

[For Immediate Release]



**Embry Holdings Limited
Announces 2021 Annual Results**

*** **

Further Adjusted Sales Network; Continued to Optimise Omni-channel Coverage

(24 March 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 annual results for the year ended 31 December 2021 (the “Current Year”).

The Group’s revenue was HK\$1,652,408,000 for the Current Year, which was basically unchanged from that of the year ended 31 December 2020 (the “Prior Year”). Gross profit margin slightly increased by 1.33 percentage points to 72.97%. In response to the post-pandemic retail environment, the Group resumed normal operations in the Current Year by investing certain resources for decoration and advertisement, meanwhile, a series of cost control measures continued to be implemented. The overall selling, distribution expenses and administrative expenses decreased as compared with those before the pandemic, but these expenses recorded a year-on-year increase. Therefore, losses increased as the revenue was basically unchanged from that of the Prior Year. During the Current Year, loss attributable to owners of the Company increased to HK\$27,485,000 as compared to the Prior Year. This includes a provision for impairment of right-of-use assets amounted to approximately HK\$25,777,000. Loss per share was HK6.51 cents.

In view of the current COVID-19 pandemic and poor consumer sentiment causing uncertainties in the future, the board of directors has resolved to not recommend the payment of the final 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 past year, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “The consumer market maintained a moderate recovery in the first half of 2021. However, in the second half of the year, multiple resurgence of the COVID-19 pandemic, the catastrophic flood in Henan in July, the debt crisis of the Chinese property industry in the fourth quarter, the ongoing trade war between the United States and China and other factors led to a weak domestic consumption again. Facing the sluggish consumer sentiment, consumers maintained a cautious consumption attitude and pursued products with great discounts and high price-performance value amid the sluggish consumer demand. Hence, the pressure on gross profit of the underwear industry in China has not decreased, and the overall growth of the industry was still hindered.”

In 2021, the Group continued to make good use of its multi-brand strategy and timely adjusted sales and marketing arrangements in line with changes in the market environment for its seven brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG**. While consolidating its two flagship brands which contributed the majority of sales (i.e. **EMBRY FORM** and **FANDECIE**), the Group continued to maintain its brand influence and market share by strengthening its various brands with different positioning in view of the segmented market to fulfil the needs and preferences of varying customer groups.

– Cont’d –

EMBRY FORM and **FANDECIE** are the main sources of income for the Group and their contributions to the total revenue amounted to 49.58% and 20.67%. **EMBRY FORM**'s revenue amounted to HK\$819,193,000, which increased by 7.13% from the Prior Year. **FANDECIE**'s revenue amounted to HK\$341,477,000, which decreased by 8.96% from the Prior Year. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Year amounted to HK\$487,249,000, accounting for 29.49% of the overall revenue. The percentage changes in the brands were similar to that of the overall sales.

During the Current Year, revenue from retail sales was HK\$1,225,393,000, accounting for 74.16% of the Group's total revenue and representing an increase of 1.84% from the Prior Year. In the first half of the year, the consumer market showed a moderate recovery with a year-on-year increase in retail sales but a decrease in sales on its e-commerce platform. This was mainly attributable to some consumers returned to physical stores for consumption as the pandemic eased and sales figures on e-commerce platform gradually returned to normal as compared to the high base of the Prior Year. However, with the pandemic resurgence in the second half of the year, the Group recorded a year-on-year decrease in retail sales. With changes in consumer behaviour and online shopping becoming a major trend, the Group will continue to develop its e-commerce business. Revenue from e-commerce business for the Current Year was approximately HK\$360,282,000, accounting for 21.80% of the total revenue.

During the Current Year, selling and distribution expenses increased by 10.73% to HK\$1,061,332,000, accounting for 64.23% of the Group's revenue. In the face of post-pandemic market, the Group's operation and resource allocation basically returned to normal for the Current Year, including moderate increase in renovation expenses and other expenses such as advertising, resulting in an increase in expenses as compared to the Prior Year.

The Group further optimised its sales network in 2021. As of 31 December 2021, the Group had 1,251 retail outlets in total, including 1,049 concessionary counters and 202 retail stores. During the Current Year, the Group recorded a net decrease of 147 retail outlets. To enhance the overall operational efficiency of the sales network, the Group stepped up efforts to develop the online market, relocated or closed stores with lower efficiency and appropriately adjusted the proportion of online and offline sales to optimise its omni-channel coverage.

During the Current Year, the Group operated online mirror stores with product information synchronised directly with the offline retail stores, initially achieving online and offline collaboration. It eliminates competition between physical stores and online stores, and also provides a convenient alternative consumption channel, realising mutual empowerment of the two platforms to attract traffic, creating a closed loop of operation and optimising deployment of store inventory and inventory management.

Looking ahead to 2022, it is expected that the threat of COVID-19 will be gradually eliminated. China's overall economic policy will be relaxed, however, the downward pressure on consumption has increased since the fourth quarter of last year, and the consumption industry is still facing considerable pressure this year. As consumption is still conservative towards underwear products, the Group will adopt a prudent approach and closely monitor market trends to make appropriate decisions in terms of product design, production technology, marketing and sales channels according to consumer needs and preferences. Leveraging on years of experience and brand strength accumulated in the lingerie industry in China as well as flexibility, the Group is confident that it can cope with the present changing economic environment.

Ms. Cheng concluded, “The Group will continue to review and adjust its business strategy in a timely manner and tackle challenges in a pragmatic and determined manner. Under the post-pandemic economy, the Group will continue to implement its multi-brand strategy based on consumer and market demand-centric sales strategies to keep abreast of the changes in domestic consumption patterns. The Group will fully grasp the favourable conditions of e-commerce platforms and the growth potential of online shopping. Meanwhile, regarding production capability, the Group will leverage on the advantages of resource deployment through its self-production and self-marketing model as well as the logistics ancillary facilities of intelligent finished goods and materials warehouses to enhance production efficiency and delivery efficiency, and actively optimise its supply chain to respond to market demands. The Group will also 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.”

– End –

About Embry Holdings:

Embry is a major lingerie brand owner and retailer in China, which has established an extensive retail network comprising around 1,300 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.

For further information, please contact:

iPR Ogilvy Limited

Tina Law / Lorraine Luk / Katrina Hui

Tel: (852) 2136 6181 / 2169 0467 / 3920 7650

Email: embry@iprogilvy.com