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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 –  
NEW MASTER AGREEMENT**

On 19 December 2023, the Group, Duosiwei Shenzhen and Shangyue entered into the New Master Agreement, pursuant to which the Group has agreed to engage Duosiwei Shenzhen and/or Shangyue 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.

**IMPLICATIONS UNDER THE LISTING RULES**

Duosiwei Shenzhen is ultimately and beneficially owned by Mr. Cheng Chuen Chuen and Shangyue 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, a substantial Shareholder; a step-son of Madam Ngok Ming Chu, an executive Director and the chairman of the Group; and an elder brother of Ms. Cheng Pik Ho Liza, an executive Director and the chief executive officer of the Group. Therefore, each of Duosiwei Shenzhen and Shangyue is an associate of Mr. Cheng Chuen Chuen and a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As such, the transactions contemplated under the New Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual caps for the transactions contemplated under the New Master Agreement are more than 0.1% but less than 5%, the transactions contemplated under the New 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 announcements of the Company dated 14 December 2020 and 29 December 2020 in relation to the continuing connected transactions contemplated under the Existing Master Agreement.

## **THE NEW MASTER AGREEMENT**

On 19 December 2023, the Group, Duosiwei Shenzhen and Shangyue entered into the New Master Agreement, pursuant to which the Group has agreed to engage Duosiwei Shenzhen and/or Shangyue to provide the Services on a non-exclusive basis. Further particulars of the New Master Agreement are set out below:

**Date :** 19 December 2023

### **Parties:**

1. Duosiwei Shenzhen;
2. Shangyue;
3. the Company;
4. Embry SZ;
5. Embry CZ;
6. Embry SD;
7. Embry SDT
8. Embry SH; and
9. Embry HK.

Duosiwei Shenzhen is 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. Shangyue 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, a substantial Shareholder; a step-son of Madam Ngok Ming Chu, an executive Director and the chairman of the Group; and an elder brother of Ms. Cheng Pik Ho Liza, an executive Director and the chief executive officer of the Group.

Each of Duosiwei Shenzhen and Shangyue 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 SDT, 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 New Master Agreement**

The New Master Agreement will become effective on 1 January 2024 and will terminate on 31 December 2026. Either party may terminate the New Master Agreement early by giving three months' written notice to the other party.

### **Material terms of the New Master Agreement**

Pursuant to the New Master Agreement, the Group has agreed to engage Duosiwei Shenzhen and/or Shangyue to provide the Services on a non-exclusive basis. For the avoidance of doubt, the Group is not contractually bound to engage Duosiwei Shenzhen and/or Shangyue 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 New Master Agreement. Duosiwei Shenzhen and/or Shangyue 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 Duosiwei Shenzhen and/or Shangyue. In general, the Group is required to pay the service fees to Duosiwei Shenzhen and/or Shangyue according to the terms set out in the sale and purchase agreement to be entered into between the Group, Duosiwei Shenzhen and/or Shangyue.

### **Basis of pricing**

The terms of the Services (including the price) will be on normal commercial terms and will be determined between the Group, Duosiwei Shenzhen and/or Shangyue on an arm's length basis. Duosiwei Shenzhen and Shangyue have 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 independent third parties for provision of similar services in their ordinary and usual course of business, having reference to (i) the estimated number of retail outlets of the Group to be decorated and furnished based on the business plans and development strategies of the Group; (ii) the estimated costs and expenses to be incurred by Duosowei Shenzhen and/or Shangyue for the provision of the Services and a mark-up which is in-line with industry norm depending on the types of decoration services involved; and (iii) general industry practices. The exact pricing of each order shall be subject to the Group's acceptance of the quotation of each order made by Duosiwei Shenzhen and/or Shangyue.

### **Historical figures**

The following is a summary of the historical figures for the provision of the Services under the Existing Master Agreement for each of the three years ended 31 December 2022 and the six months ended 30 June 2023:

<b>For the year ended 31 December</b>			<b>For the six months ended</b>
<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>30 June 2023</b>
<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
<b>HK\$ '000</b>	<b>HK\$ '000</b>	<b>HK\$ '000</b>	<b>HK\$ '000</b>
8,774	19,280	8,087	4,612

### **Proposed annual cap amounts**

The Group estimates that the transactions contemplated under the New Master Agreement would not exceed the following annual cap amounts for the three years ending 31 December 2026 respectively:

<b>For the year ending 31 December</b>		
<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>HK\$ '000</b>	<b>HK\$ '000</b>	<b>HK\$ '000</b>
9,000	9,000	9,000

### **Existing annual cap amounts**

As set out in the Company's announcement dated 14 December 2020, the existing annual cap amounts of the transactions contemplated under the Existing Master Agreement for each of the three years ending 31 December 2023 are as follows:

<b>For the year ending 31 December</b>		
<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>HK\$ '000</b>	<b>HK\$ '000</b>	<b>HK\$ '000</b>
20,000	20,000	20,000

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 Existing Master Agreement.

### **Basis for the annual cap amounts**

The Group will engage Duosiwei Shenzhen and/or Shangyue 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 Duosiwei Shenzhen and/or Shangyue 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 annual cap amounts for the transactions contemplated under the New Master Agreement for each of the three years ending 31 December 2026 were estimated primarily based on (i) the fees paid by the Group under the Existing Master Agreement for the three years ended 31 December 2022 and the six months ended 30 June 2023; (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 New Master Agreement for each of the three years ending 31 December 2026 are fair and reasonable.

### **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The term of the Existing Master Agreement will end on 31 December 2023. As at the date of this announcement, Duosiwei Changzhou was disposed of to an independent third party and was no longer wholly-owned by Mr. Cheng Chuen Chuen. Accordingly, the Group, Duosiwei Shenzhen and Shangyue (being another company wholly-owned by the spouse and the step-daughter of Mr. Cheng Chuen Chuen, instead of Xinsiwei) entered into the New Master Agreement to regulate the terms of the provision of the Services for the coming three years.

Pursuant to the New Master Agreement, the Group is not contractually bound to engage Duosiwei Shenzhen and/or Shangyue 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.

As the quality of the Services has been up to the requirements and standards of the Group and the fact that the prices quoted by Duosiwei Shenzhen and Xinsiwei (being the company wholly-owned by the spouse and the step-daughter of Mr. Cheng Chuen Chuen and provides the Services under the Existing Master Agreement) have been comparable to those quoted by independent contractors, the Directors consider that it is in the interests of the Group and the Shareholders as a whole to enter into the New Master Agreement and engage Duosiwei Shenzhen and/or Shangyue to provide the Services.

### **INTERNAL CONTROL PROCEDURES GOVERNING THE TRANSACTIONS CONTEMPLATED UNDER THE NEW MASTER AGREEMENT**

The continuing connected transactions contemplated under the New Master Agreement will be conducted on a non-exclusive basis. Pricing terms are basically market-driven according to the prevailing market conditions. Nonetheless, the Group will conduct enquiry process by which the Group will make reference to approximately one to two quotations given by or other transactions conducted with independent third parties for similar services provided in the areas where the retail

outlets of the Group are located and compare the pricing terms of the quotations or transactions to ensure that the prices and terms offered by Duosiwei Shenzhen and/or Shangyue are on normal commercial terms and are fair and reasonable and comparable to those offered by independent third parties, if applicable.

In addition, the Group will continue to adopt the following internal control measures regarding the continuing connected transactions:

1. The review team of the marketing division of the Group shall review and assess the terms of the quotations obtained, including pricing, payment terms and scope of services to be provided, and recommend to the assistant general manager of the marketing division of the Group for his approval.
2. The Group will conduct regular checks to review and assess whether the transactions are conducted in accordance with the terms of the New Master Agreement.
3. The external auditor of the Company will conduct a year-end audit for each financial year, and will issue their opinion to the Board in relation to the annual caps and the relevant agreement governing the continuing connected transactions of the Company conducted during the financial year pursuant to the Listing Rules.
4. The independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Company and the related internal control procedures throughout the financial year and confirm the transaction amounts and terms of the continuing connected transactions in the annual report of the Company.
5. The Company's internal audit division shall conduct regular internal assessments in order to ensure that the internal control measures in respect of the connected transactions remain complete and effective.

## **CONFIRMATION FROM THE DIRECTORS**

The Directors (including the independent non-executive Directors) confirm that the terms of the New 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.

## **IMPLICATIONS UNDER THE LISTING RULES**

Duosiwei Shenzhen is ultimately and beneficially owned by Mr. Cheng Chuen Chuen and Shangyue 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, a substantial Shareholder; a step-son of Madam Ngok Ming Chu, an executive Director and the chairman of the Group; and an elder brother of Ms. Cheng Pik Ho Liza, an executive Director and the chief executive officer of the Group. Therefore, each of Duosiwei Shenzhen and Shangyue is an associate of Mr. Cheng Chuen Chuen and a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As such, the transactions contemplated under the New Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual caps for the transactions contemplated under the New Master Agreement are more than 0.1% but less than 5%, the transactions contemplated under the New 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, a substantial Shareholder; a step-son of Madam Ngok Ming Chu, an executive Director and the chairman of the Group; 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 New Master Agreement, Madam Ngok Ming Chu, Ms. Cheng Pik Ho Liza and Mr. Cheng Chuen Chuen abstained from voting on the relevant resolutions for approving the New Master Agreement and the transactions contemplated thereby.

## DEFINITIONS

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

<b>“associate”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Company”</b>	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
<b>“connected person”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Duosiwei Changzhou”</b>	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 formerly owned by Mr. Cheng Chuen Chuen
<b>“Duosiwei Shenzhen”</b>	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)
<b>“Embry CZ”</b>	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
<b>“Embry HK”</b>	Embry (H.K.) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company

<b>“Embry SD”</b>	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
<b>“Embry SDT”</b>	安莉芳(山東)貿易有限公司 (unofficial translation being Embry (Shandong) Trading Limited), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company
<b>“Embry SH”</b>	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
<b>“Embry SZ”</b>	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
<b>“Existing Master Agreement”</b>	the master agreement entered into between Duosiwei Changzhou, Duosiwei Shenzhen, Xinsiwei, the Company, Embry CZ, Embry SZ, Embry SD, Embry SH and Embry HK in respect of the provision of Services dated 14 December 2020
<b>“Group”</b>	the Company and its subsidiaries
<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>“Macau”</b>	the Macau Special Administrative Region of the PRC
<b>“New Master Agreement”</b>	the master agreement entered into between Duosiwei Shenzhen, Shangyue, the Company, Embry CZ, Embry SZ, Embry SD, Embry SDT, Embry SH and Embry HK in respect of the provision of the Services dated 19 December 2023
<b>“percentage ratios”</b>	has the meaning ascribed to it under the Listing Rules
<b>“PRC”</b>	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
<b>“Services”</b>	the services of decoration (including manufacturing of fixtures and fittings), designing and manufacturing of moulds of different types
<b>“Shareholder(s)”</b>	shareholder(s) of the Company

“Shangyue”	尚悅實業(深圳)有限公司 (unofficial translation being Shangyue 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 19 December 2023

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