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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)

**(1) NEW CONTINUING CONNECTED TRANSACTIONS
AND
(2) REVISION OF ANNUAL CAPS**

Reference is made to the announcement of the Company dated 22 December 2017 in relation to the continuing connected transactions between the Group and the Duosiwei Companies contemplated under the Duosiwei Master Agreement.

XINSIWEI MASTER AGREEMENT

On 7 September 2018, the Group and Xinsiwei entered into the Xinsiwei Master Agreement, pursuant to which the Group has agreed to engage Xinsiwei to provide the Services i.e. decoration (including manufacturing of fixtures and fittings), designing and manufacturing of moulds of different types to the Group, on a non-exclusive basis.

**ANNUAL CAPS IN RESPECT OF THE XINSIWEI MASTER AGREEMENT AND
REVISION OF ANNUAL CAPS IN RESPECT OF THE DUOSIWEI MASTER
AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2020**

On 22 December 2017, the Group and the Duosiwei Companies entered into the Duosiwei Master Agreement, pursuant to which the Group has agreed to engage the Duosiwei Companies to provide the services of decoration (including manufacturing of fixtures and fittings), designing and manufacturing of moulds of different types to the Group, on a non-exclusive basis. The annual cap for the continuing connected transactions contemplated under the Duosiwei Master Agreement is HK\$33,000,000 for each of the three years ending 31 December 2020.

Since the entering into of the Xinsiwei Master Agreement was due to the under-capacity of the Duosiwei Companies and Xinsiwei is to share some of the customer orders received by the Duosiwei Companies, the Directors are of the view that (i) there is no change in the estimated total amounts of transactions in relation to the provision of the Services; and (ii) the annual cap amounts for the transactions contemplated under the Xinsiwei Master Agreement for each of the three years ending 31 December 2020 shall be shared with that of the Duosiwei Master Agreement.

The annual cap for the continuing connected transactions contemplated under the Xinsiwei Master Agreement is to be shared with the continuing connected transactions contemplated under the Duosiwei Master Agreement which is, in aggregate, HK\$33,000,000 for each of the three years ending 31 December 2020.

IMPLICATIONS UNDER THE LISTING RULES

Since Xinsiwei is directly wholly-owned by the spouse and the step-daughter of Mr. Cheng Chuen Chuen, who is an executive Director; a son of Mr. Cheng Man Tai, an executive Director, the chairman of the Group and a controlling Shareholder; a step-son of Madam Ngok Ming Chu, an executive Director; and an elder brother of Ms. Cheng Pik Ho Liza, an executive Director and the chief executive officer of the Group, Xinsiwei is an associate of Mr. Cheng Chuen Chuen and therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As such, the transactions contemplated under the Xinsiwei Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that (i) the Group entered into (a) the Duosiwei Master Agreement with the Duosiwei Companies which are companies directly and indirectly owned by Mr. Cheng Chuen Chuen; and (b) the Xinsiwei Master Agreement with Xinsiwei which is a company directly wholly-owned by the spouse and the step-daughter of Mr. Cheng Chuen Chuen; and (ii) the transactions contemplated thereunder are of the same nature, such transactions shall be aggregated in accordance with Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios in respect of the aggregated annual caps for the transactions contemplated under the Duosiwei Master Agreement and the Xinsiwei Master Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Duosiwei Master Agreement and the Xinsiwei Master Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 22 December 2017 in relation to the continuing connected transactions between the Group and the Duosiwei Companies contemplated under the Duosiwei Master Agreement.

THE XINSIWEI MASTER AGREEMENT

On 7 September 2018, the Group and Xinsiwei entered into the Xinsiwei Master Agreement, pursuant to which the Group has agreed to engage Xinsiwei to provide the Services on a non-exclusive basis. Further particulars of the Xinsiwei Master Agreement are set out below:

Date : 7 September 2018

Parties:

1. Xinsiwei;
2. the Company;
3. Embry SZ;
4. Embry CZ;
5. Embry SD;
6. Embry SH; and
7. Embry HK.

Xinsiwei is a wholly foreign owned enterprise established in the PRC and is owned as to (i) 50% by Ms. Wong Oi Fan, the spouse of Mr. Cheng Chuen Chuen; and (ii) 50% by Ms. Wong Nai Man, the step-daughter of Mr. Cheng Chuen Chuen. Mr. Cheng Chuen Chuen is an executive Director; a son of Mr. Cheng Man Tai, an executive Director, the chairman of the Group and a controlling Shareholder; a step-son of Madam Ngok Ming Chu, an executive Director; and an elder brother of Ms. Cheng Pik Ho Liza, an executive Director and the chief executive officer of the Group.

Xinsiwei is principally engaged in the production, design and sale of fixtures and fittings for display, and different types of moulds including those for the production of brassieres and mannequins.

The Company is an investment holding company.

Each of Embry SZ, Embry CZ, Embry SD, Embry SH and Embry HK is an indirect wholly owned subsidiary of the Company and is principally engaged in the design, manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear in the PRC, Hong Kong and Macau.

Effective date of the Xinsiwei Master Agreement

The Xinsiwei Master Agreement will become effective on 7 September 2018 and will terminate on 31 December 2020. Either party may terminate the Xinsiwei Master Agreement early by giving three months' written notice to the other party.

Material terms of the Xinsiwei Master Agreement

Pursuant to the Xinsiwei Master Agreement, the Group has agreed to engage Xinsiwei to provide the Services on a non-exclusive basis. For the avoidance of doubt, the Group is not contractually bound to engage Xinsiwei to provide the Services and is free to engage any other third party contractor for the provision of the Services during the term of the Xinsiwei Master Agreement. Xinsiwei will produce the fixtures and fittings and moulds in accordance with the design and specifications provided by the Group.

The exact quantity, specifications and quality of the fixtures and fittings and moulds, place and date of delivery and payment terms will be set out in the orders to be issued by the Group to Xinsiwei. In general, the Group is required to pay the service fees to Xinsiwei according to the terms set out in the sale and purchase agreement to be entered into between the Group and Xinsiwei.

Basis of pricing

The terms of the Services (including the price) will be on normal commercial terms and will be determined between the Group and Xinsiwei on an arm's length basis. Xinsiwei has covenanted that the terms of the Services to be provided by them to the Group will be no less favourable than those provided by them to their independent third parties. The exact pricing of each order shall be subject to the Group's acceptance of the quotation of each order made by Xinsiwei.

ANNUAL CAPS IN RESPECT OF THE XINSIWEI MASTER AGREEMENT AND REVISION OF ANNUAL CAPS IN RESPECT OF THE DUOSIWEI MASTER AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2020

On 22 December 2017, the Group and the Duosiwei Companies entered into the Duosiwei Master Agreement, pursuant to which the Group has agreed to engage the Duosiwei Companies to provide services of decoration (including manufacturing of fixtures and fittings), designing and manufacturing of moulds of different types to the Group on a non-exclusive basis. The annual cap for the continuing connected transactions contemplated under the Duosiwei Master Agreement is HK\$33,000,000 for each of the three years ending 31 December 2020.

Since the entering into of the Xinsiwei Master Agreement was due to the under-capacity of the Duosiwei Companies and Xinsiwei is to share some of the customer orders received by the Duosiwei Companies, the Directors are of the view that (i) there is no change in the estimated total amounts of transactions in relation to the provision of the Services; and (ii) the annual cap amounts for the transactions contemplated under the Xinsiwei Master Agreement for each of the three years ending 31 December 2020 shall be shared with that of the Duosiwei Master Agreement.

Historical figures

(a) Duosiwei Master Agreement

The following is a summary of the historical figures for the provision of the Services by the Duosiwei Companies for each of the three years ended 31 December 2017 and the six months ended 30 June 2018:

| For the year ended 31 December | | | For the six months ended |
|--------------------------------|-----------|-----------|--------------------------|
| 2015 | 2016 | 2017 | 30 June 2018 |
| (audited) | (audited) | (audited) | (unaudited) |
| HK\$ '000 | HK\$ '000 | HK\$ '000 | HK\$ '000 |
| 15,523 | 16,622 | 15,007 | 10,917 |

(b) Xinsiwei Master Agreement

Xinsiwei has not provided any service to the Group during each of the three years ended 31 December 2017 and the six months ended 30 June 2018.

Proposed annual cap amounts

The Group estimates that the transactions contemplated under the Xinsiwei Master Agreement and the Duosiwei Master Agreement, in aggregate, would not exceed the following annual cap amounts for the three years ending 31 December 2020 respectively:

| For the year ending 31 December | | |
|---------------------------------|-----------|-----------|
| 2018 | 2019 | 2020 |
| HK\$ '000 | HK\$ '000 | HK\$ '000 |
| 33,000 | 33,000 | 33,000 |

Existing annual cap amounts

As set out in the Company's announcement dated 22 December 2017, the existing annual cap amounts of the transactions contemplated under the Duosiwei Master Agreement for each of the three years ending 31 December 2020 are as follows:

| For the year ending 31 December | | |
|---------------------------------|-----------|-----------|
| 2018 | 2019 | 2020 |
| HK\$ '000 | HK\$ '000 | HK\$ '000 |
| 33,000 | 33,000 | 33,000 |

As at the date of this announcement, the Group has not exceeded any of the above annual cap amounts of the transactions contemplated under the Duosiwei Master Agreement.

Basis for the annual cap amounts

In addition to the Duosiwei Companies, the Group will engage Xinsiwei to provide the Services when new retail stores, concessionary counters or sales areas are being set up or when other ad hoc decoration work is required at retail stores, concessionary counters or sales areas, and new moulds are required for the production of brassieres and mannequins. The Group will also engage Xinsiwei to provide the Services when the Group launches a new decoration theme for its retail stores, concessionary counters and sales areas. Generally, the Group's retail stores, concessionary counters and sales areas launch a new decoration theme every two to three years.

The aggregated annual cap amounts for the transactions contemplated under the Xinsiwei Master Agreement and the Duosiwei Master Agreement for each of the three years ending 31 December 2020 were estimated primarily based on (i) the fees paid by the Group to the Duosiwei Companies for the three years ended 31 December 2017 and the six months ended 30 June 2018; (ii) the decoration work estimated to be required for the opening of new retail outlets in the PRC pursuant to the future plan of the Group; and (iii) the Group's plan to launch a new decoration theme for its existing retail outlets. The Directors consider that the annual cap amounts for the transactions contemplated under the Xinsiwei Master Agreement and the Duosiwei Master Agreement for each of the three years ending 31 December 2020 are fair and reasonable.

Reasons for the continuing connected transactions

Currently, the Duosiwei Companies are providing the Services to the Group pursuant to the Duosiwei Master Agreement. During the year ended 31 December 2017, the Duosiwei Companies received more orders from third party customers and have been running nearly at their full production capacity. Xinsiwei was established in July 2018 as a business expansion of the Duosiwei Companies to cater for the increasing customer orders which exceeded the capacity of the Duosiwei Companies, including the orders from the Group. The Group and Xinsiwei entered into the Xinsiwei Master Agreement to regulate the terms of the provision of the Services by Xinsiwei.

Pursuant to the Xinsiwei Master Agreement, the Group is not contractually bound to engage Xinsiwei to provide the Services and the Group is free to engage other independent contractors for the provision of the Services. The Group has from time to time engaged other independent contractors for the provision of the Services. The Group will take into account the quotations for the provision of the Services from various suppliers in deciding the appropriate contractors for the provision of the Services. Despite Xinsiwei is a newly established company and it has not provided the Services to the Group historically, Xinsiwei is managed by the same management team of the Duosiwei Companies, it is positioned to be a business expansion of the Duosiwei Companies; and the Duosiwei Companies have provided the Services to the Group for over 20 years. Taken into account the reasons above, the Directors consider that it is in the interests of the Group and the Shareholders as a whole to enter into the Xinsiwei Master Agreement and to engage Xinsiwei to provide the Services.

Confirmation from the Directors

The Directors (including the independent non-executive Directors) confirm that the terms of the Xinsiwei Master Agreement, which have been negotiated and agreed on an arm's length basis based on normal commercial terms and in the ordinary and usual course of business of the Group, are fair and reasonable to the Group, and are in the interests of the Shareholders and the Group as a whole. The Directors (including the independent non-executive Directors) also confirm that the proposed annual cap amounts set out above are fair and reasonable and in the interests of the Shareholders and the Group as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Xinsiwei is directly wholly-owned by the spouse and the step-daughter of Mr. Cheng Chuen Chuen, an executive Director. Xinsiwei is an associate of Mr. Cheng Chuen Chuen and is therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Transactions contemplated under the Xinsiwei Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that (i) the Group entered into (a) the Duosiwei Master Agreement with the Duosiwei Companies which are directly and indirectly owned by Mr. Cheng Chuen Chuen; and (b) the Xinsiwei Master Agreement with Xinsiwei which is a company directly owned by the spouse and the step-daughter of Mr. Cheng Chuen Chuen; and (ii) the transactions contemplated thereunder are of the same nature, such transactions shall be aggregated in accordance with Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios in respect of the aggregated annual caps for the transactions contemplated under the Duosiwei Master Agreement and the Xinsiwei Master Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Duosiwei Master Agreement and the Xinsiwei Master Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Cheng Chuen Chuen is an executive Director; a son of Mr. Cheng Man Tai, an executive Director, the chairman of the Group and a controlling Shareholder; a step-son of Madam Ngok Ming Chu, an executive Director; and an elder brother of Ms. Cheng Pik Ho Liza, an executive Director and the chief executive officer of the Group. In view of their interests or being deemed to have potential interests in the Xinsiwei Master Agreement, Mr. Cheng Man Tai, Madam Ngok Ming Chu, Mr. Cheng Chuen Chuen and Ms. Cheng Pik Ho Liza abstained from voting on the relevant resolutions at the board meeting for approving the Xinsiwei Master Agreement and the transactions contemplated thereby and revision of the annual cap for the Duosiwei Master Agreement.

DEFINITIONS

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

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| “associate” | has the meaning ascribed to it under the Listing Rules |
| “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 |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Directors” | the directors of the Company |
| “Duosiwei Changzhou” | 常州多思維家俱裝飾工程有限公司 (unofficial translation being Changzhou Duosiwei Furniture Decoration Construction Co., Ltd.), a wholly foreign owned enterprise established in the PRC and is owned as to 100% by Mr. Cheng Chuen Chuen |
| “Duosiwei Companies” | collectively, Duosiwei Changzhou and Duosiwei Shenzhen |
| “Duosiwei Master Agreement” | the master agreement entered into between Duosiwei Changzhou, Duosiwei Shenzhen, the Company, Embry CZ, Embry SZ, Embry SD, Embry SH and Embry HK in respect of the provision of services of decoration (including manufacturing of fixtures and fittings), designing and manufacturing of moulds of different types by Duosiwei Companies to the Group dated 22 December 2017 |

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| “Duosiwei Shenzhen” | 多思維五金塑料製品（深圳）有限公司 (unofficial translation being Duosiwei Metal & Plastic Products (Shenzhen) Co., Ltd.), a wholly foreign owned enterprise established in the PRC and is owned as to 100% by Multiple Idea Limited (a company wholly owned by Mr. Cheng Chuen Chuen) |
| “Embry CZ” | 安莉芳(常州)服裝有限公司 (unofficial translation being Embry (Changzhou) Garments Ltd.), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company |
| “Embry HK” | Embry (H.K.) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company |
| “Embry SD” | 安莉芳(山東)服裝有限公司 (unofficial translation being Embry (Shandong) Garments Limited), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company |
| “Embry SH” | 安莉芳(上海)有限公司 (unofficial translation being Embry (Shanghai) Company Limited), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company |
| “Embry SZ” | 安莉芳(中國)服裝有限公司 (unofficial translation being 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 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “percentage ratios” | has the meaning ascribed to it under the Listing Rules |
| “PRC” | the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan |
| “Services” | the provision of services of decoration (including manufacturing of fixtures and fittings), designing and manufacturing of moulds of different types |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

“Xinsiwei”

新思維實業(深圳)有限公司 (unofficial translation being Xinsiwei Industry (Shenzhen) Co., Ltd.), a wholly foreign owned enterprise established in the PRC and is owned as to (i) 50% by Ms. Wong Oi Fan, the spouse of Mr. Cheng Chuen Chuen; and (ii) 50% by Ms. Wong Nai Man, the step-daughter of Mr. Cheng Chuen Chuen

“Xinsiwei Master Agreement”

the master agreement entered into between Xinsiwei, the Company, Embry CZ, Embry SZ, Embry SD, Embry SH and Embry HK in respect of the provision of the Services by Xinsiwei to the Group dated 7 September 2018

“%”

per cent.

On Behalf of the board of Directors of
Embry Holdings Limited
Cheng Man Tai
Chairman

Hong Kong, 7 September 2018

As at the date of this announcement, the board of Directors comprises five executive Directors, namely Mr. Cheng Man Tai (Chairman), Ms. Cheng Pik Ho Liza (Chief Executive Officer), Madam Ngok Ming Chu, 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.