

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Embry Holdings Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF EMBRY DEVELOPMENT LIMITED

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Optima Capital Limited

A letter from the Board is set out on pages 5 to 11 of the circular. A letter from the Independent Board Committee is set out on page 12 of this circular and a letter from the Independent Financial Adviser is set out on pages 13 to 19.

A notice convening an extraordinary general meeting of the Company to be held on Friday, 28 December 2007 at 3:30 p.m. at Chatham Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong is set out on pages 34 to 35 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the extraordinary general meeting, or any adjournment thereof, should you so wish.

11 December 2007

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 November 2007 in relation to the Disposal and the Tenancy
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Cheng Family”	Mr. Cheng Man Tai, Madam Ngok Ming Chu, Ms. Cheng Pik Ho Liza, Mr. Cheng Chuen Chuen and Mr. Cheng Chuen Chi, all being family members
“Consideration”	the total consideration for the Disposal
“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
“CZ Embry Development”	Changzhou Embry Development Limited, a wholly foreign owned enterprise established in the PRC, a wholly-owned subsidiary of EDL and the sole beneficial owner of the Property
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share under the Disposal Agreement
“Disposal Agreement”	the conditional agreement dated 27 November 2007 entered into between EGL and the Purchaser in relation to the Disposal
“DTZ”	DTZ Debenham Tie Leung Limited, an independent professional valuer
“EDL”	Embry Development Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company and the immediate holding company of CZ Embry Development
“EDL Group”	EDL and CZ Embry Development

DEFINITIONS

“EGL”	Embry Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“EGM”	the extraordinary general meeting of the Company to be held on 28 December 2007 to approve the Disposal Agreement and the transactions contemplated thereunder
“Embry CZ”	Embry (Changzhou) Garments Ltd., a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Embry SD”	Embry (Shandong) Garments Limited, a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Embry SZ”	Embry (China) Garments Ltd., a wholly foreign owned enterprise established in the PRC 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 Board Committee”	the independent board committee of the Board comprising the independent non-executive Directors, namely Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T.S. to advise the Independent Shareholders on the terms of the Disposal Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Cheng Family and its associates
“Latest Practicable Date”	7 December 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Optima Capital” or “Independent Financial Adviser”	Optima Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Disposal Agreement and the transactions contemplated thereunder
“PRC”	the People’s Republic of China
“Property”	an industrial complex comprises a factory building, a composite building, a power room and a water pump room with a total gross floor area of approximately 14,140 sq.m., which is erected on a parcel of land and is situated at No. 8 Embry Road, Tongjiang Avenue, Changzhou, the PRC with a site area of approximately 16,700 sq.m.
“Purchaser”	Sinowide Investments Limited, a company incorporated in the BVI with limited liability and is wholly-owned by Ms. Cheng Pik Ho Liza, Mr. Cheng Chuen Chuen and Mr. Cheng Chuen Chi in equal share
“Sale Share”	the one issued share of EDL, representing the entire issued share capital of EDL
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended or supplemented from time to time
“Shandong Factory”	one of the manufacturing facilities of the Group, which are expected to commence trial production in the first quarter of 2008
“Share(s)”	the ordinary shares which have a par value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy”	the leasing of the Property by CZ Embry Development to Embry CZ pursuant to the Tenancy Agreement
“Tenancy Agreement”	the tenancy agreement dated 27 November 2007 entered into between Embry CZ and CZ Embry Development in relation to the Tenancy, details of which were contained in the Announcement

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent.

LETTER FROM THE BOARD



EMBRY HOLDINGS LIMITED
安莉芳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1388)

Executive Directors:

Mr. Cheng Man Tai (*Chairman*)
Ms. Cheng Pik Ho Liza (*Chief Executive Officer*)
Madam Ngok Ming Chu
Mr. Hung Hin Kit

Independent non-executive Directors:

Mr. Lau Siu Ki (alias, Kevin Lau)
Mr. Lee Kwan Hung
Prof. Lee T.S. (alias, Lee Tien-sheng)

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Principal place of business
in Hong Kong:*

7th Floor
Wyler Centre II
200 Tai Lin Pai Road
Kwai Chung
Hong Kong

11 December 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
EMBRY DEVELOPMENT LIMITED**

INTRODUCTION

On 27 November 2007, EGL, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which EGL agreed to sell and the Purchaser agreed to purchase the Sale Share for a total consideration of HK\$56 million. The principal asset of the EDL Group is the Property. On the same day, Embry CZ, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with CZ Embry Development to lease the Property from CZ Embry Development at a monthly rental of RMB180,000 for a term commencing from the effective date of the Tenancy Agreement and ending on 31 December 2010.

LETTER FROM THE BOARD

The Disposal constitutes a discloseable transaction under the Listing Rules. Moreover, since the Purchaser is a connected person of the Company, the Disposal constitutes a connected transaction which will be subject to the approval of the Independent Shareholders by way of poll at the EGM. In accordance with the Listing Rules, the Cheng Family and its associates, holding approximately 74.74% of the entire issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the resolution to be proposed at the EGM in relation to the Disposal.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal and the Group; (ii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the transactions contemplated thereunder; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposal; and (iv) a notice convening the EGM.

THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are set out below.

Date

27 November 2007

Parties

Vendor: EGL, a wholly-owned subsidiary of the Company

Purchaser: Sinowide Investments Limited which is wholly-owned by Ms. Cheng Pik Ho Liza, Mr. Cheng Chuen Chuen and Mr. Cheng Chuen Chi in equal share

Ms. Cheng Pik Ho Liza is an executive Director and a Shareholder holding approximately 1.95% of the entire issued share capital of the Company as at the Latest Practicable Date.

Mr. Cheng Chuen Chuen is a director of Embry SZ and Embry SD and a Shareholder holding approximately 0.5% of the entire issued share capital of the Company as at the Latest Practicable Date.

Mr. Cheng Chuen Chi is a Shareholder holding approximately 0.16% of the entire issued share capital of the Company as at the Latest Practicable Date.

Ms. Cheng Pik Ho Liza, Mr. Cheng Chuen Chuen and Mr. Cheng Chuen Chi are members of the Cheng Family.

LETTER FROM THE BOARD

Subject matter of the Disposal

Pursuant to the Disposal Agreement, EGL agreed to sell and the Purchaser agreed to purchase the Sale Share (representing the entire issued share capital of EDL) for a total consideration of HK\$56 million subject to the terms and conditions thereof. EDL is an investment holding company incorporated in the BVI with limited liability on 14 August 1992 and its sole investment is the holding of the entire registered capital of CZ Embry Development. CZ Embry Development is a wholly foreign owned enterprise established in the PRC on 4 March 1993 and its principal activity is the investment holding of the Property.

Information on the Property

The Property principally consists of an industrial complex comprising a five-storey factory building, a three-storey composite building, a power room and a water pump room, the total gross floor area of which is approximately 14,140 sq.m.. The Property is currently occupied by Embry CZ and is primarily used by the Group for production and ancillary office uses. It is erected on a parcel of land with a site area of approximately 16,700 sq.m. and is situated at No. 8 Embry Road, Tongjiang Avenue, Changzhou, the PRC and has been granted with the land use right for a term of 50 years expiring on 27 June 2045 for composite use (including industrial and commercial purposes).

Consideration

The consideration of HK\$56 million was agreed after arm's length negotiations between EGL and the Purchaser after taking into account the unaudited net asset value of the EDL Group of approximately HK\$16.7 million (of which HK\$15.5 million represents the net book value of the Property) as at 31 October 2007 and the average valuation of the Property (for its current industrial use and composite development (including commercial purposes)) of approximately HK\$51.5 million as at 31 October 2007 prepared by DTZ (which is an independent valuer).

The consideration shall be paid by the Purchaser in the following manner:

1. a deposit (the "Deposit") of HK\$5.6 million, representing 10% of the Consideration has been paid in cash upon entering into of the Disposal Agreement;
2. as to HK\$28 million, representing 50% of the Consideration shall be payable in cash upon completion of the Disposal; and
3. the remaining HK\$22.4 million, representing 40% of the Consideration, shall be payable upon completion of the Disposal by way of delivery of a promissory note issued by the Purchaser to EGL. Pursuant to the promissory note, the principal amount of HK\$22.4 million together with the interest accrued thereon, calculated at an interest rate of 5% per annum, shall be payable by the Purchaser on 31 March 2008 subject to early repayment by the Purchaser.

LETTER FROM THE BOARD

Conditions

The Disposal is conditional upon the approval of the Disposal Agreement by the Independent Shareholders at the EGM. If such approval cannot be obtained within 120 days after the date of the Disposal Agreement ("Long Stop Date") (or such later date as the parties hereto may agree in writing), the Disposal Agreement shall lapse automatically.

In the event that the condition stated above is not fulfilled on or before the Long Stop Date, the Deposit (without interest) shall be refunded to the Purchaser within five business days from the Long Stop Date.

Completion

Completion of the Disposal shall take place on the second business day after the day on which the condition precedent to the completion of the Disposal is fulfilled.

If completion of the Disposal does not take place due to the breach of the terms of the Disposal Agreement on the part of the Purchaser, the Deposit will be forfeited by EGL.

INFORMATION ON EDL GROUP

EDL is a company incorporated in the BVI with limited liability and is the beneficial owner of the entire registered capital of CZ Embry Development. CZ Embry Development is a wholly foreign owned enterprise established in the PRC and its principal activity is the investment holding of the Property.

The financial information of the EDL Group for the two financial years ended 31 December 2005 and 2006 and for the ten months ended 31 October 2007, which are prepared in accordance with Hong Kong Financial Reporting Standards, are as follows:

	Ten months ended 31 October 2007 (Unaudited) <i>HK\$'000</i>	Year ended 31 December 2006 (Unaudited) <i>HK\$'000</i>	Year ended 31 December 2005 (Unaudited) <i>HK\$'000</i>
Turnover	1,490.9	1,731.7	1,701.8
Profit before taxation	449.3	506.4	796.7
Profit after taxation	392.7	385.7	1,010.7
Net assets	16,704.1	15,469.2	12,904.1

LETTER FROM THE BOARD

REASONS FOR THE DISPOSAL

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 Macau. At present, the Group has two production facilities, one of which is situated at the Property and the other is established in Shenzhen. Moreover, the Group has been constructing the Shandong Factory and its trial operation is expected to be started in the first quarter of 2008.

The Property was established in Changzhou as one of the Group's production facilities in 1996. During the past twenty years, the Changzhou economy has been growing rapidly and the place at which the Property is located has been gradually transformed from an industrial zone to a composite business development district. Although the Property may be redeveloped into a composite building (including commercial purposes) according to its land use right certificate, the Directors consider that the potential redevelopment costs may be substantial to the Group and it has always been the Group's strategy to focus on its principal business and to become a leading lingerie retailer in the Greater China region. Accordingly, the Directors are of the view that it is more appropriate for the Group to consider relocating its existing operation of the Property and/or further expanding the Group's production scale should suitable development sites be identified in Changzhou (the "Proposed CZ Development Plan"). In light of this, the Directors believe that the entering into of the Disposal Agreement, together with the Tenancy Agreement, will not only facilitate the Group to proceed with the Proposed CZ Development Plan without affecting the overall production operation of the Group during the term of the Tenancy Agreement, but also generate an immediate net proceeds of approximately HK\$54.8 million from the Disposal.

It is estimated that, upon completion of the Disposal, the Group will record a gain on disposal of approximately HK\$39.3 million with reference to the net asset value of the EDL Group of approximately HK\$16.7 million as at 31 October 2007 and the Consideration which will be reflected in the consolidated financial statements of the Company in the relevant financial year. Moreover, it is expected that there will not be any material impact on the Group's total assets and liabilities after the Disposal.

The Directors intend to apply approximately HK\$30 million of the net proceeds for the further development of the Proposed CZ Development Plan and the remaining balance of the net proceeds of approximately HK\$24.8 million as general working capital of the Group. Upon completion of the Disposal, each of EDL and CZ Embry Development will cease to be a subsidiary of the Group.

EGM

A notice convening the EGM to be held on Friday, 28 December 2007 at 3:30 p.m. at Chatham Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong is set out on pages 34 to 35 of this circular for the purpose of considering and, if thought fit, passing the resolution set out therein. The voting in respect of the approval of the resolution will be conducted by way of poll.

LETTER FROM THE BOARD

You will find enclosed a proxy form for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

RECOMMENDATION

The Directors consider that the Disposal was entered into on normal commercial terms after arm's length negotiation and the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee, having taken into account the advice of Optima Capital, considers the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the resolution to be proposed at the EGM to approve the Disposal and the transactions contemplated thereunder. The full text of the letter from the Independent Board Committee is set out on page 12 of this circular.

PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 72 of the articles of association of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by: (i) the chairman of such meeting; or (ii) at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or (iii) any Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or (iv) any Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or (v) the Listing Rules (if required), by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent (5%) or more of the total voting rights at such meeting.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

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



EMBRY HOLDINGS LIMITED
安莉芳控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1388)

11 December 2007

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
EMBRY DEVELOPMENT LIMITED

We have been appointed as members of the Independent Board Committee to advise you in respect of the Disposal, details of which are set out in the letter from the Board in the circular of the Company dated 11 December 2007 (the "Circular") to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the advice of Optima Capital in respect of the Disposal as set out in the section "Letter from Optima Capital" in the Circular.

Having taken into account the principal factors and reasons considered by Optima Capital regarding the Disposal and its conclusion and advice, we concur with the view of Optima Capital and consider the terms of the Disposal are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole. We therefore recommend that the Independent Shareholders vote in favour of the resolution to be proposed at the EGM to approve the Disposal and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Lau Siu Ki
Independent
non-executive Director

Lee Kwan Hung
Independent
non-executive Director

Prof. Lee T.S.
Independent
non-executive Director

LETTER FROM OPTIMA CAPITAL

The following is the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road, Central,
Hong Kong

11 December 2007

To: *the Independent Board Committee and
the Independent Shareholders of
Embry Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF EMBRY DEVELOPMENT LIMITED

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on the Disposal, for which the Independent Shareholders' approval is being sought. Details of the Disposal are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 11 December 2007 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

As at the Latest Practicable Date, the Purchaser was owned by Ms. Cheng Pik Ho Liza (who is an executive Director), Mr. Cheng Chuen Chuen (who is a director of Embry SZ and Embry SD) and Mr. Cheng Chuen Chi (who is a member of the Cheng Family) in equal share, and thus the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction under the Listing Rules. As the Consideration is more than HK\$10,000,000 and each of the applicable percentage ratios for the Disposal is more than 2.5%, the Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. In this connection, the Company will seek the Independent Shareholders' approval of the Disposal at the EGM. In accordance with the Listing Rules, the Cheng Family and its associates will be required to abstain from voting on the ordinary resolution to be proposed at the EGM in respect of the Disposal.

LETTER FROM OPTIMA CAPITAL

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T.S. has been established to make recommendation to the Independent Shareholders regarding the Disposal. Optima Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the entering into of the Disposal Agreement is in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business, and whether the terms of the Disposal are fair and reasonable in so far as the Independent Shareholders are concerned.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were made and up to the date of the EGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Disposal Agreement are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the Disposal

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 Macau. The Group currently has two production sites in operation which are located at Shenzhen and Changzhou, the PRC. The production facilities at Shenzhen and Changzhou are almost running at full capacity with annual production volume of approximately 6.6 million and 5.2 million standard product units respectively. In light of the continuous growth in turnover in recent years, the Directors consider it is necessary for the Group to further expand the production capacity to capture the increasing demand of its products. In this connection, a new production site has been developed at Shandong since 2006. The construction work of the production facilities in Shandong was substantially completed and trial production will commence as early as in the first quarter of 2008. It is expected that the total production capacity of the Group will be doubled upon full commercial production of the factory in Shandong. Moreover, a further annex to the factory will be developed and certain construction work of which has already commenced.

LETTER FROM OPTIMA CAPITAL

The Property was built in Changzhou as one of the Group's production facilities in 1996. During the past twenty years, the economy in Changzhou has been growing rapidly and the place at which the Property is located has been gradually transformed from an industrial zone to a composite business development district. The Company may consider finding suitable development sites in Changzhou (the "Proposed CZ Development Plan") to relocate and/or further expand its production scale. The Disposal is therefore part of the plan of the Group to reorganise its production facilities to meet its long term business needs. We understand that the Group has not yet identified any suitable site in Changzhou at the moment. Nevertheless, given that the production facilities in Shandong are expected to commence production in early 2008 and will double the existing production capacity of the Group and the Group will be able to continue its production activities at the Property through the lease arrangement under the Tenancy Agreement, the Disposal is not expected to cause any adverse effects on the operations of the Group.

Although the Property may be redeveloped into a composite building (including commercial purposes) according to its land use right certificate, the Directors consider that the potential redevelopment costs as well as risk exposures may be substantial to the Group. In addition, it has always been the Group's strategy to focus on its principal business and become a leading lingerie retailer in the Greater China region and it is therefore not in the ordinary and usual course of the Group's business to participate in property development activities.

As advised by the management of the Company, the Directors intend to apply the net sale proceeds of approximately HK\$30.0 million from the Disposal towards the Proposed CZ Development Plan and the remaining proceeds of approximately HK\$24.8 million as general working capital of the Group. We consider such intended uses which are along the business development plan of the Group to be in the interest of the Company.

In light of the above and having considered the financial effects of the Disposal on the Group as discussed below, we are of the view that the Disposal is in the interests of the Company and its Shareholders as a whole.

2. Principal terms of the Disposal

(a) Consideration

The Consideration for the Disposal is HK\$56 million, which was arrived at after arm's length negotiations between EGL and the Purchaser after taking into account the unaudited net asset value of the EDL Group of approximately HK\$16.7 million as at 31 October 2007 (of which HK\$15.5 million represents the net book value of the Property) and the average of the two valuations of the Property (based on its current industrial use and on the basis of a composite development (including commercial purposes) respectively) of approximately HK\$51.5 million as at 31 October 2007 prepared by DTZ, an independent professional valuer.

LETTER FROM OPTIMA CAPITAL

In assessing the fairness and reasonableness of the Consideration, we have reviewed the financial statements of the EDL Group for the year ended 31 December 2005 and 2006 and latest management accounts of the EDL Group. We note that apart from the Property and a cash balance of approximately HK\$1.1 million as at 31 October 2007, the EDL Group does not have any other material assets and liabilities. As the EDL Group is a property holding company with no other business, we consider the basis of determining the Consideration with reference to the net asset value of the EDL Group and the valuation of the Property a fair basis.

We have also reviewed the valuation report prepared by DTZ and have discussed with them on the methodology adopted and assumptions used in arriving at the market value of the Property as at 31 October 2007. Under the existing land use right granted to the Company, the Property has a redevelopment potential as a composite (including commercial) development. In light of this, DTZ has arrived at two valuations for the Property, which are:

- (i) HK\$40 million assuming sale of the Property in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market; and
- (ii) HK\$63 million assuming sale of the Property as a redevelopment site for composite use with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

Taking into account the net asset value of the EDL Group of approximately HK\$16.7 million as at 31 October 2007 and after adjusting for the market value of the Property of HK\$40 million based on its existing industrial use, the Consideration of HK\$56 million represents a premium of approximately 35.9% over the adjusted net asset value of the EDL Group. The Consideration, on the other hand, represents a discount of approximately 12.8% to the net asset value of the EDL Group as adjusted by the market value of the Property of HK\$63 million based on a re-development basis.

Having considered the substantial premium represented by the Consideration over the market value of the Property on its existing use, we are of the view that the Consideration enables the Company to capture the potential capital gain of the Property if it were to be redeveloped for composite use without bearing potential risk exposures and capital commitments relating to the redevelopment which may be substantial to the Group and is fair and reasonable.

LETTER FROM OPTIMA CAPITAL

(b) Payment terms

Pursuant to the Disposal Agreement, the payment terms of the Consideration are as follows:

- (i) a deposit (the "Deposit") of HK\$5.6 million, representing 10% of the Consideration, has been paid in cash upon entering into of the Disposal Agreement;
- (ii) as to HK\$28 million, representing 50% of the Consideration shall be payable in cash upon completion of the Disposal; and
- (iii) the remaining HK\$22.4 million, representing 40% of the Consideration, shall be payable upon completion of the Disposal by way of delivery of a promissory note issued by the Purchaser to EGL. Pursuant to the promissory note, the principal amount of HK\$22.4 million together with interest accrued thereon, calculated at the rate of 5% per annum, shall be payable by the Purchaser on 31 March 2008 subject to early repayment by the Purchaser.

Upon completion of the Disposal, 60% of the Consideration would have been paid in cash to the Company by the Purchaser. Taking account of the prevailing interest rates offered by commercial banks in Hong Kong for commercial loans and the bank deposit rate currently enjoyed by the Group of approximately 2.7% for term deposit, and the short duration of the deferred portion of the Consideration, we consider that the payment terms are on normal commercial terms.

(c) the Tenancy Agreement

In conjunction with the Disposal, CZ Embry Development and Embry CZ also entered into the Tenancy Agreement, pursuant to which Embry CZ will lease the Property for a fixed term commencing from the effective date of the Tenancy Agreement (which shall occur on the later of (i) 1 January 2008; or (ii) the date on which the Tenancy Agreement having been signed by CZ Embry Development and Embry CZ, the Disposal having been approved by the Independent Shareholders at the EGM and completion of the Disposal having taken place) and ending on 31 December 2010 at a monthly rental of RMB180,000 (equivalent to approximately HK\$185,000). After the first anniversary of the effective date, Embry CZ shall have the unilateral right to terminate the Tenancy Agreement by giving a six-month written notice to CZ Embry Development. CZ Embry Development, on the other hand, shall not have the right to terminate the Tenancy Agreement before the expiry of the fixed term unless on the payment of a penalty equivalent to 2 times of the rental for the remaining lease term to Embry CZ. We consider the above terms of the Tenancy Agreement which enable the Group to continue its production at the Property for a fixed period and facilitate the smooth transition to the new production facilities at another site at Changzhou or at Shandong are in the interest of the Group.

3. Financial effects of the Disposal on the Group

(a) Earnings

Based on the unaudited management accounts of the EDL Group, the net asset value of the EDL Group was approximately HK\$16.7 million as at 31 October 2007. Accordingly, the Disposal at the Consideration of HK\$56 million is expected to give rise to a one-off gain of approximately HK\$39.3 million (before tax and expenses) for the Group.

The monthly rental pursuant to the Tenancy Agreement is RMB180,000 (equivalent to approximately HK\$185,000) while the existing monthly depreciation charge of the Property was approximately HK\$33,000. Following completion of the Disposal and during the term of the Tenancy Agreement, additional expenses of approximately HK\$1.8 million per annum would be charged to the Group. If the Proposed CZ Development Plan does not require immediate use of the net proceeds from the Disposal, the proceeds will be maintained as bank deposits by the Group. Based on the current bank deposit rate being offered by the Group's principal bankers of approximately 2.7% per annum as advised by the management of the Group, the net proceeds from the Disposal are expected to generate interest income of approximately HK\$1.5 million per annum for the Group to offset partly the increase in expenses as described above.

As set out in the annual report of the Company for the year ended 31 December 2006, the total revenue, cost of sales and profit before tax of the Group were approximately HK\$624.3 million, HK\$145.6 million and HK\$102.6 million respectively. In light of the above, we consider that the additional expenses to be charged to the Group as a result of the Disposal and the Tenancy Agreement would not have any material effects on the earnings of the Group.

(b) Net asset value

Based on the interim report of the Group for the six months ended 30 June 2007, the Group had an unaudited net asset value of approximately HK\$767.2 million as at 30 June 2007. In view of the gain of approximately HK\$39.3 million (before tax and expenses) to be realised as a result of the Disposal as discussed above, the net asset value of the Group is expected to increase by the same amount, representing an increase of approximately 5.1% or approximately HK\$0.1 per Share on the basis of 400,000,000 Shares in issue as at the Latest Practicable Date.

LETTER FROM OPTIMA CAPITAL

(c) *Cash position and gearing ratio*

As set out in the interim report of the Group for the six months ended 30 June 2007, the Group had approximately HK\$404.7 million cash and bank balances and did not have any borrowings. The net proceeds from the Disposal of approximately HK\$54.8 million would further increase the cash resources of the Group.

CONCLUSION

Having taken into account the above principal factors, we are of the opinion that the terms of the Disposal are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole. The Disposal is not in the ordinary and usual course of business but we are of the opinion that the Disposal Agreement and the transactions contemplated thereunder would not have material impact on the principal business activities of the Group. We therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Disposal.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Beatrice Lung
Managing Director

The following is the full text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the Property as at 31 October 2007.



10th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

11 December 2007

The Directors
Embry Holdings Limited
7/F Wyler Centre II
200 Tai Lin Pai Road
Kwai Chung
Hong Kong

Dear Sirs,

Re: An industrial complex situated at No. 8 Embry Road, Tongjiang Avenue, Xinbei District, Changzhou, Jiangsu Province, the PRC

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

In accordance with your instructions for us to value the property interest held by Embry Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 October 2007.

BASIS OF VALUATION

Our valuation of the property interest represents the market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION ASSUMPTIONS

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the property interest which is situated in the PRC, we have assumed that transferable land use right in respect of the property interest for a specific land use term at nominal annual land use fee have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group and the opinion of the legal adviser as to the PRC laws, GFE Law Office (廣東恒益律師事務所), regarding the title to the property. We have valued the entire interest of the property.

In valuing the property interest, we have assumed that the grantee of the property interest has free and uninterrupted rights to use or to assign the property interest for the whole of the unexpired term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interest nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

METHOD OF VALUATION

(a) Capital value in existing state

In valuing the property interest in existing state, which is held by the Group for owner-occupation in the PRC, we have valued the property interest on a market basis by Direct Comparison Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

We have also adopted the Income Approach by capitalizing the rental incomes derived from the existing tenancies with due provision for any reversionary income potential to derive the value of the Property.

b) Capital value as a site for re-development

The property has a redevelopment potential as a composite development. In valuing the property interest as a site for re-development, we have valued the property interest as a site, disregarding the existing buildings, on a market basis by Direct Comparison Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

In valuing the property interest, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

SOURCE OF INFORMATION

We have relied to a considerable extent on the information provided by the Group and the opinion of the legal adviser to the Group as to PRC laws, regarding the title to the property interest in the PRC. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, completion date of buildings, construction cost, development scheme, site and floor areas, and all other relevant matters.

Dimension, measurements and areas included in this valuation certificate are based on the information provided to us by the Group and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information provided to us.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided with extracts of the title documents relating to the property interest in the PRC. However, we have not searched the original documents to ascertain ownership or to verify any amendments which may not appear on the copies handed to us. We have therefore relied on the advice given by the Group and the opinion of the legal adviser regarding the property interest.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the property. No structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the ground conditions and the services etc. of the property for the future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no unexpected extraordinary expenses or delays will be incurred during the construction period.

We have not carried out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the site and floor areas shown on the copies of documents handed to us are correct.

CURRENCY AND EXCHANGE RATE

Unless otherwise stated, all money amounts stated in our valuation are in Renminbi (“RMB”), the official currency of the PRC. The exchange rate adopted in our valuation is HK\$1=RMB0.95 which was the approximate exchange rate prevailing as at the date of valuation.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C.Y. Tsang
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S.
Senior Associate Director

Note: Mr. Philip C. Y. Tsang is a Registered Professional Surveyor who has over 15 years’ of experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property interest owned by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2007
An industrial complex situated at No. 8 Embry Road, Tongjiang Avenue, Xinbei District, Changzhou, Jiangsu Province, the PRC	The property comprises an industrial complex erected upon a parcel of land with a site area of approximately 16,700 sq.m. (179,759 sq.ft.) completed in 1998.	Portions of the property, comprising a total gross floor area of 10,362.23 sq.m. is leased to Embry (Changzhou) Garments Ltd. (安莉芳(常州)服装有限公司), a wholly owned subsidiary of the Group from 1 January 2007 to 31 December 2007 at a total monthly rental of RMB113,985 for production use.	HK\$40,000,000 <i>(Please see Note 1)</i>
	(a) Existing use		
	The industrial complex comprises a workshop building, a composite building, a power room and a water pump room. The total gross floor area of the complex is approximately 14,139.76 sq.m. (152,200 sq.ft.).		
	(b) Re-development potential		
	According to the Grant Contract of State-owned Land Use Rights, the property can be re-developed as a composite development with a plot ratio of 3.5.	Portions of the property, comprising a total gross floor area of 3,127 sq.m. is leased to Embry (China) Garments Ltd. Changzhou Branch (安莉芳(中國)服装有限公司常州分公司), a wholly owned subsidiary of the Group from 1 January 2007 to 31 December 2007 at a total monthly rental of RMB34,397 for production use.	
	The land use rights of the property have been granted for a term due to expire on 27 June 2045 for composite (commercial/residential (but not for residential small area), industrial) uses.	The remaining gross floor areas are the water pump room and transformer room serving the industrial complex.	

Notes:

- (1) The property is currently occupied as an industrial complex and according to the Grant Contract of State owned Land Use Rights, the property have a re-development potential as a composite (including commercial) development. We have thus also value the property as a site for re-development.

The capital value as a site for re-development for composite use, according to the permitted conditions as stipulated in the Grant Contract of State owned Land Use Rights, as at 31 October 2007 was HK\$63,000,000.

- (2) According to Certificate for the Use of State-owned Land Chang Xin Gui Tu Guo Yong (2001) Zi Di No. 045 dated 22 April 2001, the land use rights of the property, comprising a site area of 16,700 sq.m., have been granted to Changzhou Embry Development Limited (常州安莉芳發展有限公司), a wholly-owned subsidiary of the Company, for a term due to expire on 27 June 2045 for composite use.
- (3) According to 10 Building Ownership Certificates Chang Xin Fang Fa Zi Di Nos. 000608 to 000617 issued on 22 June 1998, the building ownership rights of the property are vested in Changzhou Embry Development Limited (常州安莉芳發展有限公司), with details as follows:

**Building Ownership
Certificate Chang Xin
Fang Fa Zi Di No.**

Fang Fa Zi Di No.	Building	Site no.	Total no. of storey	Gross floor area (sq.m.)
000608	Level 1, Workshop Building	919032-1	5	1,774.38
000609	Level 2, Workshop Building	919032-2	5	1,866.77
000610	Level 3, Workshop Building	919032-3	5	1,866.77
000611	Level 4, Workshop Building	919032-4	5	1,866.77
000612	Level 5, Workshop Building	919032-5	5	2,003.47
			Sub total:	9,378.16
000613	Level 1, Composite Building	919032-6	3	1,334.89
000614	Level 2, Composite Building	919032-7	3	1,334.89
000615	Level 3, Composite Building	919032-8	3	1,440.92
			Sub total:	4,110.70
000616	Power Room	919032-9	2	602.36
000617	Water Pump Room	919032-10	1	48.54
			Sub total:	650.90
			Total:	14,139.76

- (4) According to Grant Contract of State-owned Land Use Rights dated 6 March 1993 and its Supplement dated 22 November 1999 entered into between Changzhou Planning and Land Administration Bureau (常州市規劃國土管理局) (“Party A”) and Changzhou Embry Development Limited (常州安莉芳發展有限公司) (“Party B”), Party A has agreed to grant the land use rights of the property with details as follows:
- (i) Location : Changzhou High and New Technology Development Zone
 - (ii) Site area : 72,670.54 sq.m. (in which Party B had subsequently transferred 55,970.54 sq.m. land; Party B currently holds the remaining 16,700 sq.m. land for own use)
 - (iii) Land use term : 50 years
 - (iv) Use of Land : Composite (commercial/residential (but not for residential small area), industrial)
 - (v) Plot ratio : 3.5
- (5) According to Business Licence Qi Du Su Chang Zong Fu Zi Di No. 000775 dated 10 December 2004, Changzhou Embry Development Limited (常州安莉芳發展有限公司) was established with a registered capital of RMB20,000,000 for a valid operation period from 4 March 1993 to 3 March 2043.
- (6) According to the PRC legal opinion prepared by GFE Law Office (廣東恒益律師事務所):
- (i) Changzhou Embry Development Limited (常州安莉芳發展有限公司) has obtained the land use rights and building ownership rights of the property.
 - (ii) Changzhou Embry Development Limited (常州安莉芳發展有限公司) is entitled to transfer, mortgage, lease, bestow, use and dispose of the land use rights and building ownership rights of the property to any third parties (but is not entitled to change the land use without permission) without any supplementary payment of land premium and other substantial fees.
 - (iii) The property is not subject to any mortgage.
 - (iv) The plot ratio of the land is 3.5 for composite use.
- (7) In accordance with the legal opinion issued by the PRC legal adviser and the information provided by the Group, the status of title and grant of major approvals and licences are as follows:
- | | |
|---|-----|
| Certificate for the Use of State-owned Land | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Building Ownership Certificate | Yes |
| Business Licence | Yes |

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and/or short positions in securities of the Company and its associated corporations

As at the Latest Practicable Date, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

Long positions in the Shares of the Company

Name of Director	Capacity	Number and class of securities	Approximate shareholding percentage (Note 5)
Mr. Cheng Man Tai	Interest of controlled corporation	287,550,850 (Note 1)	71.89%
	Beneficial owner	873,000 (Note 3)	0.22%
Ms. Cheng Pik Ho Liza	Beneficial owner	8,313,555 (Note 4)	2.08%
Madam Ngok Ming Chu	Interest of controlled corporation	287,550,850 (Note 2)	71.89%
	Beneficial owner	773,000 (Note 3)	0.19%
Mr. Hung Hin Kit	Beneficial owner	332,000 (Note 3)	0.08%

Name of Director	Capacity	Number and class of securities	Approximate shareholding percentage (Note 5)
Mr. Lau Siu Ki	Beneficial owner	68,000 (Note 3)	0.02%
Mr. Lee Kwan Hung	Beneficial owner	68,000 (Note 3)	0.02%
Prof. Lee T.S.	Beneficial owner	68,000 (Note 3)	0.02%

Notes:

- (1) Out of the 287,550,850 Shares, 286,279,660 Shares were owned by Harmonious World Limited, a company owned as to 59.09% by Mr. Cheng Man Tai. The remaining 1,271,190 Shares were owned by Fairmout Investments Limited, a company owned as to 50% by Mr. Cheng Man Tai.
- (2) Out of the 287,550,850 Shares, 286,279,660 Shares were owned by Harmonious World Limited, a company owned as to 40.91% by Madam Ngok Ming Chu. The remaining 1,271,190 Shares were owned by Fairmout Investments Limited, a company owned as to 50% by Madam Ngok Ming Chu.
- (3) These represent the number of Shares which will be allotted and issued to such Directors upon the exercise of the options granted to each of them under the pre-initial public offer share option scheme.
- (4) These represents 7,813,555 Shares owned by Ms. Cheng Pik Ho Liza and 500,000 Shares which will be allotted and issued to Ms. Cheng Pik Ho Liza upon the exercise of the options granted to her under the pre-initial public offer share option scheme.
- (5) For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 400,000,000 Shares in issue as at the Latest Practicable Date.

Long positions in shares of an associated corporation

Name	Name of associated corporation	Relationship with the Company	Shares/equity derivatives	Number of shares	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Cheng Man Tai	Harmonious World Limited	Ultimate holding company	Ordinary shares	57.91 shares of US\$1 each	Directly beneficially owned	59.09
Madam Ngok Ming Chu	Harmonious World Limited	Ultimate holding company	Ordinary shares	40.09 shares of US\$1 each	Directly beneficially owned	40.91

In addition to the above, certain Directors have non-voting deferred shares in a subsidiary of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Director or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, the Group has leased a warehouse located at Unit A, 5th Floor, Kiu Kwong Industrial Centre, 6 – 10 Ka Hing Road, Kwai Chung, Hong Kong from Madam Ngok Ming Chu, an executive Director, for a term commencing from 1 October 2006 to 31 December 2008 for a monthly rental of HK\$12,000. Save as disclosed above, none of the Director has any direct or indirect interest in any assets which have been, since 31 December 2006, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any members of the Group, or are proposed to be acquired or disposed of by, or leased to any members of the Group.

As at the Latest Practicable Date, none of the Director is materially interested in any contracts or arrangements entered into by any members of the Group which is subsisting at the date of this circular and which is significant in relation to the business of the Group.

(ii) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the Shares of the Company

Name of Shareholder	Capacity	Number of Shares	Approximate shareholding percentage (Note 2)
Harmonious World Limited	Beneficial owner (Note 1)	286,279,660	71.57%
Fidelity International Limited	Investment manager	28,729,000	7.18%

Notes:

- (1) Harmonious World Limited is a company as to 59.09% owned by Mr. Cheng Man Tai and 40.91% owned by Madam Ngok Ming Chu, both are Directors.
- (2) For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 400,000,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associate (as defined in the Listing Rules) has any interest in any business which competes or is likely to compete with the business of the Group.

4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than normal statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, to the best knowledge of the Director, there is a potential litigation in relation to a claim from an ex-employee of the Group for an unpaid salary of HK\$3,000,000 threatened against the Group. The Directors believe that the Group has sufficient evidence and legal bases which are in favour of the Group for such potential claim.

Save as disclosed above, so far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance, and so far as the Directors are aware, no litigation or arbitration of material importance is pending or threatened against the Company or any of its subsidiaries.

6. EXPERT AND CONSENT

- (a) The following is the qualification of the experts which have given their advice contained in this circular:

Name	Qualification
Optima Capital	a deemed licensed corporation under the SFO permitted to engage in types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) of the regulated activities as defined in the SFO
DTZ	Property valuer
GFE Law Office	PRC legal advisers

- (b) As at the Latest Practicable Date, Optima Capital, DTZ and the aforesaid PRC legal advisers did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Optima Capital, DTZ and the aforesaid PRC legal advisers have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their letters or reports and references to their names in the form and context in which they are included.
- (d) As at the Latest Practicable Date, Optima Capital, DTZ and the aforesaid PRC legal advisers did not have any interest, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2006, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. GENERAL

- (a) The company secretary of the Company is Mr. Hui, Chun Ho Eric, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The qualified accountant of the Company is Mr. Tam Robert, who is a member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.
- (c) The Company's registered office is at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business is located at 7th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, locating at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours except on Saturdays, Sundays and public holidays at the office of the Company in Hong Kong at 7th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, Hong Kong from the date of this circular up to and including 28 December 2007:

- (a) the Disposal Agreement;
- (b) the Tenancy Agreement;
- (c) the memorandum and articles of association of the Company;
- (d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 12 of this circular;
- (e) the letter from Optima Capital to the Independent Board Committee and the Independent Shareholders dated 11 December 2007, the text of which is set out on pages 13 to 19 of this circular;
- (f) the property valuation report from DTZ, the text of which is set out in Appendix I to this circular;
- (g) the written consent of Optima Capital referred to in this section headed "Expert and Consent" in paragraph 6 of this appendix;

- (h) the written consent of DTZ referred to in this section headed “Expert and Consent” in paragraph 6 of this appendix; and
- (i) the written consent of GFE Law Office referred to in this section headed “Expert and Consent” in paragraph 6 of this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



EMBRY HOLDINGS LIMITED

安莉芳控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1388)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "Meeting") of Embry Holdings Limited (the "Company") will be held on Friday, 28 December 2007 at 3:30 p.m. at Chatham Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong for considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"THAT:

- (a) the agreement entered into between Embry Group Limited, a wholly-owned subsidiary of the Company, as vendor and Sinowide Investments Limited as purchaser in relation to the sale and purchase of the entire issued share capital of Embry Development Limited dated 27 November 2007 (the "Disposal Agreement") (a copy of the Disposal Agreement marked "A" and initialed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) and all transactions contemplated thereunder be and are hereby confirmed, approved and ratified; and
- (b) the directors of the Company ("Directors") or a duly authorised committee of the board of Directors be and are hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in their opinion necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Disposal Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the Disposal Agreement and all transactions contemplated thereunder and are in the interests of the Company."

By Order of the Board
Hui, Chun Ho Eric
Company Secretary

Hong Kong, 11 December 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
3. To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint registered holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting in person or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. The transfer books and Register of Members of the Company will be closed from Thursday, 27 December 2007 to Friday, 28 December 2007, both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 24 December 2007.