

[For Immediate Release]



**Embry Holdings Limited
Announces 2023 Annual Results**

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Strengthen Brand Promotion and Improve Sales Network Layout in Response to Market Challenges

(21 March 2024 – Hong Kong) **Embry Holdings Limited** (“Embry Group” or the “Group”; Stock Code: 1388), a major lingerie brand owner and retailer in China, announces its annual results for the year ended 31 December 2023 (the “Current Year”) today.

As result of the depreciation of Renminbi, coupled with the fact that the recovery of China’s economy was dragged down by factors such as geopolitical tensions. Inflation and income uncertainty also greatly affected consumer sentiment. Although, consumer sentiment is gradually recovering, it has not yet returned to the pre-pandemic levels. During the Current Year, the Group’s revenue was HK\$1,281,753,000, representing a decrease of 3.94% from that for the year ended 31 December 2022 (the “Prior Year”). The gross profit margin was slightly down to 74.59%. Loss attributable to owners of the Company increased to approximately HK\$72,168,000 and the loss per share was HK 17.08 cents.

The board of directors has resolved not to recommend the payment of a final dividend in view of the uncertain economic outlook. The Company believes that this measure is a prudent and responsible means of preserving cash for the long-term financial health of the Group.

Reviewing the Group’s operation in the past year, Ms. Ming Chu Ngok, Chairman of Embry Group, said, “In 2023, the impact of the pandemic gradually receded, but the global economic growth remained moderate as a result of the pressure of global inflation, persistent interest rate hikes, and the geopolitical tensions. The uncertainty of inflation and slowing income growth dampened consumer confidence while a sluggish real estate market offset most of the post-pandemic recovery’s contribution to China’s economic growth. The overall economy fell short of expectations, directly affecting the retail consumption market. The sub-essential underwear industry only achieved a slight increase in sales throughout the year, and the road to market recovery remained challenging.”

In 2023, the Group continued to make good use of the advantages of its multi-brand strategy and adjusted marketing arrangements in response to market demand for its seven brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG**. The Group catered to the increasingly segmented market by highlighting unique brand personalities to fulfil the needs and preferences of varying customer groups. The Group enhanced its brand competitiveness and expanded market coverage while consolidating its flagship brands, **EMBRY FORM** and **FANDECIE**, which contributed the majority of sales.

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Among the seven brands operated by the Group, **EMBRY FORM**, the flagship brand, and **FANDECIE**, the young and energetic brand, are the main sources of income for the Group and their contributions to the total revenue accounted for 55.32% and 15.98%, respectively. **EMBRY FORM**'s revenue amounted to HK\$709,065,000, which increased by 1.71% from the Prior Year. **FANDECIE**'s revenue amounted to HK\$204,761,000, which decreased by 19.43% from the Prior Year. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Year amounted to HK\$364,884,000, accounting for 28.46% of the overall revenue.

During the Current Year, revenue from retail sales was HK\$875,508,000, which was basically the same as that for the Prior Year and accounted for 68.31% of the Group's total revenue. The Group recorded a decrease in sales on e-commerce platforms. Revenue from the Internet decreased by 10.4% to HK\$368,648,000 in 2023, accounting for 28.76% of the total revenue. It was mainly due to the fact that consumers in China increased their offline consumption as a result of the relaxation of pandemic prevention and control, in contrast to the online consumption peak in 2022.

During the Current Year, the selling and distribution expenses increased by 2.58% to HK\$881,430,000, accounting for 68.77% of the Group's revenue. The increase in expenses was mainly due to the fact that the Group began to allocate more resources in sales and marketing in the second half of the year, namely by engaging a spokesperson and organizing more promotional activities and invested more resources in store renovations.

In 2023, the Group continued to optimise its sales network. As of 31 December 2023, the Group had 1,007 retail outlets in total, including 840 concessionary counters and 167 retail stores, representing a net decrease of 77 retail outlets as compared to the end of 2022. The Group seized the opportunity of online sales, and actively explored and developed the online shopping market to improve the overall operational efficiency of its sales network. The Group strategically adjusted its store network and appropriately integrated the proportion of online and offline sales to achieve optimal channel coverage.

In terms of brand promotion, in the second half of 2023, the Group gradually strengthened brand promotion, allocated more resources, carried out online and offline integrated marketing during holiday seasons, and invited a famous actress as the spokesperson to gain strong exposure for its products and stimulate sales growth with the branding and celebrity effects. As e-commerce platforms continue to thrive, the Group closely follows the traffic trend, uses social media platforms to promote its brand, and strengthens the development of underwear styles exclusively available through e-commerce. The Group also started to collaborate with well-known online streamers on mainstream social media platforms such as Tmall and Douyin for livestreaming to attract potential target consumers. At the same time, the Group promoted its brand and products through in-feed advertisements on WeChat Moments and Xiaohongshu KOLs.

In response to the national dual carbon strategic objectives, the Group held the "MADE IN GREEN Ocean Journey" art pop-up store activities in large shopping malls and department stores in various cities during the year and specially launched product series based on environmental protection concepts and environmentally friendly materials, such as "Heart of the Ocean (海洋之心)" and "Low-carbon Life (低碳生活)", conveying a green and environmentally friendly living attitude to consumers, to further strengthen the brand's concept of sustainable and low-carbon development. Besides, following the trend of 'China-chic', the Group launched a number of Chinese fashion underwear products based on the traditions of Chinese festivals and wedding during the Year, and collaborated with new national style painters to create a Chinese style-theme illustration "Xi Le Jia An (《囍樂家安》)", produced a series of online and offline promotional materials, and combined high-quality products with traditional elements from the oriental aesthetics to create the brand value of **EMBRY FORM** in China Chic style.

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Looking ahead to 2024, the uncertain outlook of the global economic and political environment has impeded China’s economic recovery. The low comparison base effect in 2023 will no longer exist in 2024, and consumers will remain cautious. The weak, gradual recovery will continue well into 2024. The growth rate of the sub-essential underwear market will also be slower than that of the overall market.

Ms. Ngok concluded, “The Group will adopt a prudent approach and pay close attention to market trends, will press on with the existing multi-brand strategy, continue to explore different market segments, actively implement the sales strategy centred on consumers and market demand, closely follow the pace of changes in domestic consumption patterns. The Group will adjust the number of offline stores in a timely manner, save costs to vigorously develop online sales channels, step up interactive publicity on social media, actively promote traffic monetization, and capitalise on the e-commerce boom to drive the online sales of its brands. In terms of production, the Group will leverage the advantages of resource deployment through its self-production and self-distribution model as well as the ancillary logistics facilities of intelligent warehouses for finished goods and materials to enhance production and logistics efficiency, and actively optimise its supply chain. Adhering to the commitment to quality, the Group will 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 the prudent and effective allocation of resources.”

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About Embry Group:

Embry Group is a major lingerie brand owner and retailer in China, which has established an extensive retail network comprising around 1,000 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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