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HONESTY TREASURE INTERNATIONAL HOLDINGS LIMITED

信寶國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 600)

ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTION EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL LEASING AGREEMENTS

On 8 November 2007, the Lease Agreements have been entered into (i) between Dah Hwa Leather & Trading Co. Limited and DHI; and (ii) between Inter Leather Limited and DHI, pursuant to which the Group continues to take up the tenancy of the properties listed in the Lease Agreements for a three years period, details are set out in section "The Lease Agreements" below, at an aggregate rental of HK\$109,000 per month.

The entering into the Lease Agreements is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The Board wishes to announce that on 8 November 2007, DHI as lessor and Dah Hwa Leather & Trading Co. Limited and Inter Leather Limited as lessees respectively in respect of the properties as described below:

THE LEASE AGREEMENTS

(i) Date

8 November 2007

(ii) Parties

- (i) (1) Dah Hwa Leather & Trading Co. Limited, an indirectly wholly owned subsidiary of the Company, is primarily engaged in trading of finished leather, as lessee for properties numbered 1 to 5 below;
- (2) Inter Leather Limited or its nominee, an indirectly wholly owned subsidiary of the Company, is inactive, as lessee for property numbered 6 below; and

(ii) DHI, as lessor,

DHI, held by a foundation of which Mr. Lee Sam Yuen, John, an ex-director of the Company, is one of the beneficiaries, therefore DHI is a connected person of the Company.

The properties subject to the lease

1. Ground Floor with Cockloft, 42 Hillwood Road, Tsimshatsui, Kowloon;
2. Ground Floor, 43 Hillwood Road, Tsimshatsui, Kowloon;
3. 1st Floor, 45-47 Hillwood Road, Tsimshatsui, Kowloon;
4. Shop A, B & C on Ground Floor, 45-47 Hillwood Road, Tsimshatsui, Kowloon;
5. Car park space, No. 5 on Ground Floor, 42 Hillwood Road, Tsimshatsui, Kowloon; and
6. Unit No. 11, 3rd Floor, Po Lung Centre, 11 Wang Chiu Road, Kowloon Bay, Kowloon.

Term of the lease: For above property 5, a three years period commencing from 3 August 2007 to 2 August 2010.

For above properties 1 to 4 and 6, a three years period commencing from 2 August 2007 to 1 August 2010.

Rent: The aggregate rental payable by the Group for the abovementioned properties will be approximately HK\$109,000 per month, which represents approximately 53.5% discount to the market rental of HK\$234,300 per month as confirmed by BMI Appraisals Limited.

The rent is to be satisfied in cash on a monthly basis.

The rental for the aforesaid properties was determined by reference to the rental of similar properties (e.g. with respect to floor space and age of the building) in the same vicinity as confirmed by BMI Appraisals Limited, an independent property valuer.

REASONS FOR THE LEASE AGREEMENTS

The three-year term of the existing lease agreements of the above properties had been expired on 1 August 2007 and 2 August 2007 for properties 1 to 4 and 6 and property 5 respectively and the properties are currently rented on a monthly basis as permitted under the aforesaid agreements at a monthly rental of HK\$109,000.

In order to minimise any unnecessary interruption or disturbance to the leatherware business of the Group as well as to formalise the leasing arrangements with DHI, the Group agreed to renew the Lease Agreements of the above properties.

Taking into account the reasons mentioned above, the Directors (including the independent non-executive Directors) believe that the terms of the Leasing Agreements are fair and reasonable and that entering into of the Lease Agreements are in the interests of the Group and the Shareholders as a whole.

GENERAL

The Company is primarily an investment holding company and its investment portfolio includes (i) hotel and real estate investments; and (ii) trading and distribution of leather products.

DHI is a connected person of the Company under the Listing Rules. Hence, any transactions between DHI and the Group will constitute connected transactions for the Company under the Listing Rules. The Lease Agreements constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Given the applicable percentage ratio of the Company in respect of the aggregate annual rental under the Lease Agreements is less than 2.5%, the Lease Agreements shall be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

“Board”	the Board of Directors
“Company”	Honesty Treasure 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
“DHI”	D H International Limited, a company incorporated in the Cook Islands with limited liability and the entire issued share capital is held by a foundation of which Mr. Lee Sam Yuen, John, an ex-director of the Company, is one of the beneficiaries
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreements”	the lease agreements entered into (i) between Dah Hwa Leather & Trading Co. Limited and DHI; and (ii) between Inter Leather Limited and DHI, pursuant to which the Group continues to take up the tenancy of the properties listed in the agreements for a three years period, details are set out in section “The Lease Agreements”, at an aggregate rental of HK\$109,000 per month
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shares(s)”	ordinary share(s), currently with par value of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Percentage

By Order of the Board
Honesty Treasure International Holdings Limited
Lee Siu Yuk Eliza
Executive Director

Hong Kong, 9 November 2007

As at the date of this announcement, the Board comprises Mr. Law Kar Po, Mr. Hoi Man Pak, Mr. Choy Wang Kong, Mr. Yong Wing Tai, William, Mr. Chiang Kin Tong, Ms. Law Wing Yee, Wendy and Ms. Lee Siu Yuk, Eliza as executive Directors; Mr. Leonel Alberto Alves as non-executive Director; and Mr. Lau Wai Ming, Mr. Kwok Hong Yee, Jesse and Mr. Li Kam Fai, Dominic as independent non-executive Directors.