

[For Immediate Release]



**Embry Holdings Limited  
Announces 2019 Annual Results**

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**Strive to Strengthen its Competitive Edges  
Deepen Omni-channel Sales Strategies  
Enhance Brand Image and Awareness  
Steadily Develop the Online Shopping Market**

(31 March 2020 – Hong Kong) **Embry Holdings Limited** (“Embry Group” or the “Group”; Stock Code: 1388), a major lingerie brand owner and retailer in China, is pleased to announce today its annual results for the year ended 31 December 2019 (the “Current Year”).

For the year ended 31 December 2019, the Group’s revenue decreased by 7.55% over that of the year ended 31 December 2018 (the “Prior Year”) to HK\$2,266,867,000, and gross profit margin decreased by 2.18 percentage points to 77.76%, mainly attributable to the economic slowdown that caused consumers to be more conservative towards the consumption of secondary necessities. Profit attributable to owners of the Company was HK\$80,322,000, net profit margin was 3.54%. Earnings per share amounted to HK19.01 cents (2018: HK35.79 cents). The Board of Directors of the Company resolved to declare a final dividend of HK3 cents per share (2018: HK7 cents) for the Current Year which, together with the interim dividend of HK2 cents per share (2018: HK3.5 cents) distributed, will bring a total dividend for the Current Year to HK5 cents per share.

Commenting on the Group’s results, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “In the past year, the growth of the underwear industry in China was hindered by the global economic slowdown and the US-China trade conflict. Facing the market’s polarised consumption trends, the Group consolidated and enhanced its competitiveness in the mid-to-high-end market, while also focusing on consumer’s demand for high-value-for-money products and investing resources to develop **IADORE**. The Group will continue to review and adjust its sales network coverage and develop the online shopping market, strengthening its omni-channel coverage.”

In 2019, the Group continued to implement its multi-brand strategy to operate seven brands that serve customers with different preferences and varying degrees of purchasing power so as to meet the rapidly changing market needs. Due to its precise market positioning and high-value-for-money quality products, **IADORE**, the brand that the Group has focused on cultivating, achieved continuous growth. The Group’s flagship brand **EMBRY FORM** and younger market brand **FANDECIE** mainly cater to the overall mid-to-high-end market demand, while the five brands namely **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG** are designed to precisely meet the diversified needs of the market. In recent years, the Group has also opened multi-brand composite stores in several cities in China to offer diversified quality products and one-stop shopping experience, thereby perfectly fulfilling consumer needs.

**EMBRY FORM** and **FANDECIE** are the main sources of income for the Group and their contributions to the total revenue amounted to 45.53% and 24.66% respectively. **EMBRY FORM**'s revenue amounted to HK\$1,032,245,000, which decreased by 7.31% from the Prior Year. **FANDECIE**'s revenue amounted to HK\$558,942,000, which decreased by 9.23% from the Prior Year. The changes in the two brands were similar to that of the overall sales. The decline was mainly due to the continued sluggish retail sentiment and the cautious consumer sentiment resulting from uncertainties in the global macroeconomic environment. However, benefiting from the Group's effective marketing strategy and precise marketing positioning, **IADORE** and **IVU** recorded growth in revenue. The other brands **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Year amounted to HK\$670,465,000, accounting for 29.58% of the overall revenue.

During the Current Year, revenue from the retail sales was HK\$1,846,655,000, accounting for 81.47% of the Group's total revenue and representing a decrease of 10.29% over the Prior Year. Revenue from the Internet and wholesale business increased by 6.78% from HK\$388,632,000 to HK\$414,997,000, accounting for 18.31% of the total revenue.

During the Current Year, selling and distribution expenses decreased by 6.63% to HK\$1,413,639,000 (2018: HK\$1,514,093,000), accounting for 62.36% (2018: 61.75%) of the Group's revenue. The increase in the proportion of selling and distribution expenses to overall sales was mainly attributable to the decline in total revenue and the enhancement of targeted online advertising and promotion of various brands.

Coping with changes in the market and consumer sentiment, the Group appropriately adjusted its retail outlets by closing or relocating stores with lower efficiency so as to enhance the overall operational efficiency of its sales network. As at 31 December 2019, the Group had 1,664 retail outlets in total, including 1,382 concessionary counters and 282 stores. During the Current Year, there was a net decrease of 173 retail outlets of the Group. The Group continued to develop the online shopping market to promote brand awareness and market share through integrated online and offline marketing approaches.

Looking ahead to 2020, lingering US-China trade negotiations and geopolitical tensions would bring uncertainties to the global economy. With regard to the global spread of novel coronavirus epidemic, the Group tied in with national policies to curb the epidemic and temporarily suspended the operations of various shops located in the affected provinces in early February. It is expected to have a significant impact on the Group's results this year. As it is difficult to predict the impact brought about by the epidemic, the country's economy and the Group's business this year are marked with uncertainties. The Group has proactively adopted cost-saving measures to respond to market challenges, reducing the negative impacts of the epidemic on the Group's business.

As a well recognized brand in China, the Group has been cooperating and supporting the country and society in the disease control and prevention work across the nation. The Group sent warmth to the Wuhan medical staff amid the cold weather. The Group has donated thermal underwear worth of approximately RMB1 million to support the Wuhan medical staff in taking care of the sick people. Besides, the Group deeply cares about its staff in mainland China and has established an anti-epidemic fund of RMB1 million to support the staff having urgent need because of the epidemic.

The Group will continue to improve operational efficiency, including strict control over new store openings while closing stores with lower efficiency to enhance sales efficiency. While the Group's production bases have been gradually resuming work, the epidemic will still be seriously affecting sales of the year and the Group will adjust the production level in response to the lower market demand. The Group expects that the intelligent warehouse in Shandong that is in operation and the intelligent material warehouse under trial run will effectively integrate the Group's supply chain. In the long run, they will improve production efficiency and manage production costs, thereby mitigating the rising pressure on human resource costs.

Ms. Cheng concluded, “In the challenging operating environment, the Group strived to strengthen its competitive edge so as to overcome the adversity with ease. The Group wishes to integrate online and offline sales strategies, leverage on omni-channel strategy to sell and promote its products in order to enhance brand image and awareness. The Group will adhere to the adaptable business strategy and flexibly respond to market challenges and opportunities, thereby generating sustainable returns to its shareholders.”

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**About Embry Group:**

Embry is a major lingerie brand owner and retailer in China, which has established an extensive retail network comprising over 1,600 outlets that cover major cities in China, including Hong Kong and Macau. Embry operates seven brands namely, **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **LIZA CHENG**, **IADORE**, and **IVU** with each of them targeting at different customers.

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