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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)**

### **VOLUNTARY ANNOUNCEMENT:**

- (1) RELOCATION COMPENSATION AGREEMENT ENTERED INTO BETWEEN EMBRY (CHINA) GARMENTS LTD.\* AND SHENZHEN HUIREN JEWELRY CITY INVESTMENT LIMITED\*;**  
**(2) SUPPLEMENTAL AGREEMENT TO THE RELOCATION COMPENSATION AGREEMENT ENTERED INTO BETWEEN EMBRY (CHINA) GARMENTS LTD.\* AND SHENZHEN HUIREN JEWELRY CITY INVESTMENT LIMITED\*;**  
**AND**  
**(3) SALES UPDATE FOR THE PERIOD FROM JULY TO SEPTEMBER 2017**

This announcement is made by the Company on a voluntary basis.

### **THE RELOCATION**

The Board hereby announces that in accordance with the requirements of the city's urban development plans, on 23 October 2017, Embry SZ entered into each of the Relocation Compensation Agreement and the Supplemental Relocation Compensation Agreement with Hui ren in order to implement the Renewal Plan.

### **The Relocation Compensation Agreement and the Supplemental Relocation Compensation Agreement**

Pursuant to the Relocation Compensation Agreement and Supplemental Relocation Compensation Agreement, Embry SZ shall surrender its land use rights over the Properties to Hui ren, whereby Hui ren agreed to, among others:

1. compensate Embry SZ a sum of approximately RMB2,315,230 in a lump sum for the relocation from the Properties to the Leased Properties;

2. subsidise certain amount of the monthly rental cost of the Leased Properties from the date which Embry SZ moved out from the Properties until the date of Embry SZ re-settling in the New Properties;
3. Embry SZ to resettle at the New Properties with an area similar to that of the Properties;
4. compensate the cost of land use right of the Properties, which has been paid by Embry SZ for renewing the land use right of the Properties, calculated from the date when Huiren obtained the approval from the relevant PRC government authority in relation to the Relocation;
5. sell extra properties at the New Building to Embry SZ, whereby the price and area of such properties at the New Building shall be subject to further negotiation between Embry SZ and Huiren; and
6. subsidise part of renovation cost for the New Properties.

Pursuant to the Relocation Compensation Agreement, Embry SZ shall move out from the Properties within 60 days from the issuance of notice from Huiren.

As at the date of this announcement, the Properties were used as office, retail store and manufacturing base of the Group. The Group has identified properties in Luohu District, Shenzhen, the PRC, to relocate its operation as at the date of this announcement. Since the Group will relocate its operation in phases, it is expected that the operation of the Group would not be significantly affected. The Company will monitor the financial impact on the Group as a result of the Relocation and announcement shall be made by the Company as and when appropriate.

**Further announcement in respect of the Relocation will be made by the Company as and when appropriate upon any material change in relation to the Relocation.**

#### **SALES UPDATE FOR THE PERIOD FROM JULY TO SEPTEMBER 2017**

The Board also wishes to inform the shareholders of the Company that against the backdrop of a moderate pickup in retail sales of consumer goods in the third quarter of 2017 in the PRC, the overall sales of the Group for the Period increased by approximately 8%, as compared to the same period of last year. During the Period, for stores that had been in operation for more than 21 months, same store sales recorded a low single-digit negative growth year-on-year. As at the end of September 2017, the number of retail outlets net decreased by 118 as compared to the end of December last year. There were a total of 1,949 retail outlets, comprising 1,743 concessionary counters and 206 retail shops. Since the Group has been in the process of adjusting its sales network by closing down stores which have lower efficiency during 2017 to enhance overall operational efficiency, the Group expects a negative growth in the number of retail outlets in 2017.

Information regarding sales update is based on the preliminary assessment of the management accounts which have not been reviewed or audited by the auditors of the Company.

**The shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Board”	the board of Directors
“Buxin Industrial Area”	深圳市羅湖區布心工業區 (Buxin Industrial Area of Luohu District of Shenzhen*), Luohu District, Shenzhen, the PRC
“Company”	Embry Holdings Limited (安莉芳控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1388)
“Directors”	the directors of the Company
“Embry SZ”	安莉芳(中國)服裝有限公司 (Embry (China) Garments Ltd.*), a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hui ren”	深圳市惠仁珠寶城投資有限公司 (Shenzhen Hui ren Jewelry City Investment Limited*), a company established in the PRC and an independent third party
“Leased Properties”	the leased properties which shall or have been temporarily rented by Embry SZ for its operation during the interim period between moving out from the Properties and re-settling in the New Properties
“New Buildings”	the buildings to be developed/built by Hui ren within a certain period of time upon the demolition of the buildings where the Properties was situated as at the date of this announcement
“New Properties”	the new properties which shall be situated at the New Building, and shall be owned by Embry SZ
“Period”	the three months ended 30 September 2017
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

<b>“Properties”</b>	mid-1st floor, mid-1st (A) floor, 1st floor West, mid-2nd floor, 2nd floor West, 3rd floor East, 3rd floor centre, 3rd floor West, 4th floor, 5th floor East and 5th floor Centre of Block 4 of the Buxin Industrial Area with an aggregated area of approximately 11,000 square metres, which were owned and used by the Group as at the date of this announcement
<b>“RMB”</b>	Renminbi, the lawful currency in the PRC
<b>“Relocation”</b>	the temporary relocation from the Properties to the Leased Properties and the subsequent relocation back to the New Properties pursuant to the Relocation Compensation Agreement and the Supplemental Relocation Compensation Agreement
<b>“Relocation Compensation Agreement”</b>	the relocation compensation agreement dated 23 October 2017 and entered into between Embry SZ and Huiren
<b>“Renewal Plan”</b>	Huiren’s renewal plan regarding the Buxin Industrial Area by demolishing and rebuilding buildings in the Buxin Industrial Area
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Supplemental Relocation Compensation Agreement”</b>	the supplemental agreement to the Relocation Compensation Agreement dated 23 October 2017 and entered into between Embry SZ and Huiren

*\* for identification purpose only*

On Behalf of the Board of  
**Embry Holdings Limited**  
**Ngok Ming Chu**  
Chairman

Hong Kong, 25 October 2017

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