

[For Immediate Release]



**Embry Holdings Limited
Announces 2024 Interim Results**

*** **

**Actively Respond to Market Changes and Strengthen E-commerce Platform Operations
Achieving 6.8% YoY Online Sales Growth**

RESULTS AND OPERATION HIGHLIGHTS

- Revenue was approximately HK\$631.4 million
- Gross profit was approximately HK\$478.3 million, gross profit margin increased by 1.3 percentage points to 75.8% year on year
- Affected by non-recurring, unrealised, and non-cash items, including, among others, the decrease in the fair value of investment properties in Chinese Mainland and Hong Kong, impairment of other assets in Shenzhen, and provisions for impairment of right-of-use assets in retail stores and counters, totalling approximately HK\$74.5 million, the Company recorded a loss attributable to owners of approximately HK\$82.2 million
- Use of celebrity endorsements to achieve brand exposure effectively boosting **EMBRY FORM**'s sales
- Focusing on strengthening the operations of e-commerce platforms, the overall e-commerce sales increased by 6.8% year on year to HK\$220.2 million

(28 August 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 unaudited interim results for the six months ended 30 June 2024 (the “Current Period”) today.

During the Current Period, the Group’s revenue decreased by 11.0% to HK\$631,392,000 from that for the six months ended 30 June 2023 (the “Prior Period”). The Group’s revenue from Chinese Mainland market decreased by approximately 6.9% year on year at constant exchange rates. The gross profit margin increased by 1.3 percentage points year on year to 75.8%. Affected by non-recurring, unrealised, and non-cash items including, among others, the decrease in the fair value of investment properties in Chinese Mainland and Hong Kong, impairment of other assets in Shenzhen, and provisions for impairment of right-of-use assets in retail stores and counters, totalling approximately HK\$74,476,000, the Company recorded a loss attributable to owners of approximately HK\$82,235,000. Loss per share amounted to HK19.47 cents.

The board of directors has resolved not to recommend the payment of an interim 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.

– Cont’d –

Reviewing the Group's operation in the first half of 2024, Madam Ming Chu Ngok, Chairman of Embry Group, said, "In the first half of the year, China's overall economy faced challenges such as complicated external politics, divergent global monetary policies, insufficient effective demand in the domestic market, and weak social expectations. Despite the resilience shown by the China's economy in the first half of the year, the weak recovery trend continued. The sluggish real estate market and the unsatisfactory employment situation dampened consumer confidence, suppressing domestic demand and slowing household consumption expenditure growth. In a weak recovery environment, the importance of price in consumer decision-making increased significantly. Residents' income and consumption capacity were under slow recovery, and consumer behaviour was gradually evolving towards a trend of rational consumption focused on low-priced practicality. The overall consumer market sentiment was cautious, and the business environment for sub-essential underwear retails was challenging."

In the first half of 2024, the Group leveraged its multi-brand strategy and adjusted marketing arrangements to meet 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 meet the needs and preferences of varying customer groups. The Group enhanced its brand competitiveness and expanded market share while consolidating its flagship brand, **EMBRY FORM**, which contributed the majority of sales.

Among the seven brands operated by the Group, **EMBRY FORM**, the flagship brand, is the main source of income for the Group and its contribution to the total revenue accounted for 61.0%. Revenue from **EMBRY FORM** amounted to HK\$385,168,000, slightly up by 0.8% from that for the Prior Period. The revenue from other brands **FANDECIE**, **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG** for the Current Period amounted to HK\$243,699,000, accounting for 38.6% of the total revenue.

During the Current Period, revenue from retail sales was HK\$393,319,000, accounting for 62.3% of the Group's total revenue. The Group recorded a satisfactory growth in e-commerce sales, which increased by 6.8% year on year to HK\$220,159,000 in the first half of 2024, with its contribution to total revenue increased from 29.0% in the same period last year to 34.9%. The increase was primarily driven by the Group's enhanced e-commerce operations and improved supply chain management. These improvements enabled the Group to rapidly fulfil online orders, attracting and retaining customers effectively, which resulted in revenue growth from internet sales.

During the Current Period, the selling and distribution expenses decreased by 4.2% year on year to HK\$422,004,000, accounting for 66.8% of the Group's revenue. The decrease in expenses was mainly due to the decrease in the number of concessionary counters and retail stores, resulting in a decrease in the related rental costs and wages of sales staff. Nevertheless, the Group has allocated more resources in sales and marketing during the Current Period, namely by engaging a spokesperson and organising more promotional activities, with the aim of enhancing the Group's brand awareness and driving the Group's overall sales in the future. In addition, the ratio of the selling and distribution expenses to the overall sales increased during the Current Period due to the lower sales. Administrative expenses amounted to HK\$80,196,000, representing a decrease of 5.4% as compared to the same period last year, accounting for 12.7% of the Group's revenue.

In the first half of the year, the Group further optimised and improved its sales network. As of 30 June 2024, the Group had a total of 907 retail outlets, including 757 concessionary counters and 150 retail stores. This represents a net decrease of 100 retail outlets compared to the end of December 2023. To enhance the overall operational efficiency of its sales network, the Group seized the opportunity of online sales, and actively explored and developed the online shopping market. The Group strategically adjusted its store network and balanced its online and offline sales channel to achieve optimal coverage.

In terms of brand promotion, the Group adapted to market trends by adhering to a multi-channel and multimedia promotion strategy in the first half of the year, allocating resources in a timely manner and focusing on the operation of social media channels. The Group emphasised the use of celebrity endorsements, aiming to achieve continuous brand exposure across multiple mainstream social media platforms through celebrity effects. This enhanced brand reputation, attracted new customers, and increased the loyalty among existing ones, effectively boosting **EMBRY FORM**'s sales.

Looking ahead to the second half of the year, there are increasing uncertainties in the external environment and significant challenges remain domestically. However, the Chinese government launched a series of policies in the first half of the year to boost the real estate market and stimulate domestic demand. These policies are expected to gradually be implemented in the second half of the year, accelerating consumption growth from a low base. It is likely that China's economy will remain stable and consumer trends will show modest growth. Nevertheless, market uncertainties may increase. As rationality and pragmatism become the mainstream consumer mindset, and consumers remain cautious in the short term, the growth rate of the sub-essential underwear market is expected to be slower than that of the overall market.

Madam Ngok concluded, "In the future, the Group will continue to review and adjust its business strategy. It will continue to explore different market segments to cater to the positive trends in the e-commerce industry, strengthen operations on social media and e-commerce platforms, achieve brand promotion through multiple channels, consolidate the sales advantages of its brands in the online retail market, and stick to the strategy of driving sales through celebrity endorsements to increase the market share of its brands. In terms of production capability, the Group will respond promptly to market demands, capitalising on the advantages of deploying its self-production and self-distribution model and its ancillary intelligent finished goods and materials warehouse facilities to enhance production and logistics efficiency. It will also actively save energy, reduce emission and optimise the supply chain to achieve sustainable development and strive to create long-term value for shareholders."

– End –

About Embry Group:

Embry Group is a major lingerie brand owner and retailer in China, which has established an extensive retail network comprising over 900 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 / Romy Hong

Tel: (852) 2136 6185

Email: embry@iprogilvy.com