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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)

(1) PROFIT WARNING ANNOUNCEMENT – FURTHER UPDATE AND (2) ANNOUNCEMENT ON SALES UPDATE FOR PERIOD FROM APRIL TO JUNE OF 2020

This announcement is made by Embry Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Reference is made to the profit warning announcement of the Company dated 28 April 2020 (the “**April Announcement**”). Capitalised terms used herein shall have the same meanings as defined in the April Announcement unless otherwise stated.

PROFIT WARNING – FURTHER UPDATE

As stated in the April Announcement, as a result of (i) the temporary suspension of operations of various shops of the Group in the PRC caused by the outbreak of COVID-19; and (ii) the overall sluggish atmosphere in the retail market in the PRC and Hong Kong, it is expected that the net profit of the Group for the six months ended 30 June 2020 (the “**Interim Period**”) will decrease as compared to that for the same period last year.

During the period from January to March 2020, in response to the adverse impact caused by the outbreak of COVID-19, the Group implemented an array of cost control measures. In order to ride out the current difficult times with the employees of the Group, the chairman of the Board and the executive directors voluntarily reduced their remuneration by 75% for three months since March 2020. On the other hand, the Group simplified its corporate structure and carried out reasonable deployment in order to lower staff cost.

The Board wishes to further inform the shareholders and potential investors of the Company that during the period from April to June 2020 (the “**Q2 Period**”), as the COVID-19 has been gradually stabilising in the PRC, the overall sales of the Group and the operation of retail outlets, production lines and back offices have seen gradual recovery. Despite so, based on the preliminary assessment after reviewing the latest consolidated management account of the Group

for the Interim Period, further to the reasons set out in the April Announcement, sales update as details in the section below and after taking into account of (a) the cost of approximately HK\$22 million in aggregate incurred from the overall compensation for loss of office to employees during the Interim Period, in particular most of the termination of employment took place during the Q2 Period and the relevant compensation costs were agreed between the Group and the relevant individuals during the same period; and (b) the assets impairment of approximately HK\$25 million of the Group to be made as a result of unsatisfactory financial performance of the Group for the Interim Period, it is expected that the Group may record a net loss ranging from HK\$30 million to HK\$45 million for the Interim Period.

The Board will continue to monitor the development of COVID-19 and the business performance of the Group and implement appropriate measures to cope with future uncertainties.

SALES UPDATE FOR THE PERIOD FROM APRIL TO JUNE OF 2020

The overall sales of the Group during the Q2 Period recorded a decrease of approximately 30% as compared to the same period of last year. During Q2 Period, for the stores that had been in operation for more than 18 months, same stores sales recorded a double-digit decrease year-on-year. As at 30 June 2020, there were a total of 1,494 retail outlets, comprising 1,255 concessionary counters and 239 retail shops. The number of retail outlets net decreased by 170 as compared to that as at the end of December last year. Since the Group has been in the process of adjusting its sales network, the Group will continue to close stores with lower efficiency during 2020 to enhance overall operational efficiency.

The information contained in this announcement is only based on the Board's preliminary assessment after reviewing the unaudited consolidated management accounts of the Group for the Interim Period. The Group's interim results are subject to review by the Board, the audit committee of the Board and the auditor of the Company, and may be subject to valuation of certain assets of the Group and adjustments such as provisions for impairment of assets. Therefore, the actual results of the Group for the Interim Period may differ from the information contained in this announcement. Shareholders of the Company and potential investors are advised to refer to the details in the results announcement of the Company for the Interim Period, which will be released no later than August 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 July 2020

As at the date of this announcement, the Board 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.