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EMBRY HOLDINGS LIMITED

安莉芳控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1388)

(1) PROFIT WARNING ANNOUNCEMENT – UPDATE AND (2) ANNOUNCEMENT ON SALES UPDATE FOR THE PERIOD FROM JULY TO SEPTEMBER OF 2022

This announcement is made by Embry Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the profit warning announcement of the Company dated 23 June 2022 (the “**June Announcement**”) and the interim results announcement of the Company dated 25 August 2022. Capitalised terms used herein shall have the same meanings as defined in the June Announcement.

PROFIT WARNING - UPDATE

As disclosed in the June Announcement, the financial performance of the Group has been adversely affected mainly by (i) the persistent depreciation of Renminbi; and (ii) the decrease in sales as compared to that for the same period in 2021 due to the continuously weak consumption sentiment and partial suspension of the Group’s sales outlet in various cities of China brought by the pandemic control and lockdown measures as a result of the resurgence of COVID-19 pandemic in various parts of China.

In view of the economic slowdown and depressed consumer sentiment in China, the Directors of the Company wishes to further inform the Shareholders and potential investors that the Group’s profitability is still under pressure in the challenging market environment. Based on the information currently available to the Company and the preliminary assessment of the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2022 (the “**Relevant Period**”), in addition to the abovementioned reasons and after taking into account the decrease in government subsidy income during the Relevant Period, it is expected that the Group may record net loss of around HK\$24.0 million for the Relevant Period.

Subject to the recovery progress of China's consumer market from the COVID-19 pandemic, if the foregoing circumstances continue to adversely affect the Group's financial performance in the fourth quarter of 2022, the Group currently foresees that its net loss position would subsist during the year ending 31 December 2022, as compared to the loss attributable to Shareholders of approximately HK\$27.5 million for the year ended 31 December 2021.

SALES UPDATE FOR THE PERIOD FROM JULY TO SEPTEMBER 2022 ("Q3 PERIOD")

The overall sales of the Group during the Q3 Period decreased by approximately 12% as compared to that of the same period of last year. During the Q3 Period, for stores that had been in operation for more than 21 months, same store sales recorded a double-digit decrease year-on-year. As at the end of September 2022, there were a total of 1,112 retail outlets, comprising 941 concessionary counters and 171 retail shops. The number of retail outlets net decreased by 139 as compared to the end of December last year. Since the Group has been in the process of adjusting its sales network, the Group will continue to close stores with lower efficiency during 2022 to enhance overall operational efficiency.

The information contained in this announcement is only based on the Board's preliminary assessment after reviewing the unaudited consolidated management accounts of the Group for the Relevant Period, and such information has not been audited or reviewed by the Company's independent auditor or the audit committee of the Board. The Group's annual results for the year ending 31 December 2022 are subject to the market conditions for the last three months ending 31 December 2022, further review by the Board, and will be audited or reviewed by the Company's auditor and the audit committee of the Board prior to the finalization of such accounts. Therefore, the actual results of the Group for the year ending 31 December 2022 may differ from the information contained in this announcement.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

On Behalf of the Board of
Embry Holdings Limited
Ngok Ming Chu
Chairman

Hong Kong, 28 October 2022

As at the date of this announcement, the Board comprises four executive Directors, namely Madam Ngok Ming Chu (Chairman), Ms. Cheng Pik Ho Liza (Chief Executive Officer), Mr. Cheng Chuen Chuen and Ms. Lu Qun; and three independent non-executive Directors, namely Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T. S.