

[For Immediate Release]



**Embry Holdings Limited  
Announces 2020 Interim Results**

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**Continued to Implement Multi-Brand Strategy  
Further Integrate Online-Offline Channels  
to Achieve Sales Network Balance**

(20 August 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 interim results for the six months ended 30 June 2020 (the “Current Period”).

For the six months ended 30 June 2020, the Group’s revenue decreased by 34.55% to HK\$784,956,000 over that for the six months ended 30 June 2019 (the “Prior Period”), mainly attributable to the weak consumption sentiment resulting from the impact of the pandemic on the external economic environment. Gross profit margin decreased by 6.73 percentage points to 71.21%. It was mainly attributed to Group’s adoption of discount strategy to promote sales in response to the weak market sentiment. Loss attributable to owners of the Company was HK\$38,713,000. Loss per share was HK9.16 cents (2019: earnings per share of HK15.96 cents). After excluding impairment of right-of-use assets and other expenses, the profit attributable to equity holders for the period decrease of 68.24% to HK\$22,451,000 from HK\$70,689,000 in the same period last year. The board of directors of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2020 (2019: HK2.00 cents).

Commenting on the Group’s results during this recessive period for the industry, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “The pandemic as well as the geopolitical politics have both added to the uncertainty and complicity of the business environment, further weakened the retail consumption sentiment. The Group has long been capitalizing on its multiple brands to tap into the online and offline retailing market. E-BRA is an online brand, focusing on the online market. During the pandemic, the online sales of its online brands and their exclusive products slightly mitigated the impact of the decline in the customer flow to our retail stores. The Group also has also been collecting and analysing data of consumption habits, grasping the characteristics of the online shopping market, and designing exclusive products to reach more potential customers to grow the customer base online and achieve balance between the online and offline sales network.”

In the first half of 2020, the Group continued to implement its multi-brand strategy, fulfilling the varying customer preferences through the respective positioning of its brands, properly coordinated sales channels to deeply explore various underwear market segments. The Group’s flagship brand **EMBRY FORM** and younger market brand **FANDECIE** mainly respond 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.

**EMBRY FORM** and **FANDECIE** are the main sources of income for the Group and their contributions to the total revenue amounted to 45.45% and 23.25% respectively. **EMBRY FORM**’s revenue amounted to HK\$356,753,000, while **FANDECIE**’s revenue amounted to HK\$182,502,000. The changes in the sales of 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 weak consumer sentiment resulting from uncertainties in the global

macroeconomic environment. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Period amounted to HK\$238,686,000, accounting for 30.41% of the overall revenue.

During the Current Period, revenue from retail sales was HK\$549,304,000, accounting for 69.98% of the Group's total revenue and representing a decrease of 44.64% from the Prior Period. The outbreak of the pandemic prompted some customers to switch to online shopping, and the Group's sales on e-commerce platforms also recorded an increase. Revenue from the internet business increased by 29.38% to HK\$206,300,000 in the first half of 2020, accounting for 26.28% of the total revenue.

Selling and distribution expenses decreased by 38.83% to HK\$452,028,000 (2019: HK\$738,912,000), accounting for 57.59% (2019: 61.61%) of the Group's revenue. The decrease in the proportion of selling and distribution expenses to overall sales was mainly due to the Group's active control on renovation expenses and other expenses such as advertisements in response to the pandemic situation, resulting in a significant decrease in relevant expenses. Rental of some stores was also decreased under the pandemic situation.

In the first half of 2020, the Group continued to optimise its omni-channel coverage and operated corresponding brands in appropriate regional markets. The Group also strategically adjusted its retail outlet layout to enhance the overall operational efficiency of its sales network. As of 30 June 2020, the Group had 1,494 retail outlets in total, including 1,255 concessionary counters and 239 retail stores. As of the end of June, there was a net decrease of 170 retail outlets compared to the end of December last year. The Group will continue to adjust its sales network during the year and close stores with lower efficiency to enhance the overall operational efficiency.

Looking ahead to the second half of 2020, increasing complicated and unpredictable geopolitics and related uncertain factors will shadow the outlook of the global economy, further undermining investment and consumption confidence. Although the domestic economy has improved significantly in the second quarter and consumption is expected to gradually recover, the external economic situation has seen no rebound. The pandemic would still have a profound impact on the overall consumption market, slowing the consumption recovery of underwear and other non-essential products.

The Group expects changes in consumption patterns after the market recovery from the pandemic to accelerate the online and offline integration of the retail industry to achieve sales network balance. The Group will closely follow the development of consumption behaviours and market demand, grasp the characteristics of sales channels, further explore the development potential of the online shopping market, adjust the multi-brand product mix in stores and develop relevant products.

Ms. Cheng concluded, "In an uncertain market environment, we believe that progressing with time is the key to maintain competitiveness. The Group will continue to leverage on its economies of scale and its strengths in self-production and self-marketing to further enhance its manufacturing efficiency and production flexibility, so as to achieve seamless production and respond more precisely to changes in market demand. In mission of generating sustainable returns to its shareholders, the Group will continue to adhere to the quality and optimise our omni-channel sales strategies, maintaining the Group's leading position in the underwear industry in China."

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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 1,400 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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