

[For Immediate Release]



**Embry Holdings Limited
Announces 2022 Interim Results**

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Further Optimised Omni-channel Coverage; Stable Growth in E-commerce Sales

(25 August 2022 – 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 2022 (the “Current Period”).

For the six months ended 30 June 2022 (the “Current Period”), the Group’s revenue decreased by 16.7% to HK\$742,529,000 from that for the six months ended 30 June 2021 (the “Prior Period”). Gross profit margin increased by 2.3 percentage points to 75.9%. Profit attributable to owners of the Company was approximately HK\$1,116,000, representing a decrease from profit attributable to owners of the Company of HK\$32,956,000 recorded in the Prior Period. During the Current Period, sales decreased as compared to the same period in 2021 due to the continued weak consumer sentiment as a result of multiple resurgence of the COVID-19 pandemic in China and imposition of strict quarantine measures or lockdown restrictions in some cities in China, which led to the suspension of business at some of the Group’s points of sale. Earnings per share were HK0.26 cents.

In view of the current COVID-19 pandemic and poor consumer sentiment causing uncertainties in the future, the board of directors has resolved not to recommend the payment of the interim dividend. The Group believes that this measure is a prudent and responsible means of preserving cash for the long-term financial health of the Company.

Reviewing the Group’s operation in the first half of 2022, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “In the first half of 2022, due to various political and economic uncertainties such as multiple outbreaks of the COVID-19 pandemic, the Russia-Ukraine conflict, the U.S. interest rate hike together with balance sheet shrinkage and depreciation of Renminbi, the consumption sentiment in the PRC was sluggish. As the epidemic prevention and control gradually became effective, business and production activities in various regions have resumed slightly, but the sentiment in the consumer market remained cautious. Commodity sales grew at a faster pace in the basic necessities category, but it takes some time for the underwear retail market to recover to the pre-pandemic levels.”

In the first half of 2022, 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 caters to the 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 under the Group, flagship brands **EMBRY FORM** and **FANDECIE** are the main sources of income for the Group and their contributions to the total revenue accounted for 52.53% and 19.38%. **EMBRY FORM**'s revenue amounted to HK\$389,955,000; **FANDECIE**'s revenue amounted to HK\$143,931,000. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Period amounted to HK\$205,001,000, accounting for 27.60% of the overall revenue.

During the Current Period, revenue from retail sales was HK\$495,138,000, accounting for 66.68% of the Group's total revenue. Revenue from e-commerce business for the Current Period increased by 25.79% to approximately HK\$221,468,000, accounting for 29.83% of the total revenue. The increase was mainly due to the overall e-commerce business growth resulting from the fact that consumers relied on online shopping for most of the time during the pandemic.

During the Current Period, selling and distribution expenses decreased by 13.56% to HK\$458,589,000, accounting for 61.76% of the Group's revenue. The decrease in expenses was mainly attributed to the decrease in sales for the Current Period as well as the decrease in sales-related rental expenses and wages. During the Current Period, due to the lower sales base, the proportion of expenses such as promotion fees and wages to overall sales increased.

The Group further optimised its sales network in the first half of 2022. As of 30 June 2022, the Group had 1,128 retail outlets in total, including 952 concessionary counters and 176 retail stores. The Group recorded a net decrease of 123 retail outlets as compared with that at the end of 2021. 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.

Looking ahead to the second half of 2022, the pandemic prevention and control situation in China continues to improve, the national economic development is progressing steadily. The retail market is expected to recover. Given the uncertain global economic and political environment, the Group expects that it still takes some time for the consumption sector to fully recover although the Chinese government has made great efforts to stabilise the economy. Leveraging on years of experience and brand strength accumulated in the lingerie industry in China as well as its agility to change, the Group is confident that it can forge ahead in the changing economic environment and progress steadily in the face of adversity. Since consumers are still conservative towards buying underwear products, the Group will closely monitor market trends to make timely adjustments in terms of product design, production technology, marketing and sales channels to fulfil consumer needs and preferences.

Ms. Cheng concluded, “In the future, the Group will continue to review and adjust its business strategy and respond calmly in the volatile economic environment. Meanwhile, the Group will continue to explore different segmented markets, grasp the exploding e-commerce sales to match the consumption pattern in the post-pandemic era, and strive to expand the market share of its brands in the online retail market and optimise the effectiveness of the sales network. Regarding production capability, the Group will respond promptly to market demands, leverage on the advantages of resource deployment through its self-production model as well as the ancillary logistics facilities of intelligent finished goods and materials warehouses 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 prudent and effective allocation of resources..”

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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 around 1,100 outlets that cover major cities in China, including Hong Kong and Macau. Embry operates seven brands namely, **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IVU**, **IADORE**, and **LIZA CHENG** with each of them targeting at different customers.

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