

[For Immediate Release]



**Embry Holdings Limited
Announces 2018 Annual Results**

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**Profit attributable to owners of the Company amounted to HK\$151 million
Gross Profit Margin Increased To 79.94%
Effective Omni-Channel Coverage and Multi-brand Strategy**

Financial Highlights:

HK\$'000	For the year ended 31 December		
	2018	2017	Change
Revenue	2,451,874	2,339,524	+4.80%
Gross profit	1,960,027	1,825,492	+7.37%
Gross profit margin	79.94%	78.03%	+1.91 p.p.
Profit attributable to owners of the Company	151,165	495,299	-69.48%
Profit attributable to owners of the Company (excluding the gain on the Relocation Arrangement and the respective income tax expense)	151,165	157,814	-4.21%
Basic earnings per share (HK cents)	35.79	118.21	-69.72%
Basic earnings per share (HK cents) (excluding the gain on the Relocation Arrangement and the respective income tax expense)	35.79	37.66	-4.97%
Final dividend per share (HK cents)	7.00	8.00	-12.50%
Total dividend per share for the year (HK cents)	10.50	10.50	N/A

(21 March 2019 – 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 2018 (the “Current Year”).

For the year ended 31 December 2018 (the “Current Year”), the Group’s revenue increased by 4.80% over that of the year ended 31 December 2017 (the “Prior Year”) to HK\$2,451,874,000, mainly attributable to the Group’s omni-channel coverage and its effective multi-brand strategy. Gross profit margin remained stable at 79.94%. Profit attributable to owners of the Company was HK\$151,165,000, net profit margin was 6.17%. Earnings per share was HK35.79 cents (2017: HK118.21 cents; Excluding

the gain on the Relocation Arrangement and related tax expenses, earnings per share was HK37.66 cents). The Board of Directors of the Company resolved to declare a final dividend of HK7 cents per share (2017: HK8 cents) for the Current Year which, together with the interim dividend of HK3.5 cents per share (2017: HK2.5 cents) distributed, will bring a total dividend for the Current Year to HK10.5 cents per share.

Commenting on the Group's results, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, "Although China's overall retail market continued to grow, consumers have become more conservative towards the consumption of secondary necessities under the shadow of uncertain domestic and foreign economic prospects, hindering the overall growth of the underwear industry in China. Nevertheless, the Group still recorded an increase in overall sales and it saw an improvement in gross profit margin compared with last year."

In 2018, the Group continued the effective multi-brand strategy to operate seven differently positioned brands to cope with the market's polarised consumption trends. The Group continued to consolidate its core brands, **EMBRY FORM** and **FANDECIE** and strengthen the mid- to high-end brand image. Meanwhile, in order to grasp the opportunities arising from rapid consumption growth in the third- and lower-tier cities, the Group has increased its investment in these markets and focused on cultivating **E-BRA** and **IADORE** as growth drivers of the Group. In recent years, the Group has also opened multi-brand composite stores in several cities to operate the Group's brands so as to capture the needs of diverse groups of customers and provide them with a one-stop shopping experience, thereby driving foot traffic to stores.

EMBRY FORM, the signature brand, is the main source of income for the Group and its contribution to the total revenue amounted to 45.42%. **EMBRY FORM's** revenue amounted to HK\$1,113,604,000, which increased by 2.44% of the total revenue for the Current Year. **FANDECIE's** revenue amounted to HK\$615,805,000, remaining stable as last year, accounting for 25.12% of the total revenue for the Current Year. **COMFIT's** revenue increased by 8.96% from the Prior Year to HK\$232,251,000, accounting for 9.47% of the total revenue for the Current Year. **E-BRA's** revenue increased by 5.23% from the Prior Year to HK\$246,213,000, accounting for 10.04% of the total revenue for the Current Year. **LIZA CHENG's** revenue for the Current Year increased by 10.72% to HK\$52,121,000. **IADORE's** revenue increased by 23.17% from the Prior Year to HK\$71,810,000, accounting for 2.93% of the total revenue for the Current Year. **IVU's** revenue increased by 42.91% from the Prior Year to HK\$115,227,000, accounting for 4.70% of the total revenue for the Current Year. Among the brands, the growth of **IVU** and **IADORE's** revenue was more prominent, mainly benefited from the Group's increased investment in the two brands during the Current Year to capture faster spending growth in the third- and lower-tier cities. The brands' respective proportion in revenue mainly reflected the Group's alignment of its business focus to market development.

During the Current Year, revenue from the retail sales was HK\$2,058,399,000, accounting for 83.95% of the Group's total revenue and representing an increase of 0.90% over the Prior Year. Revenue from the Internet and wholesale business increased by 32.68% from HK\$292,917,000 to HK\$388,632,000, accounting for 15.85% of the total revenue.

During the Current Year, selling and distribution expenses increased by 6.61% to HK\$1,514,093,000 (2017: HK\$1,420,233,000), accounting for 61.75% (2017: 60.71%) of the Group's revenue. The increase in the proportion of selling and distribution expenses to overall sales was mainly due to the increase in online advertising expenses on the Group's brands and the increase in counter decoration expenses according to the Group's market segmentation strategy.

The Group continued to implement its network optimisation strategy during the Current Year. The Group appropriately adjusted the distribution of its retail outlets by closing or relocating stores with lower efficiency so as to enhance the overall efficiency of its sales network. As at 31 December 2018, the Group had 1,837 retail outlets in total, including 1,557 concessionary counters and 280 stores. During the Current Year, there was a net decrease of 88 retail outlets of the Group. Meanwhile, the Group's products were also available for sale through different online platforms so as to cater to the changes in consumers' shopping habits.

Looking ahead to 2019, the global economy is full of uncertainties. The increase in uncertainties in the macro environment will affect the investment market sentiment and adversely affect overall consumer confidence. In the face of a conservative market sentiment in the short term, the Group will adopt a vigilant approach, closely monitor the market trends, and re-examine and adjust its execution strategies in a timely manner.

In response to the increasingly personalised and diversified needs of the market, the Group will continue to leverage its existing economies of scale and multi-brand strategy. With the use of the customer relationship management system, we will launch targeted products and adjust sales networks according to the consumption patterns of consumers in local markets to improve sales efficiency. Moreover, to capitalise on the rapid growth of the e-commerce market, the Group will continue to explore opportunities in the e-commerce channels, develop more e-commerce exclusive products, improve delivery efficiency with constantly upgraded logistics system, make good use of new media to promote and reach more potential customers. With the online and offline retail outlets complementing each other to maximise the omni-channel sales, the Group's competitiveness will be comprehensively enhanced.

Concerning the production, the Group's first phase of intelligent warehouse at the production base in Jinan, Shandong province completed its trial run in 2017 and commenced operation in the first half of 2018. The second phase of the equipment of intelligent warehouse is conducting trial run. Moreover, in order to optimise productivity and improve supply chain efficiency, the production base in Jinan is under construction of intelligent material warehouse.

Ms. Cheng concluded, “Despite the rapid changes in the macro environment, with the Group's extensive experience in the industry and its solid business foundation, a nationwide sales network covering online and offline sales channels, commitment to quality, as well as flexible and effective multi-brand strategy, the Group will continue to respond promptly and appropriately to the changing market, so as to provide shareholders with stable and sustainable returns.”

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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 over 1,800 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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