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**B.Duck Semk Holdings International Limited**

**小黃鴨德盈控股國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2250)**

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE RENEWED  
MERCHANDISE SUPPLY FRAMEWORK AGREEMENT**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



On 12 April 2024, the Company entered into the Renewed Merchandise Supply Framework Agreement with ENS Toys for a term commencing on 1 June 2024 and ending on 31 December 2024. Pursuant to the Renewed Merchandise Supply Framework Agreement, the Company had agreed to, and will procure other members of the Group to purchase merchandise (including but not limited to apparel and toys) from ENS Toys, subject to a cap of HK\$27,861,000 for the year ending 31 December 2024.

**LISTING RULES IMPLICATIONS**

As ENS Toys is ultimately wholly-owned by Mr. Hui, the executive Director, chairman of the Board, chief executive officer and one of the controlling shareholders of the Company, it is considered as an associate of Mr. Hui and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Renewed Merchandise Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Annual Cap exceeds 5%, the Annual Cap and the transactions contemplated under the Renewed Merchandise Supply Framework Agreement are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

A circular containing, among other things, (i) further information in relation to the Renewed Merchandise Supply Framework Agreement; (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Renewed Merchandise Supply Framework Agreement; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Renewed Merchandise Supply Framework Agreement; and (iv) a notice of the EGM, is expected to be despatched by the Company to the Shareholders on or before 10 May 2024.

## **EGM**

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Renewed Merchandise Supply Framework Agreement and the transactions contemplated thereunder.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Renewed Merchandise Supply Framework Agreement. Lego has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **RENEWED MERCHANDISE SUPPLY FRAMEWORK AGREEMENT**

References are made to (i) the section headed "Connected Transactions" in the Prospectus in relation to the continuing connected transactions between the Company and ENS Toys under the Original Merchandise Supply Framework Agreement and (ii) the announcement of the Company dated 31 January 2024 in relation to the Merchandise Supply Framework Agreement I and the Merchandise Supply Framework Agreement II.

The Company entered into the Merchandise Supply Framework Agreement II with ENS Toys on 31 January 2024 for a term commencing from 1 February 2024 and ending on 31 May 2024. Pursuant to the Merchandise Supply Framework Agreement II, the Company has agreed to, and will procure other members of the Group to, purchase merchandise (including but not limited to apparel and toys) from ENS Toys, subject to the cap of HK\$8,000,000.

The Company entered into the Merchandise Supply Framework Agreement I with ENS Toys on 1 January 2024 for a term commencing from 1 January 2024 and ending on 31 January 2024. Pursuant to the Merchandise Supply Framework Agreement I, the Company has agreed to, and will procure other members of the Group to, purchase merchandise (including but not limited to apparel and toys) from ENS Toys, subject to the cap of HK\$1,500,000.

The principal terms of the Renewed Merchandise Supply Framework Agreement are set out below:

Date : 12 April 2024

Parties : the Company, as purchaser  
ENS Toys, as supplier

Term : the period from 1 June 2024 to 31 December 2024

### **Subject Matter**

Pursuant to the Renewed Merchandise Supply Framework Agreement, the Company has agreed to, and would procure other members of the Group to, purchase merchandise (including but not limited to apparel and toys) from ENS Toys.

There is no minimum purchase amount stipulated in the Renewed Merchandise Supply Framework Agreement, nor is the Group bound to purchase merchandise from ENS Toys. The purchase quantity and the purchase prices shall be specified in individual purchase order (“**Purchase Order**”) to be placed by the Group.

### **Pricing Basis**

The products will be priced on normal commercial terms and in the ordinary course of the Group’s business with reference to the market price of the same or comparable kind of merchandise provided by Independent Third Parties.

### **Payment Terms**

Upon due delivery of merchandise to the Company and/or other members of the Group, ENS Toys shall issue an invoice to the Company and/or other members of the Group for such merchandise; and payment shall be due within 60 days after placement of the specific Purchase Order, unless otherwise agreed between the parties in writing.

## **Historical Figures**

The historical transaction amounts of the transactions under the Original Merchandise Supply Framework Agreement for the three years ended 31 December 2023 were approximately HK\$34,789,000, HK\$19,202,000 and HK\$20,306,000, respectively. The historical transaction amount of the transactions under the Merchandise Supply Framework Agreement I was approximately HK\$1,460,000. The actual transaction amount of the transactions under the Merchandise Supply Framework Agreement II for the period from 1 February 2024 to 31 March 2024 was approximately HK\$1,687,000.

## **Annual Caps**

The cap of the transactions contemplated under the Renewed Merchandise Supply Framework Agreement is fixed at HK\$27,861,000 for the year ending 31 December 2024 (the “**Annual Cap**”), inclusive of the cap of the transaction amount of HK\$1,500,000 and HK\$8,000,000 under the Merchandise Supply Framework Agreement I and the Merchandise Supply Framework Agreement II, respectively. The Annual Cap is determined based on the average historical transaction amounts of the transactions under the Original Merchandise Supply Framework Agreement for the three years ended 31 December 2023, with an expected annual growth rate of 12.5% applied to it. The growth rate is estimated after considering the expected demand for merchandise under the Renewed Merchandise Supply Framework Agreement for meeting the expected demand from e-commerce customers in the PRC market and the Southeast Asia market for the year ending 31 December 2024.

## **Reasons and Benefits of Entering into the Renewed Merchandise Supply Framework Agreement**

The transactions contemplated under the Renewed Merchandise Supply Framework Agreement enable the Group to continue to obtain the merchandise, which are mainly apparel and toys, for the customers mainly through e-commerce platforms at the prevailing market price which shall not be higher than the price that the Group may obtain from the Independent Third Parties for similar products.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Renewed Merchandise Supply Framework Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better to the Company after arm’s length negotiations between the parties, and the terms of those transactions contemplated under the Renewed Merchandise Supply Framework Agreement together with the Annual Cap are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **Internal Control Measures**

Before entering into any transactions with ENS Toys, the Group will obtain quotes from at least two Independent Third Parties which provide the same or similar products. The finance department will review and compare the quotes from the Independent Third Parties with the quotes from ENS Toys when determining the supplier so as to ensure that the prices of the products provided by ENS Toys to the Group are fair and reasonable and are determined on normal commercial terms or on terms no less favourable to the Group than the terms available from the Independent Third Parties.

## **Information of ENS Toys**

ENS Toys is a limited liability company established in the PRC and its entire equity interests is ultimately wholly-owned by Mr. Hui. ENS Toys provides manufacturing services for the Group and other Independent Third Parties.

## **Information of the Group**

The Group is principally engaged in (i) the character licensing business: the creation, design, licensing, brand management and marketing of its self-created characters across multi-channels. The Group licenses its characters and brands to its licensees, provide them with product design application services and allow them to use the same in their products and services offering; and (ii) the e-commerce and other business: the design, development, procurement and retail sales of its characters-featured products through multi-channels.

## **LISTING RULES IMPLICATIONS**

As ENS Toys is ultimately wholly-owned by Mr. Hui, the executive Director, chairman of the Board, chief executive officer and one of the controlling shareholders of the Company, it is considered as an associate of Mr. Hui and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Renewed Merchandise Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules for the Annual Cap exceeds 5%, the Annual Cap and the transactions contemplated under the Renewed Merchandise Supply Framework Agreement are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors will annually review the Renewed Merchandise Supply Framework Agreement, the transactions contemplated thereunder and confirm that the continuing connected transactions are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company will engage its independent auditor to report on the aforesaid continuing connected transactions on an annual basis and provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions (i) have not been approved by the Board; (ii) are not, in all material respects, in accordance with the pricing policies of the Group; (iii) are not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the Annual Cap under the Renewed Merchandise Supply Framework Agreement.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Renewed Merchandise Supply Framework Agreement and the transactions contemplated thereunder. Lego has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

#### **EGM**

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Renewed Merchandise Supply Framework Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information in relation to the Renewed Merchandise Supply Framework Agreement; (ii) the recommendation from the Independent Board Committee and the recommendation from Lego to the Independent Board Committee and the Independent Shareholders; (iii) the general information of the Group; and (iv) a notice of the EGM, is expected to be dispatched to the Shareholders on or before 10 May 2024.

As of the date of this announcement, Mr. Hui was considered to have material interests in the Renewed Merchandise Supply Framework Agreement as the ultimate shareholder of ENS Toys. Mr. Hui and his associates will be required to abstain from voting for the relevant resolutions approving the Renewed Merchandise Supply Framework Agreement and the transactions contemplated thereunder at the EGM. Mr. Hui had thus abstained from voting on the Board resolution(s) in respect of the Renewed Merchandise Supply Framework Agreement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there are no other Directors who have any material interest in the above transactions.

Pursuant to Rule 17.05A of the Listing Rules, the trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. The trustee under the 2022 Share Award Scheme will be required to abstain from voting for all the resolutions at the EGM.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolution(s) will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

## **DEFINITIONS**

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

“2022 Share Award Scheme”	the share award scheme adopted by the Company on 5 September 2022, which was amended by an amendment deed dated 8 September 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	B.Duck Semk Holdings International 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

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider, and if thought fit, approve, among other things, the Renewed Merchandise Supply Framework Agreement and the transactions contemplated thereunder
“ENS Toys”	ENS Toys (Huizhou) Limited* (盈森玩具(惠州)有限公司), a limited liability company established in the PRC on 19 January 2007 and a company ultimately wholly owned by Mr. Hui
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the Independent Board Committee which comprises all the independent non-executive Directors, namely, Ms. Leung Ping Fun Anita, Mr. Sung Chi Keung and Dr. Chan Kai Yue Jason, MH, JP, established to advise the Independent Shareholders in respect of the Renewed Merchandise Supply Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Renewed Merchandise Supply Framework Agreement



“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolution at the EGM
“Independent Third Party(ies)”	an individual(s) or a company(ies) who is/are or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates and not connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merchandise Supply Framework Agreement I”	the merchandise supply framework agreement dated 1 January 2024 entered into between the Company and ENS Toys for a term from 1 January 2024 to 31 January 2024
“Merchandise Supply Framework Agreement II”	the merchandise supply framework agreement dated 31 January 2024 entered into between the Company and ENS Toys for a term from 1 February 2024 to 31 May 2024
“Mr. Hui”	Mr. Hui Ha Lam, the chairman of the Board, chief executive officer of the Company, executive Director and one of the controlling shareholders of the Company
“Original Merchandise Supply Framework Agreement”	the merchandise supply framework agreement dated 15 December 2021 entered into between the Company and ENS Toys for a term from 17 January 2022 to 31 December 2023
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 30 December 2021
“Renewed Merchandise Supply Framework Agreement”	the merchandise supply framework agreement dated 12 April 2024 entered into between the Company and ENS Toys for a period from 1 June 2024 to 31 December 2024
“Share(s)”	the ordinary share(s) of USD0.000025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD”	United States dollars, the lawful currency of the U.S.
“%”	per cent

By order of the Board  
**B.Duck Semk Holdings International Limited**  
**Hui Ha Lam**  
*Chairman of the Board and Executive Director*

Hong Kong, 12 April 2024

*As at the date of this announcement, the Board comprises Mr. Hui Ha Lam as chairman of the Board and executive Director, Mr. Kwok Chun Kit, Mr. Cheung Chin Yiu, and Mr. Tse Tsz Leong as executive Directors, Mr. Li Xiang as non-executive Director and Ms. Leung Ping Fun Anita, Mr. Sung Chi Keung and Dr. Chan Kai Yue Jason, MH, JP as independent non-executive Directors.*

\* *For identification purposes only*