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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)

CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF TENANCY AGREEMENT IN RELATION TO LEASING
OF FACTORY PREMISES

The Board announces that on 23 December 2013, CZ Embry Development entered into the Tenancy Agreement with Embry CZ, whereby Embry CZ renewed its current lease of the Property from CZ Embry Development which would expire on 31 December 2013.

CZ Embry Development is a wholly-owned subsidiary of EDL. EDL is a wholly-owned subsidiary of Sinowide Investments Limited, which is in turn wholly-owned by Ms. Cheng Pik Ho Liza, Mr. Cheng Chuen Chuen, Mr. Cheng Chuen Chi and Ms. Cheng Tsz Kwan as to approximately 28.57%, 28.57%, 28.57% and 14.29% respectively. Mr. Cheng Chuen Chuen and Mr. Cheng Chuen Chi are both the sons of Mr. Cheng Man Tai and the brothers of Ms. Cheng Pik Ho Liza. Ms. Cheng Tsz Kwan, on the other hand, is the granddaughter of Mr. Cheng Man Tai. Mr. Cheng Man Tai is the Chairman of the Company, and each of Mr. Cheng Man Tai and Ms. Cheng Pik Ho Liza is an executive Director. Therefore, CZ Embry Development is a controlled corporation and an associate of Ms. Cheng Pik Ho Liza, and is regarded as a connected person of the Company. Accordingly, the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios calculated on an annual basis are more than 0.1% but less than 5%, such transactions are only subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 23 December 2013, CZ Embry Development entered into the Tenancy Agreement with Embry CZ, whereby Embry CZ renewed its current lease of the Property from CZ Embry Development which would expire on 31 December 2013.

THE TENANCY AGREEMENT

- Date: 23 December 2013
- Parties:
- (1) CZ Embry Development, a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of EDL; and
 - (2) Embry CZ, a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
- Transaction nature: Leasing of the Property by Embry CZ from CZ Embry Development
- Term: Three years from 1 January 2014 to 31 December 2016
- Rental: RMB195,000 (equivalent to approximately HK\$250,000) per month (exclusive of water, electricity, gas, telecommunications, equipment, management fees and other related charges)

Other major terms:

Embry CZ has the unilateral right to terminate the Tenancy Agreement prior to the expiry of the term by way of giving a three-month written notice to CZ Embry Development.

Embry CZ also has the right of priority to renew the lease under the same lease conditions at the expiry of the term of the lease by giving a written notice of renewal to CZ Embry Development one month before the expiration of the term of the lease.

ANNUAL CAPS

The annual caps for the current lease of the Property for each of the financial years ended 31 December 2011 and 2012 and the financial year ending 31 December 2013 are RMB2,268,000 (equivalent to approximately HK\$2,908,000), RMB2,268,000 (equivalent to approximately HK\$2,908,000) and RMB2,268,000 (equivalent to approximately HK\$2,908,000) respectively.

For the purpose of the continuing connected transaction arising from the Tenancy Agreement, the annual caps for each of the financial years ending 31 December 2014, 2015 and 2016 will be RMB2,340,000 (equivalent to approximately HK\$3,000,000), RMB2,340,000 (equivalent to approximately HK\$3,000,000) and RMB2,340,000 (equivalent to approximately HK\$3,000,000) respectively, which is arrived based on the monthly rental (exclusive of water, electricity, gas, telecommunications, equipment, management fees and other related charges) payable pursuant to the Tenancy Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Tenancy Agreement enables the Group to continue its production at the Property for a fixed period and facilitates the smooth transition to the new production facilities of the Group at another site at Changzhou.

The terms of the Tenancy Agreement (together with the annual caps) were determined after arm's length negotiations between the parties and after making reference to the prevailing market rental of the Property as advised by DTZ Debenham Tie Leung Limited, an independent property valuer, on the assumption that the Property is vacant to let and in a satisfactory and tenable condition.

The Directors (including the independent non-executive Directors) are of the opinion that the transactions contemplated under the Tenancy Agreement are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Ms. Cheng Pik Ho Liza is considered to have a material interest in the transactions contemplated under the Tenancy Agreement by virtue of her directorship and interests in CZ Embry Development, and therefore she has abstained from voting on the board resolution approving the transactions contemplated under the Tenancy Agreement.

LISTING RULES IMPLICATIONS

CZ Embry Development is a wholly-owned subsidiary of EDL. EDL is a wholly-owned subsidiary of Sinowide Investments Limited, which is in turn wholly-owned by Ms. Cheng Pik Ho Liza, Mr. Cheng Chuen Chuen, Mr. Cheng Chuen Chi and Ms. Cheng Tsz Kwan as to approximately 28.57%, 28.57%, 28.57% and 14.29% respectively. Mr. Cheng Chuen Chuen and Mr. Cheng Chuen Chi are both the sons of Mr. Cheng Man Tai and the brothers of Ms. Cheng Pik Ho Liza. Ms. Cheng Tsz Kwan, on the other hand, is the granddaughter of Mr. Cheng Man Tai. Mr. Cheng Man Tai is the Chairman of the Company, and each of Mr. Cheng Man Tai and Ms. Cheng Pik Ho Liza is an executive Director. Therefore, CZ Embry Development is a controlled corporation and an associate of Ms. Cheng Pik Ho Liza, and is regarded as a connected person of the Company. Accordingly, the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios calculated on an annual basis are more than 0.1% but less than 5%, such transactions are only subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Group is principally engaged in the design, manufacture and trading of ladies' brassieres, panties, swimwear and sleepwear in the PRC, Hong Kong and Macau.

CZ Embry Development is a wholly foreign owned enterprise established in the PRC and its principal activity is investment holding of the Property.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Embry Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“CZ Embry Development”	Changzhou Embry Development Limited (常州安莉芳發展有限公司), 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
“EDL”	Embry Development Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Sinowide Investments Limited and the immediate holding company of CZ Embry Development
“Embry CZ”	Embry (Changzhou) Garments Ltd. (安莉芳(常州)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”	collectively, the Company and its subsidiaries from time to time
“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
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan)
“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.
“RMB”	Renminbi, the lawful currency of the PRC

“Sinowide Investments Limited”	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, Mr. Cheng Chuen Chi and Ms. Cheng Tsz Kwan as to approximately 28.57%, 28.57%, 28.57% and 14.29% respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between CZ Embry Development and Embry CZ on 23 December 2013 in relation to the leasing of the Property by Embry CZ from CZ Embry Development
“sq.m.”	square metres
“%”	per cent.

On Behalf of the Board of
Embry Holdings Limited
Cheng Man Tai
Chairman

Hong Kong, 23 December 2013

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

Unless other specified, amounts denominated in RMB have been converted into Hong Kong dollars in this announcement for the purpose of illustration only and at the rate of RMB0.78 = HK\$1.00