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EMBRY HOLDINGS LIMITED

安莉芳控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1388)

MAJOR TRANSACTION – SIGNING OF AGREEMENT REGARDING PURCHASE OF THE PROPERTY

SIGNING OF AGREEMENT REGARDING PURCHASE OF THE PROPERTY

On 15 October 2009 (after trading hours), Embry Shanghai Trading, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor to acquire the Property at a consideration of approximately RMB380,638,000 (equivalent to approximately HK\$433,927,000).

The purchase of the Property constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to approval by the Shareholders. Since none of the Shareholders is interested in the purchase of the Property, written shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. Harmonious World Limited, a Shareholder holding 286,279,660 Shares, representing approximately 71.27% of the issued share capital of the Company as at the date of this announcement, has given its written approval on the purchase of the Property. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the purchase of the Property as a major transaction. A circular containing, among other information, further details of the purchase of the Property will be despatched to the Shareholders for their reference as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 16 October 2009 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 20 October 2009 has been made by the Company.

PURCHASE OF THE PROPERTY

The Board wishes to announce that Embry Shanghai Trading, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor on 15 October 2009 to acquire the Property at a consideration of approximately RMB380,638,000 (equivalent to approximately HK\$433,927,000). The principal terms of the Agreement are set out below.

THE AGREEMENT

Date: 15 October 2009

Parties:

Purchaser: Embry Shanghai Trading, an indirect wholly-owned subsidiary of the Company

Vendor: 上海湯米房地產開發有限公司 (unofficial translation being Shanghai Tommy Real Estate Development Co., Ltd.), a company incorporated in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal activity of the Vendor is property development and management and (ii) each of the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

A block of building known as Tower B of 北美廣場 (unofficial translation being North America Plaza) located at No. 508, Kunming Road, Yangpu District, Shanghai City, the PRC, which is a building for office and commercial use with 14 floors with an estimated construction area of approximately 11,430 sq. m., and is currently under construction. Construction of the Property is substantially completed with roof and glass wall fully installed, and the Directors expect that construction of the Property shall be completed in around March 2010. The final construction area will be determined with reference to the survey report issued by the relevant PRC government authority, which is expected to be issued in around June 2010 after completion of the construction of the Property. In the event that the final construction area is less than the estimated construction area by 3% or above, Embry Shanghai Trading shall have the right to terminate the Agreement. Upon the exercise of the right to terminate the Agreement, the part of the purchase price paid by the Purchaser to the Vendor shall be refunded to the Purchaser with interest at the then deposit interest rate as announced by the People's Bank of China, which the Directors consider to be fair and reasonable, and an indemnity equivalent to 10% of the Consideration shall be paid by the Vendor to the Purchaser.

Pursuant to the Agreement, the Purchaser shall have the right of pre-emption to acquire from the Vendor 30 car parking spaces after the Vendor shall have obtained the property ownership certificate in respect of the car parking spaces at a unit price of RMB168,000 (equivalent to approximately HK\$192,000) for each car parking space.

Consideration

The Consideration for purchase of the Property is approximately RMB380,638,000 (equivalent to approximately HK\$433,927,000), which is to be paid by the Purchaser in the following manner:

- (1) 10% of the Consideration (i.e. RMB38,063,819.6, equivalent to approximately HK\$43,393,000) is to be paid within 10 days of the effective date of the Agreement. Pursuant to the Agreement, the Agreement shall become effective upon, among other matters, the entry into of the Ancillary Agreements;
- (2) 40% of the Consideration (i.e. RMB152,255,278.4, equivalent to approximately HK\$173,571,000) is to be paid within 15 days of completion of the registration of the pre-sale permit, the Agreement and the Ancillary Agreements regarding the Property by the Vendor (as at the date of this announcement, the pre-sale permit has been obtained by the Vendor);
- (3) 30% of the Consideration (i.e. RMB114,191,458.8, equivalent to approximately HK\$130,178,000) is to be paid within 15 days of the qualified completion of construction and installation of facilities and the delivery of the quality acceptance certificates regarding construction and facilities installation issued by relevant authority of quality control and management for construction by the Vendor to the Purchaser;
- (4) 10% of the Consideration (i.e. RMB38,063,819.6, equivalent to approximately HK\$43,393,000) is to be paid within 15 days of completing the procedures for obtaining the property ownership certificate in respect of the Property by the Vendor (as the Property developer) and the delivery of the acceptance certificate of completed construction work by the Vendor to the Purchaser; and
- (5) 10% of the Consideration (i.e. RMB38,063,819.6, equivalent to approximately HK\$43,393,000) is to be paid within 15 days of completing the procedures for obtaining the property ownership certificate in respect of the Property under the Ancillary Agreements by the Vendor.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account the recent market conditions of the property market in Shanghai, the PRC, the prevailing market value of other office premises of comparable quality in the area where the Property is located and a preliminary valuation of the Property at approximately RMB387,800,000 (equivalent to approximately HK\$442,092,000) as at 15 October 2009 made by DTZ Debenham Tie Leung Limited, an independent qualified property valuer. A full valuation report on the Property will be prepared for inclusion in the circular to be despatched to the Shareholders as required by the Listing Rules.

It is expected that the Consideration will be financed by a combination of internal resources and bank borrowing. The amount of bank borrowing is to be determined by the Board taking into account factors such as the then existing interest rate and cash flow of the Group.

Condition precedent

Completion of the sale and purchase of the Property is subject to and conditional upon the approval being obtained from the Shareholders to the entering into of and the transactions contemplated under the Agreement in compliance with the Listing Rules, whether by way of an ordinary resolution at a general meeting of the Company to be held or by way of shareholder's written approval as permitted under the Listing Rules.

Completion

Subject to the Shareholders' approval to the purchase of the Property having been obtained, the delivery of the Property to the Purchaser shall take place before 30 September 2010 upon the obtaining of the acceptance report of completed construction work by the Vendor, whereas completion of the purchase of the Property shall take place upon the obtaining by the Purchaser of the property ownership certificate in respect of the Property under the Ancillary Agreements, which is expected to take place before 11 August 2011.

INFORMATION ON THE GROUP

The Group is principally engaged in the design, manufacture and retail distribution of lingerie products (including brassieres, panties and corsets), swimwear and sleepwear in the PRC, Hong Kong and the Macau Special Administrative Region of the PRC.

REASONS FOR AND BENEFITS OF THE PURCHASE OF PROPERTY

The Group currently has office premises and production plants in Shenzhen, Shandong and Changzhou, the PRC. Subsequent to the completion of the purchase of the Property, the Group will utilize part of the Property as its office premises in the PRC to accommodate its administrative and management functions, brand management, sales and distribution and product design and development operations. The Property is situated in Shanghai City, one of the world's major financial centres where infrastructure and transportation are highly developed and human resources are abundant. As many of the world's leading corporations have relocated their head offices or regional head offices to the district, the Directors believe that the utilization of the Property as the office premises of the Group would further enhance its corporate image, reputation as well as competitiveness in the PRC and in Asia. As currently estimated, the Group may rent out approximately 40% of the Property.

The Board (including the independent non-executive Directors) is of the view that the entering into of the Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group and the terms of the Agreement are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

MAJOR TRANSACTION

The purchase of the Property constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is conditional on approval by the Shareholders.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the purchase of the Property may be obtained by written Shareholders' approval without the need of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the purchase of the Property; and (b) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the purchase of the Property.

So far as the Directors are aware after making reasonable enquiries, none of Vendor and its associates is a Shareholder as at the date of this announcement and would have been required to abstain from voting if the Company were to convene a general meeting for the approval of the purchase of the Property. Therefore, the transaction is expected to be approved by way of written shareholders' approval from a shareholder or a closely allied group of shareholders pursuant to Rule 14.44 of the Listing Rules.

Harmonious World Limited, a Shareholder holding 286,279,660 Shares, representing approximately 71.27% of the issued share capital of the Company as at the date of this announcement, has given its written approval for the purchase of the Property. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the purchase of the Property as a major transaction.

A circular containing, among other information, further details of the purchase of the Property will be despatched to the Shareholders for their reference as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 16 October 2009 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 20 October 2009 has been made by the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreement”	the agreement for sale and purchase of the Property dated 15 October 2009 and entered into between the Vendor and the Purchaser pursuant to which the Purchaser agreed to acquire from the Vendor the Property
“Ancillary Agreements”	the sale and purchase agreement in respect of each of the 105 units constituting the Property to be entered into between the Vendor and the Purchaser
“Board”	the board of Directors
“Company”	Embry 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

“Consideration”	the total consideration payable by the Purchaser to the Vendor for the purchase of the Property
“Directors”	the directors of the Company
“Embry Shanghai Trading”	安莉芳(上海)貿易有限公司 (unofficial translation being Embry (Shanghai) Trading Company Limited), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is (i) not a connected person of the Company and (ii) independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	a block of building known as Tower B of 北美廣場 (unofficial translation being North America Plaza) located at No. 508, Kunming Road, Yangpu District, Shanghai City, the PRC, which is a building for office and commercial use with 14 floors with an estimated construction area of approximately 11,430 sq. m.
“Purchaser”	Embry Shanghai Trading
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	上海湯米房地產開發有限公司 (unofficial translation being Shanghai Tommy Real Estate Development Co., Ltd.), a company incorporated in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metre(s)
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.14. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.

By Order of the Board
Embry Holdings Limited
Cheng Man Tai
Chairman

Hong Kong, 19 October 2009

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Cheng Man Tai (Chairman), Ms. Cheng Pik Ho Liza (Chief Executive Officer), Madam Ngok Ming Chu and Mr. Hung Hin Kit; and three independent non-executive Directors, namely Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T. S.