

[For Immediate Release]



**Embry Holdings Limited  
Announces 2019 Interim Results**

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**Continued to Implement Multi-Brand Strategy to Cover Needs of Multiple Market Segments  
Accelerated the Pace of Expanding the Online Shopping Market by Setting Up Independent Online  
Stores for Each of the Group's Brands**

(22 August 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 interim results for the six months ended 30 June 2019 (the “Current Period”).

For the six months ended 30 June 2019, the Group’s revenue decreased by 11.45% to HK\$1,199,358,000 over that for the six months ended 30 June 2018 (the “Prior Period”). Gross profit margin decreased by 1.97 percentage points to 77.94%. Profit attributable to owners of the Company decreased by 41.99% to HK\$67,399,000 over that for the Prior Period. Earnings per share were HK15.96 cents (2018: HK27.51 cents). The Board of Directors (the “Board”) of the Company has resolved to declare an interim dividend of HK2.00 cents per share (2018: HK3.50 cents) for the Current Period.

Commenting on the Group’s results, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “Facing with the uncertain external environment, the consumption market sentiment turned cautious. Consumers became more sensitive to discounts and pursued high value-for-money products. Meanwhile, online consumption has turned into a living attitude. The Group gradually accelerated the pace of expanding the online shopping market and set up independent online stores for each of the Group’s brands to conduct targeted online promotion of the target customer base, thereby strengthening the Group’s omni-channel coverage.”

In the first half of 2019, the Group continued to implement its multi-brand strategy, gave full play to the characteristics of each of its seven brands and flexibly distributed the point of sales for each brand according to the consumption level of different cities in different tiers, and took care the characteristics of sales channels to cover the needs of multiple 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. In recent years, the Group has opened multi-brand composite stores in several cities in China to address the needs of varying consumer groups and attract more potential consumers.

**EMBRY FORM** and **FANDECIE** are the main sources of income for the Group and their contributions to the total revenue amounted to 45.83% and 24.18% respectively. **EMBRY FORM**’s revenue amounted to HK\$549,596,000, which decreased by 11.93% from the Prior Period. **FANDECIE**’s revenue amounted to HK\$290,050,000, which decreased by 13.30% from the Prior Period. 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. The other brands **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG**’s revenue for the Current Period amounted to HK\$356,692,000, accounting for 29.74% of the overall revenue.

During the Current Period, revenue from retail sales was HK\$992,276,000, accounting for 82.73% of the Group's total revenue and representing a decrease of 14.23% from the Prior Period. Revenue from the Internet and wholesale business increased by 4.86% from HK\$194,612,000 to HK\$204,062,000, accounting for 17.02% of the total revenue.

Selling and distribution expenses decreased by 9.72% to HK\$738,912,000 (2018: HK\$818,469,000), accounting for 61.61% (2018: 60.43%) of the Group's revenue. The increase in the proportion of selling and distribution expenses to overall sales was mainly attributable to the increase in proportion of rental of retail stores and depreciation due to the decrease in total revenue.

Over the past six months, the Group continued to optimise its omni-channel coverage to meet the needs of different consumption habits, and operated corresponding brands in appropriate regional markets. The Group appropriately adjusted its retail outlets by closing or relocating stores with lower efficiency so as to enhance the overall operating efficiency of its sales network. As at 30 June 2019, the Group had 1,737 retail outlets in total, including 1,463 concessionary counters and 274 stores. During the Current Period, there was a net decrease of 100 retail outlets of the Group. In response to the changes in domestic consumption habits, the Group designed exclusive products to cater for the uniqueness of the online shopping market, gradually increasing the market share of brands in the online shopping market and expanding online and offline coverage.

Looking ahead to the second half of 2019, the trade negotiations are expected to continue and uncertainties over the global economic outlook will undermine investment and consumer confidence. However, optimisation and adjustment of China's consumption structure and consumption upgrading are irreversible trends, which will support the steady and healthy growth of domestic consumption and retail industry in the long run.

To cope with the rising production costs in China, the Group has actively optimised the supply chain in recent years, sorted out and centralised the finished products from different warehouses in the intelligent warehouse in Jinan, Shandong province, to further enhance the effectiveness of economies of scale. The Group has also utilised the automated logistics system of the intelligent warehouse to help the Group improve production efficiency. The Group's intelligent material warehouse will commence its trial run by the end of 2019. The supply chain efficiency will be further improved after the material warehouse has officially commenced operation, enabling the Group to flexibly adjust its production capacity and respond quickly to market feedbacks.

Ms. Cheng concluded, "In an uncertain market environment, the Group will continue to adhere to the quality, conform to the preferences of the consumer market and give full play to the characteristics of multi-brand, while also develop and manufacture products that cater to target market segments. Meanwhile, the Group will continue to optimise its omni-channel sales strategies and maintain the Group's position in the underwear industry in China, thereby generating sustainable returns to its shareholders."

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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 1,700 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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