

[For Immediate Release]



**Embry Holdings Limited  
Announces 2021 Interim Results**

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**Revenue up 14% to HK\$891 Million  
Gross Profit Margin Increased to 74%**

(26 August 2021 – 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 2021 (the “Period”).

For the period ended 30 June 2021, the consumer market maintained a moderate recovery with a steady release of demand for commodities. The Group’s revenue increased by 13.53% to HK\$891,129,000 from that for the six months ended 30 June 2020 (the “Prior Period”). Gross profit margin increased by 2.35 percentage points to 73.56%. Profit attributable to owners of the Company was HK\$32,956,000, compared to loss attributable to owners of the Company of HK\$38,713,000 recorded in the Prior Period. During the Current Period, the Company was benefited by the gradual economic recovery of China from the COVID-19 pandemic. It resulted in normalisation of demand in the domestic retail market during the Current Period as compared to the Prior Period, as well as the cost control measures implemented by the Group since 2020 in response to the challenging retail environment. Earnings per share was HK7.80 cents (2020: loss per share of HK9.16 cents). The Board of Directors of the Company resolved to declare an interim dividend of HK2.0 cents per share (2020: nil) for the Current Year.

Reviewing the Group’s operation in the first half of the year, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “The consumer market maintained a moderate recovery with a steady release of demand for commodities but with faster growth in the basic necessities category. It will take some time for the underwear retail market to recover to 2019 levels. In response to the still cautious consumer attitude, increased discount efforts were made in the overall Chinese underwear industry, putting pressure on gross profit levels. The Group gradually resumed investment in brand promotion in the first half of 2021 to maintain brand exposure. The Group collaborated with designers of international fashion brands and successfully increased consumer buzz. Additionally, Under the rapid growth in online consumption, the Group made full use of social media platforms to promote its brand and further enhanced the coverage of its online shopping channel with online mirror stores which facilitate flexible deployment of store inventory and optimization of inventory management also provides an alternative consumption channel when consumers are unable to visit the physical stores, complementing offline retail stores to achieve online and offline integration. The Group also enhanced the development of lingerie styles exclusively for e-commerce to cope with the changing consumer habits and the increasingly mature e-commerce environment.”

In the first half of 2021, the Group continued to implement its multi-brand strategy to operate seven brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG**. Under the multi-brand strategy, the Group’s brands are able to cater to the different needs of various customer segments by highlighting on the different brand features and distinctive brand personalities to meet consumers’ product preferences. The Group continued to expand market coverage while consolidating its flagship brands, **EMBRY FORM** and **FANDECIE**, which contributed the majority of sales.

Among the seven brands operated by the Group, **EMBRY FORM** and **FANDECIE** are the main sources of income for the Group and their contributions to the total revenue amounted to 48.67% and 20.46%. **EMBRY FORM**'s revenue amounted to HK\$433,841,000, which increased by 21.61% from the Prior Period. **FANDECIE**'s revenue amounted to HK\$182,274,000, similar to that of the Prior Period. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Period amounted to HK\$273,143,000, accounting for 30.66% of the overall revenue.

During the Current Period, revenue from retail sales was HK\$675,541,000, accounting for 75.80% of the Group's total revenue and representing an increase of 22.98% from the Prior Period. Revenue from the Internet decreased by 14.66% to HK\$176,065,000 in the first half of 2021, accounting for 19.76% of the total revenue. The decrease was mainly attributable to the fact that sales on e-commerce platform gradually returned to normal as the pandemic eased during the Current Period and the domestic consumers' appetite for travel and spending grew, while outbreak of the pandemic prompting some offline customers to switch to online shopping in the Prior Period, resulting in a larger base of sales on e-commerce platform.

Selling and distribution expenses increased by 17.36% to HK\$530,519,000 (2020: HK\$452,028,000), accounting for 59.53% (2020: 57.59%) of the Group's revenue. It was mainly attributed to the implementation of an array of cost control measures by the Group in response to the pandemic last year, including active control on renovation expenses and other expenses such as advertising, resulting in a decrease in the proportion of selling and distribution expenses to overall sales. During the Current Period, the operating environment and sales normalised and the Group resumed investment in the above expenses, resulting in an increase in expenses as compared to last year.

The Group completed its phased sales network adjustment in 2020. As of 30 June 2021, the Group had 1,340 retail outlets in total, including 1,121 concessionary counters and 219 retail stores, representing a net decrease of 58 retail outlets compared to the end of December 2020. During the Current Period, based on the completion of phased sales network adjustment, the Group continued to maintain the overall sales efficiency of its sales network. Sales efficiency remains the top priority in planning store openings despite a more normalised retail market.

Looking ahead to the second half of 2021, the global vaccination rate is gradually picking up, and some countries and regions are gradually relaxing their pandemic prevention and control measures to facilitate economic recovery. The effective control of the pandemic has put China ahead of the rest of the world in terms of recovery, and domestic consumers' appetite for travel and spending has also increased. However, the impacts of the variants of the virus and the relaxation of pandemic prevention and control measures remain unknown. There are still uncertainties in the future economic environment. The overall economy and the retail market are expected to steadily trend upward.

The Group will review the consumer market environment in a timely manner and make adjustments accordingly, so that the Group's business strategies can keep pace with the changing needs of consumers and respond calmly to various market changes in the face of numerous uncertainties. Meanwhile, the Group will grasp the growth potential of the online shopping market and conduct online marketing in line with market preferences, strive to expand the penetration of the brand in the online shopping market and maintain the sales effectiveness of the sales network to keep abreast of the change in domestic consumption patterns. Regarding production capability, the Group will continue to 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 more promptly to market demands.

Ms. Cheng concluded, “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 changing economic environment. 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 1,300 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.

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