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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)

SUPPLEMENTAL ANNOUNCEMENT – CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 14 December 2020 (the “**Announcement**”) in relation to the continuing connected transactions between the Group, the Duosiwei Companies and Xinsiwei contemplated under the New Master Agreement. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

The Board would like to supplement the followings:

Basis of pricing of the transactions contemplated under the New Master Agreement

Each of the Duosiwei Companies and Xinsiwei 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 Duosoweit Companies and/or Xinsiwei 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 the Duosiwei Companies and/or Xinsiwei.

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 Companies and/or Xinsiwei 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 her 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 auditors 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 department shall conduct regular internal assessments in order to ensure that the internal control measures in respect of the connected transactions remain complete and effective.

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

Hong Kong, 29 December 2020

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.