer base and our geographical diversification within the Greater China region and Europe.

"Historically, the luxury and affordable luxury sectors were dominated by French and Italian players. However, Hembly will spearhead the turning of a new page in 2008. With the metamorphosis from ODM to comprehensive supply chain business and then to a one-stop brand management provider with extensive distribution and retailing experience, Hembly is progressively fulfilling its vision to become one of the first few Chinese international brand owners, focusing on both the Chinese and European markets." Mr. Ngok Yan Yu, Chairman of Hembly, concluded.

New Logo Reflecting New Business Development Directions

To highlight the Group as one of the multi-brand management leaders and its vision to strengthen the brand portfolio through acquisition and distributorship opportunities, Hembly today has launched its new corporate logo to better reflect itself as a modern brand with an unique business model.

"The new logo is simple yet with a stylish and dynamic design. It visualizes the Group's mission to be the bridge between Italy and China and we look forward to creating synergies in between the two countries." Mr. Ngok commented. The colours of the Italian national flag have applied on the first letter "H" of the Group's name, with the touch of gold in the last letter "Y", a traditional Chinese colour used only by royal family, representing luxury and prosperity.

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ABOUT HEMBLY INTERNATIONAL HOLDINGS LIMITED (SEHK STOCK CODE: 3989)

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

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, Lotto 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 on Hembly, please visit its website at www.hembly.com

Issued by Financial Dynamics International for and on behalf of ***Hembly International Holdings Limited.***
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