

[For Immediate Release]



**Embry Holdings Limited  
Announces 2020 Annual Results**

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**Completed Phased Sales Network Adjustment; Continued to Optimise Omni-channel Coverage**

(18 March 2021 – 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 2020 (the “Current Year”).

For the year ended 31 December 2020, consumers remained cautious on consumption against the backdrop of prolonged widespread COVID-19 pandemic and the lingering geopolitical uncertainties. The Group’s revenue decreased by 27.19% to HK\$1,650,483,000 over that of the year ended 31 December 2019 (the “Prior Year”). Gross profit margin decreased by 6.12 percentage points to 71.64%. It was mainly due to the Group appropriately followed the overall strategy of respective channels to offer more discounts to promote the consumption sentiment. Loss attributable to owners of the Company narrowed to HK\$2,824,000 as compared to the six months ended 30 June 2020 (the “First Half”).

This includes the overall compensation for loss of office to employees and impairment of right-of-use assets amounted to HK\$77,154,000 in aggregate. Losses per share was HK0.67 cents (2019: earnings per share of HK19.01 cents), thanks to the Group’s effective cost control measures. After excluding the Non-Operating Expense, the profit attributable to equity holders amounted to HK\$79,635,000. The Board of Directors has resolved to declare a final dividend of HK 2.50 cents per share (2019: HK3.00 cents) for the Current Year.

Reviewing the Group’s operation in the past year, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “Consumers remained cautious on consumption against the associated risk of localised outbreak of coronavirus (COVID-19) pandemic as well as the lingering geopolitical uncertainties. During the Current Year, the Group proposed flexible capacity planning and concentrated its production capacity on relatively stable demand, including everyday wear and comfortable loungewear, and deployed its resources according to order requirements, thus effectively controlling inventory level throughout the year. The Group continued to focus on the uniqueness of the online market and increased its brand’s presence in the online market by designing specialised products. During the pandemic, the online sales of **E-BRA**, its online brand, and the exclusive products slightly mitigated the impact of the decline in the customer flow to the Group’s retail stores. Proper sales and promotion tactics also drove traffic to the online platforms. Online sales continued to record growth.”

In 2020, the Group continued to implement its multi-brand strategy to operate seven brands, namely **EMBRY FORM, FANDECIE, COMFIT, E-BRA, IVU, IADORE** and **LIZA CHENG**, through timely adjustment of brand marketing arrangements in line with changes in the market environment. Despite the weak consumption sentiment of underwear retail market, the Group continues to maintain its brand influence and market share by leveraging its various brands with different positioning to fulfill the needs and preferences of varying customer groups.

Among the seven brands operated by the Group, **EMBRY FORM**, the flagship brand, and **FANDECIE**, the youngsters' brand, are the main sources of income for the Group and their contributions to the total revenue amounted to 46.33% and 22.73% respectively. **EMBRY FORM**'s revenue amounted to HK\$764,648,000, while **FANDECIE**'s revenue amounted to HK\$375,081,000. The changes in the two brands were similar to that of the overall sales. The decline was mainly due to the impact of the pandemic on the retail markets and the fact that consumers remain cautious on the consumption of underwear resulting from uncertainties in the global macroeconomic environment. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Year amounted to HK\$498,872,000, accounting for 30.22% of the overall revenue.

During the Current Year, revenue from retail sales was HK\$1,203,246,000, accounting for 72.90% of the Group's total revenue and representing a decrease of 34.84% from the Prior Year. As a result of the pandemic, some consumers shifted to online shopping, and the Group continued to record growth in sales on its e-commerce platform. Revenue from the Internet business increased by 18.91% to HK\$382,898,000, accounting for 23.20% of the total revenue.

Selling and distribution expenses decreased by 32.19% to HK\$958,518,000 (2019: HK\$1,413,639,000), accounting for 58.07% (2019: 62.36%) of the Group's revenue. In response to the pandemic, the Group implemented an array of cost control measures, including active control on renovation expenses and other expenses such as advertising, resulting in a decrease in the proportion of selling and distribution expenses to overall sales.

In 2020, the Group continued to optimise its omni-channel coverage with adjustment to the distribution of retail outlets in line with changes in regional markets and consumer sentiment, and operated corresponding brands in appropriate regional markets and closed stores with lower efficiency to enhance the overall operational efficiency of the sales network. As of 31 December 2020, the Group had 1,398 retail outlets in total, including 1,177 concessionary counters and 221 retail stores. During the Current Year, the Group was forced to suspend its store operations due to the COVID-19 outbreak. However, it allowed the Group to conduct a detailed evaluation of the effectiveness of sales points throughout the country. The Group focused on the restructuring of the sales network in the second and third quarter, resulting in a net decrease of 266 retail outlets compared to the end of December last year and the completion of phased sales network adjustment.

Looking ahead to 2021, the global economic outlook is expected to remain challenging due to the increasing complexity of geopolitical and related uncertainties, as well as the fluctuating global COVID-19 pandemic situation. In addition to the speed of widespread vaccination, the pace of the global economic recovery would hinge on various factors. Although the domestic economy improved markedly in the second quarter of 2020 with a gradual pick-up in consumption, external economic uncertainties have continued to weigh on investment market sentiment, and some consumption markets still remain under pressure, slowing the pace of recovery in consumption, including underwear.

The Group expects that it will still take some time for the market to fully recover. In a complex and challenging operating environment, the Group is committed to fortifying its strengths, maintaining its competitiveness and tackling challenges in a pragmatic and determined manner. In the coming year, the Group will continue to implement its multi-brand strategy and adjust the multi-brand product mix in stores and develop relevant products in a timely manner based on consumer and market demand-centric sales strategies so as to attract more potential customers of varying age groups and purchasing power, and further increase the brand's share in the domestic market.

Ms. Cheng concluded, “With the changing consumption environment and consumption demand, the Group will keep abreast of the times and strive to meet market and consumer demand in terms of product design, production technology, marketing and sales channels. The Group will continue to leverage on the advantages of its self-production and self-marketing model to enhance production efficiency and delivery efficiency, and actively optimise its supply chain to respond more precisely to market demands. The Group will also continue to adopt a flexible and effective multi-brand strategy to respond to the ever-changing market and strive to create long-term value for shareholders through prudent and effective allocation of resources.”

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**About Embry Holdings:**

Embry is a major lingerie brand owner and retailer in China, which has established an extensive retail network comprising around 1,400 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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