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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 TRANSACTION  
TURNKEY CONTRACT IN RELATION TO INTELLIGENT  
WAREHOUSE AND DISTRIBUTION SYSTEM**

On 29 October 2015, Embry Shandong entered into the Turnkey Contract with Dematic Shanghai in relation to the Transaction regarding the supply and installation of an automated supply chain logistics facility comprising mainly an intelligent warehouse and distribution system. As the applicable percentage ratios for the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**THE TRANSACTION**

On 29 October 2015, Embry Shandong entered into the Turnkey Contract with Dematic Shanghai, in relation to the design, engineering, supply, installation and commission of an automated supply chain logistics facility comprising mainly an intelligent warehouse and distribution system on a turnkey basis on the principal terms as set out below.

**The Turnkey Contract**

**Date:** 29 October 2015

**Parties:** (a) Embry Shandong; and  
(b) Dematic Shanghai, as the contractor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Dematic Shanghai and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

**Scope of works:** The Turnkey Contract sets out the terms and conditions on which Dematic Shanghai agrees to design, engineer, supply, install, test and commission an automated supply chain logistics facility on a turnkey basis for receiving, transporting, sorting, picking and storage of stock.

The automated supply chain logistics facility shall mainly consist of the following:

1. Intelligent warehouse for storage and buffering of stock;
2. Cross-belt sortation system for sorting and picking of stock;
3. Box conveyor system for conveying of boxes; and
4. Software controlled system and the relevant hardware which are to be connected with the sorting and picking system for achieving high efficiency storage of stock.

The project work is expected to commence in or around November 2015 and be completed in or before end of November 2016.

**Consideration:** The Consideration payable by Embry Shandong is RMB88,000,000 (equivalent to approximately HK\$107,317,000), VAT inclusive, as may be adjusted in accordance with the terms of the Turnkey Contract.

The Consideration is determined after arm's length negotiations with reference to the expected scope and complexity of the works to be carried out, the costs of material and labour costs estimated to be incurred, and the prevailing market prices for carrying out works of comparable scale and complexity.

**Payment terms:** The Consideration of RMB88,000,000 (equivalent to approximately HK\$107,317,000), VAT inclusive, is to be paid by Embry Shandong in the following manner:

- (1) 30% of the Consideration (i.e. RMB26,400,000, equivalent to approximately HK\$32,195,000) shall be paid as advance payment within 10 business days of receipt of the letter of advance payment guarantee in favour of Embry Shandong for an amount equivalent to the advance payment (which guarantees repayment of the advance payment to Embry Shandong in the event the equipment is not delivered or does not pass quality check);
- (2) 10% of the Consideration (i.e. RMB8,800,000, equivalent to approximately HK\$10,732,000) shall be paid within 10 business days of receipt by Embry Shandong of the notice of delivery of the multi-layered shuttle conveyor system ;
- (3) 10% of the Consideration (i.e. RMB8,800,000, equivalent to approximately HK\$10,732,000) shall be paid within 10 business days of receipt by Embry Shandong of the notice of delivery of the cross-belt sortation system ;

- (4) 20% of the Consideration (i.e. RMB17,600,000, equivalent to approximately HK\$21,463,000) shall be paid within 10 business days following installation and acceptance of major equipment under the Turnkey Contract (i.e. intelligent warehouse, cross-belt sortation system and conveyor system);
- (5) 15% of the Consideration (i.e. RMB13,200,000, equivalent to approximately HK\$16,097,000) shall be paid within 10 business days following testing, debugging and acceptance of major equipment under the Turnkey Contract (i.e. intelligent warehouse, cross-belt sortation system and conveyor system);
- (6) 10% of the Consideration (i.e. RMB8,800,000, equivalent to approximately HK\$10,732,000) shall be paid within 10 business days following final inspection and final acceptance of the facility (“**Final Acceptance**”) under the Turnkey Contract; and
- (7) 5% of the Consideration (i.e. RMB4,400,000, equivalent to approximately HK\$5,366,000) shall be paid as quality assurance payment within 10 business days of receipt of the letter of guarantee in favour of Embry Shandong for an amount equivalent to the quality assurance payment (which guarantees repayment of part or all of such payment to Embry Shandong in the event if quality issue in respect of the facility arises within a guarantee period of 12 months from the date of Final Acceptance).

It is expected that the payment of the Consideration will be financed by a combination of internal resources of the Group 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.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Dematic Shanghai was selected by the Group from a tender process conducted in the period from August to October 2015 for the supply and installation of an automated supply chain logistics facility. After due and careful consideration and an overall evaluation of its price quotation, qualification, experience and quality of work, Dematic Shanghai was selected as the contractor for the Turnkey Contract.

The entering into of the Turnkey Contract by Embry Shandong is for developing and setting up an automated supply chain logistics facility at the production site of the Group in Shandong, the PRC with a view to enhancing the efficiency and effectiveness of the Group’s supply chain, optimising productivity and performance of business operation and hence strengthening the overall competitiveness of the Group among other industry players.

The Board considered that the Turnkey Contract, which was determined after arm’s length negotiations, was entered into on normal commercial terms and the terms are fair and reasonable. The Transaction contemplated thereunder is in the interests of the Company and its shareholders as a whole.

## INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in the design, manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear in the PRC, Hong Kong and the Macau Special Administrative Region of the PRC.

## INFORMATION ON DEMATIC SHANGHAI

Dematic Shanghai is a wholly foreign owned enterprise established in the PRC principally engaged in the supply of real time logistics, material handling and automated storage equipments and turnkey systems, provision of related technical support services, and provision of services of consultation, development, design, maintenance, testing, installation and debugging, after-sales services, technical training and technical consultation in this regard.

## LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) for the Transaction under the Turnkey Contract are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“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)
“Consideration”	the total consideration payable by Embry Shandong for the services rendered under the Turnkey Contract
“Dematic Shanghai”	Dematic International Trading Ltd., Shanghai* (德馬泰克國際貿易(上海)有限公司), a wholly foreign owned enterprise established in the PRC
“Directors”	the directors of the Company
“Embry Shandong”	Embry (Shandong) Garments Limited* (安莉芳(山東)服裝有限公司), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“ <b>Hong Kong</b> ”	the Hong Kong Special Administrative Region of the PRC
“ <b>Listing Rules</b> ”	the Rules Governing the Listing of Securities on the Stock Exchange
“ <b>PRC</b> ”	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>RMB</b> ”	Renminbi, the lawful currency of the PRC
“ <b>Stock Exchange</b> ”	The Stock Exchange of Hong Kong Limited
“ <b>Transaction</b> ”	the transaction contemplated under the Turnkey Contract
“ <b>Turnkey Contract</b> ”	the turnkey contract dated 29 October 2015 entered into between Embry Shandong and Dematic Shanghai as the contractor for the provision of works and services on and subject to its terms
“ <b>%</b> ”	per cent.

Unless otherwise specified, the conversion of RMB into HK\$ are based on an exchange rate of RMB0.82 = HK\$1.00. No presentation is made that any amounts in RMB and HK\$ have been or could be converted at the relevant dates at the above rates or any other rates or at all.

*\* Unofficial names for identification purpose only*

By order of the Board  
**Embry Holdings Limited**  
**Ngok Ming Chu**  
Chairman

Hong Kong, 29 October 2015

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