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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 – MASTER AGREEMENT

On 6 November 2008, the Group and Duosiwei Companies entered into the Master Agreement, pursuant to which the Group has agreed to engage Duosiwei Companies to provide services of decoration (including manufacture of fixtures and fittings), designing and manufacturing of moulds of different types to the Group on a non-exclusive basis.

The transactions contemplated under the Master Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek the Independent Shareholders' approval for the transactions contemplated under the Master Agreement and the proposed annual cap amounts in connection therewith at the EGM.

THE MASTER AGREEMENT

Date : 6 November 2008

Parties:

1. Duosiwei Shenzhen;
2. Duosiwei Changzhou;
3. the Company;
4. Embry SZ;
5. Embry CZ; and
6. Embry SD.

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). Duosiwei Changzhou is a wholly foreign owned enterprise established in the PRC and is owned as to 100% by Mr. Cheng Chuen Chuen. Mr. Cheng Chuen Chuen is a son of Mr. Cheng Man Tai, an executive Director and a controlling Shareholder.

Each of the Duosiwei Companies 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 and Embry SD is an indirect wholly-owned subsidiary of the Company and is principally engaged in the design, manufacture and retail distribution of lingerie products (including brassieres, panties and corsets), swimwear and sleepwear in the PRC.

Effective date of the Master Agreement

The Master Agreement will become effective on (i) the date of obtaining Independent Shareholders' approval of the Master Agreement at the EGM or (ii) 1 January 2009, whichever is the later, and will terminate on 31 December 2011.

Material terms of the Master Agreement

Pursuant to the Master Agreement, the Group has agreed to engage Duosiwei Companies to provide services of decoration (including manufacture of fixtures and fittings), designing and manufacturing of moulds of different types to the Group (the "Services") on a non-exclusive basis. For the avoidance of doubt, the Group is not contractually bound to engage Duosiwei Companies to provide the Services and is free to engage any other third party for the provision of the Services during the term of the Master Agreement. Duosiwei Companies 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 Companies. In general, the Group is required to pay the service fees to Dousiwei Companies within 30 days of delivery of the Services.

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 Duosiwei Companies on an arm's length basis and on terms no less favourable than terms provided by independent third parties. The Duosiwei Companies 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 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 the relevant Duosiwei Companies.

Historical figures

The following is a summary of the historical figures for the provision of Services by Duosiwei Companies to the Group for each of the three years ended 31 December 2007 and the six months ended 30 June 2008:

	For the year ended 31 December			For the six months ended 30 June 2008
	2005	2006	2007	
	(audited) HK\$ (million)	(audited) HK\$ (million)	(audited) HK\$ (million)	(unaudited) HK\$ (million)
	13.8	13.5	16.6	11.0

Proposed annual cap amounts

The Group estimates that the transactions contemplated under the Master Agreement would not exceed the following annual cap amounts for the three financial years ending 31 December 2011 respectively:

For the year ending 31 December		
2009	2010	2011
<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
19.9	19.9	19.9

Existing annual cap amounts

As set out in the Company's prospectus dated 5 December 2006, the existing annual cap amounts of the transactions under the Existing Master Agreements for each of the three years ending 31 December 2008 are as follows:

For the year ended 31 December		
2006	2007	2008
<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
15.1	17.3	19.9

As at the date hereof, the Group has not exceeded any of the above annual cap amounts.

Basis for the annual cap amounts

The Group will engage Duosiwei Companies 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 the 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 Companies 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 new decoration theme every two to three years.

The annual cap amounts for the transactions contemplated under the Master Agreement for each of the three years ending 31 December 2011 were estimated primarily based on (i) the fees paid by the Group to Duosiwei Companies for the three years ended 31 December 2007 and the six months ended 30 June 2008; (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 Master Agreement for each of the three years ending 31 December 2011 are fair and reasonable.

Reasons for the continuing connected transactions

Currently, Duosiwei Companies are providing the Services to the Group pursuant to the Existing Master Agreements. The term of the Existing Master Agreements will end on 31 December 2008. Accordingly, the Group and Duosiwei Companies entered into the Master Agreement to regulate the terms of the provision of the Services for the coming three years.

Pursuant to the Master Agreement, the Group is not contractually bound to engage Duosiwei Companies 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 provisions of the Services from various suppliers in deciding the appropriate contractors for the provision of the Services. Duosiwei Shenzhen has provided the Services to the Group for more

than 11 years whereas Duosiwei Changzhou has had business relationship with the Group for more than 7 years. 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 Companies have been comparable to those quoted by independent contractors, the Directors consider that it is in the interests of the Shareholders as a whole to enter into the Master Agreement and continue to engage Duosiwei Companies to provide the Services following the expiry of the Existing Master Agreements.

Confirmation from the Directors

The Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser) confirm that the terms of the Master Agreement, which have been negotiated and agreed on an arm's length basis based on normal commercial terms, are fair and reasonable to the Group, and are in the interests of the Shareholders and the Group as a whole. The Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser) 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

Each of Duosiwei Companies is ultimately and beneficially owned by Mr. Cheng Chuen Chuen, a son of Mr. Cheng Man Tai who is an executive Director and a controlling Shareholder. Accordingly, each of Duosiwei Companies is an associate of a connected person of the Company. Transactions between the Group and Duosiwei Companies will be subject to the provisions set out in Chapter 14A of the Listing Rules.

As each of Duosiwei Companies is an associate of a connected person of the Company, and taking into account of the amount involved in the transactions contemplated under the Master Agreement, which will on annual basis exceed the 2.5% threshold and the HK\$10,000,000 threshold under Rule 14A.34 of the Listing Rules, the transactions contemplated under the Master Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek the Independent Shareholders' approval for the transactions contemplated under the Master Agreement and the proposed annual cap amounts in connection therewith at the EGM.

The Independent Board Committee (which comprises only the independent non-executive Directors) will be established to advise the Independent Shareholders as to whether the terms of the Master Agreement are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Master Agreement.

EGM

The EGM will be convened to consider and, if thought fit, to approve the transaction contemplated under the Master Agreement and the proposed annual cap amounts in connection therewith. In accordance with the Listing Rules, Mr. Cheng Man Tai, Madam Ngok Ming Chu and their respective associates will abstain from voting on the relevant ordinary resolutions to be proposed at the EGM. The vote of the Independent Shareholders on such resolutions will be taken by poll.

A circular containing details of the Master Agreement, the advice and recommendation of the Independent Board Committee and the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders together with a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“associate”	has meaning ascribed to it under the Listing Rules
“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
“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 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)
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of the Independent Shareholders considering, and if thought fit, approving the transactions contemplated under the Master Agreement and the proposed annual cap amounts in connection therewith
“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 SD”	安莉芳(山東)服裝有限公司 (unofficial translation being Embry (Shandong) Garments Ltd.), 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

“Existing Master Agreements”	collectively, the master agreement entered into between Duosiwei Changzhou on one hand and Embry CZ and Embry SZ on the other hand in respect of the provision of decoration services (including manufacture of fixtures and fittings) by Duosiwei Changzhou to Embry CZ and Embry SZ dated 25 November 2006, and the master agreement entered into between Duosiwei Shenzhen on one hand and Embry CZ and Embry SZ on the other hand in respect of the provision of decoration services (including manufacture of fixtures and fittings) by Duosiwei Shenzhen to Embry CZ and Embry SZ dated 25 November 2006
“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 Company formed by the Company to advise the Independent Shareholders as to whether the terms of the Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Shareholders”	shareholders of the Company other than Mr. Cheng Man Tai, Madam Ngok Ming Chu and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement entered into between Duosiwei Changzhou, Duosiwei Shenzhen, the Company, Embry CZ, Embry SZ and Embry SD in respect of the provision of services of decoration (including manufacture of fixtures and fittings), designing and manufacturing of moulds of different types by Duosiwei Companies to the Group dated 6 November 2008
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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
“%”	per cent.

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

Hong Kong, 6 November 2008

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