**EMBRY HOLDINGS LIMITED**
**安莉芳控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 1388)**

# ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "**Board**" or "**Directors**") of Embry Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024, prepared in accordance with relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), together with the comparative figures in 2023 and the relevant explanatory notes.

By Order of the Board
**Embry Holdings Limited**
Ngok Ming Chu
Chairman

Hong Kong, 28 March 2025

*As at the date of this announcement, the Board comprises four executive Directors, namely Madam Ngok Ming Chu (Chairman), Ms. Cheng Pik Ho Liza (Chief Executive Officer), Mr. Cheng Chuen Chuen and Ms. Lu Qun; and four independent non-executive Directors, namely Mr. Chan Chi On, Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T. S.*

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2024

| | Notes | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| REVENUE | 4 | 1,152,570 | 1,281,753 |
| Cost of sales | | ( 303,896) | ( 325,650) |
| Gross profit | | 848,674 | 956,103 |
| Other income and gains, net | 5 | 21,840 | 31,655 |
| Selling and distribution expenses | | ( 813,910) | ( 881,430) |
| Administrative expenses | | ( 159,813) | ( 175,268) |
| Impairment of property, plant and equipment | | ( 118,699) | - |
| Changes in fair value of investment properties | | ( 69,380) | 889 |
| Impairment of Other Asset | | ( 39,457) | - |
| Impairment of right-of-use assets | | ( 18,076) | ( 6,040) |
| Reversal of impairment/(impairment) of financial assets, net | | ( 617) | 5,492 |
| Other expenses | 6 | ( 1,415) | ( 4,697) |
| Finance costs | 7 | ( 17,683) | ( 19,959) |
| LOSS BEFORE TAX | 8 | ( 368,536) | ( 93,255) |
| Income tax credit/(expense) | 9 | ( 4,899) | 21,087 |
| LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY | | ( 373,435) | ( 72,168) |
| LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY | 11 | | |
| - Basic (HK cents) | | (88.40) | (17.08) |
| - Diluted (HK cents) | | (88.40) | (17.08) |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| LOSS FOR THE YEAR | ( 373,435) | ( 72,168) |
| OTHER COMPREHENSIVE INCOME/(EXPENSE) | | |
| Other comprehensive expense that may be reclassified to the income statement in subsequent periods: | | |
| Exchange differences on translation of foreign operations | ( 64,901) | ( 49,416) |
| Other comprehensive income/(expense) that will not be reclassified to the income statement in subsequent periods: | | |
| Revaluation surplus | 3,341 | 9,628 |
| Deferred tax debited to asset revaluation reserve | ( 835) | ( 2,407) |
| Net other comprehensive income that will not be reclassified to the income statement in subsequent periods | 2,506 | 7,221 |
| OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX | ( 62,395) | ( 42,195) |
| TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY | ( 435,830) | (114,363) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

| | Notes | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 617,954 | 814,841 |
| Investment properties | | 473,225 | 530,947 |
| Right-of-use assets | | 108,035 | 147,315 |
| Other Asset | | 342,660 | 393,846 |
| Deferred tax assets | | 74,169 | 98,499 |
| Deposits and other receivables | | 17,982 | 17,512 |
| Total non-current assets | | 1,634,025 | 2,002,960 |
| CURRENT ASSETS | | | |
| Inventories | | 477,441 | 473,964 |
| Trade receivables | 12 | 38,015 | 45,204 |
| Prepayments, deposits and other receivables | | 52,030 | 56,546 |
| Tax recoverable | | 266 | 183 |
| Cash and cash equivalents | | 163,434 | 283,610 |
| Total current assets | | 731,186 | 859,507 |
| CURRENT LIABILITIES | | | |
| Trade payables | 13 | 39,020 | 69,124 |
| Interest-bearing bank and other borrowings | 14 | 213,905 | 93,556 |
| Lease liabilities | | 28,011 | 32,627 |
| Other payables and accruals | | 134,762 | 163,703 |
| Total current liabilities | | 415,698 | 359,010 |
| NET CURRENT ASSETS | | 315,488 | 500,497 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,949,513 | 2,503,457 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | 14 | 109,348 | 194,756 |
| Lease liabilities | | 12,170 | 21,394 |
| Deferred tax liabilities | | 103,189 | 126,671 |
| Other payables | | 2,254 | 2,254 |
| Total non-current liabilities | | 226,961 | 345,075 |
| Net assets | | 1,722,552 | 2,158,382 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 4,224 | 4,224 |
| Reserves | | 1,718,328 | 2,154,158 |
| Total equity | | 1,722,552 | 2,158,382 |

NOTES

## 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to HKAS 1 | *Classification of Liabilities as Current or Non-current* (the "2020 Amendments") |
| Amendments to HKAS 1 | *Non-current Liabilities with Covenants* (the "2022 Amendments") |
| Amendments to HKAS 7 and HKFRS 7 | *Supplier Finance Arrangements* |

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

## 2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the revised HKFRSs are described below: (continued)

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

## 3. SEGMENT INFORMATION

The Group's primary operating segment is the manufacture and sale of ladies' brassieres, panties, swimwear, sleepwear and others. Since this is the only operating segment of the Group, no further analysis thereof is presented. In determining the Group's geographical information, the revenue information is based on the locations of the customers, and the total non-current asset information, other than deferred tax assets, is based on the locations of the assets.

| | Mainland China | | Hong Kong | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Revenue from external customers | 1,112,562 | 1,239,028 | 33,956 | 39,682 | 6,052 | 3,043 | 1,152,570 | 1,281,753 |
| Non-current assets | 1,465,788 | 1,795,969 | 94,068 | 108,492 | - | - | 1,559,856 | 1,904,461 |
| Capital expenditure incurred during the year | 8,315 | 26,402 | 10 | 1,258 | - | - | 8,325 | 27,660 |

For the years ended 31 December 2024 and 2023, as no revenue from sales to any customer of the Group has individually accounted for over 10% of the Group's total revenue, no information about major customers is presented under HKFRS 8.

## 4. REVENUE

An analysis of revenue is as follows:

| | 2024 | 2023 |
|---|---|---|
| | HK$'000 | HK$'000 |
| *Revenue from contracts with customers* | | |
| Sale of goods | 1,152,570 | 1,281,753 |

5. OTHER INCOME AND GAINS, NET

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Other income | | |
| Subsidy income* | 2,636 | 11,052 |
| Gross rental income from investment property operating leases: | | |
| Other lease payments, including fixed payments | 17,326 | 16,951 |
| Variable lease payments that do not depend on an index or a rate | 635 | 708 |
| Bank interest income | 2,632 | 4,844 |
| Gain on termination of leases | 187 | 46 |
| Others | 4,340 | 5,646 |
| Subtotal | 27,756 | 39,247 |
| Gains/(losses), net | | |
| Foreign exchange differences, net | (5,916) | (7,592) |
| Total other income and gains, net | 21,840 | 31,655 |

* There are no unfulfilled conditions or contingencies relating to this income.

6. OTHER EXPENSES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Loss on disposal/write-off of items of property, plant and equipment, net | 15 | 197 |
| Employee termination benefits | 1,400 | 4,500 |
| Total other expenses | 1,415 | 4,697 |

7. FINANCE COSTS

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Interest on bank loans | 15,403 | 17,481 |
| Interest on lease liabilities | 2,280 | 2,478 |
| Total | 17,683 | 19,959 |

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Cost of inventories sold | 303,896 | 325,650 |
| Depreciation of property, plant and equipment | 51,672 | 61,062 |
| Depreciation of right-of-use assets | 30,906 | 27,631 |
| Gain on termination of leases | ( 187) | ( 46) |
| Lease payments not included in the measurement of lease liabilities | 209,728 | 245,787 |
| Employee benefit expenses (excluding directors' and chief executive's remuneration): | | |
| Wages and salaries | 365,073 | 402,545 |
| Retirement benefit scheme contributions | 45,953 | 48,145 |
| Employee termination benefits | 1,400 | 4,500 |
| Equity-settled share option expense | - | 413 |
| Total | 412,426 | 455,603 |
| Advertising and counter decoration expenses | 139,564 | 124,529 |
| Impairment of property, plant and equipment | 118,699 | - |
| Changes in fair value of investment properties | 69,380 | (889) |
| Impairment of other asset | 39,457 | - |
| Impairment of right-of-use assets | 18,076 | 6,040 |
| Write-back/write-off of provision for obsolete inventories, net | ( 16,300) | ( 20,234) |

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the regions in which the Group operates.

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Deferred | 4,899 | ( 21,087) |
| Total tax expense/(credit) for the year | 4,899 | ( 21,087) |

10. DIVIDENDS

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2024.

NOTES (continued)

## 11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (a) Basic

The calculation of basic loss per share is based on:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Earnings | | |
| Loss attributable to owners of the Company, used in the basic loss per share calculation | (373,435) | (72,168) |

| | Number of shares 2024 | 2023 |
|---|---|---|
| Shares | | |
| Number of ordinary shares of the Company outstanding, used in the basic loss per share calculation | 422,416,638 | 422,416,638 |
| Basic loss per share (HK cents) | (88.40) | (17.08) |

### (b) Diluted

No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options has anti-dilutive effect on the basic loss per share amount presented.

## 12. TRADE RECEIVABLES

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Within 90 days | 35,021 | 43,197 |
| 91 to 180 days | 2,733 | 1,746 |
| 181 to 360 days | 1,640 | 295 |
| Over 360 days | 3,471 | 4,199 |
| | 42,865 | 49,437 |
| Less: Impairment allowance | (4,850) | (4,233) |
| Total | 38,015 | 45,204 |

## 13. TRADE PAYABLES

An ageing analysis of the Group's trade payable as at the end of the reporting period, based on the invoice date, is as follows:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Within 90 days | 35,218 | 66,388 |
| 91 to 180 days | 1,736 | 300 |
| 181 to 360 days | 814 | 453 |
| Over 360 days | 1,252 | 1,983 |
| Total | 39,020 | 69,124 |

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

## 14. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Effective interest rate (%) | Maturity | HK$'000 | Effective interest rate (%) | Maturity | HK$'000 |
| **Current** | | | | | | |
| Bank loans – secured | Hong Kong Interbank Offered Rate ("HIBOR") +1.45 | 2025 | 81,777 | HIBOR +1.45 | 2024 | 51,798 |
| Bank loans – unsecured | 3.30-3.40 | 2025 | 43,830 | 3.50 | 2024 | 41,758 |
| Bank advance for discounted bills | 2.34-2.80 | 2025 | 88,298 | | | - |
| Total – current | | | 213,905 | | | 93,556 |
| **Non-current** | | | | | | |
| Bank loans – secured | HIBOR +1.45 | 2026 | 109,348 | HIBOR +1.45 | 2025-2026 | 194,756 |
| Total | | | 323,253 | | | 288,312 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Operations Review

The year 2024 presented an intricately complex international landscape, characterised by subdued momentum in global economic growth, escalating geopolitical conflicts, and intensifying trade protectionism. The world economy remained entrenched in a cyclical adjustment phase. We saw insufficient effective demand domestically, transitional challenges in the shift between traditional and emerging growth drivers, and operational difficulties faced by certain enterprises. Confronted with the complexity of increasing external pressures and internal challenges, the Chinese government proactively implemented a coordinated suite of policies, resulting in a sustained overall stable economic performance. According to the National Bureau of Statistics, China's gross domestic product (GDP) increased by 5.0% year on year in 2024, achieving the official economic growth target.

Although China's GDP delivered strong performance driven by export growth and stimulus measures, the issue of uneven economic development remained severe. Domestic consumption and real estate market continued to weaken, slowing the overall economic recovery. In 2024, the total retail sales increased by 3.7% year on year. While the consumption recovery trend stabilised, it progressed more slowly than market expectations. In terms of goods consumption, the second half of the year saw notable boosts from policy effects. However, under economic downward pressure, retail formats became distinctly divided. Traditional physical department stores and brand specialty stores did not benefit from this trend, with their retail sales declining by 2.4% and 0.4% year on year, respectively. Due to insufficient internal consumption momentum, consumers remained conservative in their spending, leading to more rational spending behaviour. The concept of "good yet affordable" - a new value-for-money standard - has become central to purchasing decisions, which has posed considerable impact on the operating environment for retailers of sub-essential underwear products.

For the year ended 31 December 2024 (the "Current Year"), the Group's revenue amounted to HK$1,152,570,000 (2023: HK$1,281,753,000), and loss attributable to owners of the Company amounted to approximately HK$373,435,000 (2023: HK$72,168,000). Excluding non-recurring, unrealised, and non-cash items of the Group, including, among others, provision for impairment of property, plant and equipment, changes in fair value of properties, impairment of other assets, provision for impairment of right-of-use assets totalling approximately HK$245,612,000, the operating loss before tax of the Company for the Current Year amounted to approximately HK$122,924,000 (2023: HK$88,104,000). Loss per share was HK 88.40 cents (2023: 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.

**Business and Operations Review** (continued)

**Brand management**

In 2024, 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 its brands' unique personalities to meet the needs and preferences of various customer groups. The Group enhanced its brand competitiveness and expanded its market share while consolidating its flagship brand, ***EMBRY FORM***, which contributed the majority of sales.

In terms of brand promotion, the Group continued to adopt a diverse, multi-platform promotional strategy in 2024, gradually enhancing consumer awareness of its brands. During the Current Year, the Group precisely allocated resources, focusing on the in-depth operation of social media channels. This approach achieved high-frequency brand exposure across major social media platforms. The Group also maintained its celebrity endorsement strategy, leveraging celebrity influence to attract younger consumer demographics through collaborations with youthful brand spokespersons. To complement its multi-channel marketing efforts, the Group actively organised "Elegance Through Time (時光裡的優雅)" themed pop-up events offline and livestreaming campaigns online, which further promoted the brand image, elevated brand reputation, and ultimately boosted product sales.

In support of China's strategy to achieve the goals of "carbon peaking" and "carbon neutrality", and to demonstrate its green and healthy brand image, the Group organised multiple "Blue Ribbon Salon Livestream (藍絲帶沙龍直播)" events during the year. These events aimed to raise awareness of women's health and solidify its positioning as the "preferred brand for green, healthy, and high-quality underwear (綠色健康高品質貼身衣物首選品牌)". In addition, remaining true to its original mission and upholding the "green, low carbon" and "sustainable" brand concepts, the Group hosted the 22nd Eco Month activities and launched the Eco Month product series, taking concrete actions to promote energy conservation and emission reduction. Meanwhile, the Group initiated the "Butterfly Habitat (蝶之棲息地)" conservation campaign, encouraging consumers to reduce carbon emissions, reinforcing the brand's commitment to environmental and health-conscious values.

Amid the consumer wave of the new era, China Chic has risen as a pivotal market force with unstoppable momentum, showcasing the unique charm of Chinese culture and igniting consumption enthusiasm among younger generations. In alignment with this trend, the Group reintroduced its "Xi Le Jia An (囍樂家安)" product series inspired by the traditions of Chinese festivals and weddings. By combining high-quality products with traditional oriental aesthetics, the Group created the brand value of ***EMBRY FORM*** in a China Chic style, resulting in strong market resonance.

**Business and Operations Review** (continued)

**Sales network**

In 2024, the Group continued to optimise its sales network, and stepped up its efforts in rationalising retail outlets to enhance operational efficiency. As of 31 December 2024, the Group had 811 retail outlets in total, including 671 concessionary counters and 140 retail stores, representing a net decrease of 196 retail outlets as compared to the end of 2023. The Group seized the opportunity in 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 sales channel coverage.

During the Current Year, the Group continued to operate online mirror stores with product information synchronised with the physical retail stores, achieving mutual empowerment of online and offline channels to drive traffic. This approach eliminated competition between physical and online stores, and also provided a convenient alternative consumption channel. The closed loop operation helped optimise the deployment of store inventory and inventory management.

**Product design, research and development**

The Group has always been committed to excellent product quality and comfortable wearing experience. To meet consumer demand for environmentally friendly and lightweight underwear products, the Group continued to upgrade product designs and source suitable materials while ensuring a comfortable fit and design. The Group has also continued to use green, environmentally friendly, and non-polluting raw materials, committing to sustainable development at the source of production.

Due to shifts in market conditions, the Group further intensified the development of products for online shopping during the year by optimising the diversity, adaptability and cost-performance of products, thereby tapping into younger consumers market and driving steady growth in e-commerce sales. To cater to increasingly diversified consumer demands, the Group extensively developed functional fabrics for product applications, keeping on the development of new patented core competitive products. In the increasingly refined segments of the underwear market, the Group strived to maintain its leading position in the highly competitive market.

During the Current Year, the Group launched a full range of popular new collections, including: ***EMBRY FORM***'s "Miss Embry 2024" and "Peace Year after Year (歲歲安)"; ***FANDECIE***'s "Cat and Bowknot (貓與蝴蝶結)" and "Super Lucky (超級紅運)"; ***COMFIT***'s "Elegant (雅緻)"; ***LIZA CHENG***'s "Glamourous Radiance (霓裳流光)" and "Luminous Softness (柔光滿溢)"; ***E-BRA***'s "Oriental Affection (愛意東方)"; ***IADORE***'s "Cloud Comfort (雲嵐輕舒)"; and ***IVU***'s "U-Choice for Business Travellers (商旅 U 選)".

**Business and Operations Review** (continued)

**Product design, research and development** (continued)

Meanwhile, the Group advocates for environmentally sound production processes while prioritising the health, comfort, and eco-friendliness of its products for women. The Group has continued to strengthen the research and development of its green products, and launched new collections during the Current Year, with bio-based, environmentally friendly materials used for underwear shoulder straps, as well as zero-carbon fabrics and bamboo fibers. These materials reduced the use of the byproducts from petroleum refining, indirectly contributing to lower carbon dioxide emissions associated with the refining process. The product series also demonstrated the Group's commitment to low-carbon, environmental practices.

In 2024, the Group obtained 24 new patents in China, including 14 utility model patents, 9 design patents, and 1 invention patent. As at 31 December 2024, the Group had a total of 138 patents, including 82 utility model patents, 13 invention patents and 43 design patents.

**Production capacity**

The Group operates its own production bases in Jinan, Shandong Province, and Changzhou, Jiangsu Province, with the Shandong plant equipped with intelligent warehouses for finished goods and materials. In response to market changes, the Group carefully analysed sales data and market trends to adjust production volume, maximising production efficiency and enhancing supply chain responsiveness.

To achieve sustainable development, the Group's Shandong Industrial Park prioritises low-carbon operations and environmental responsibility at the source. The industrial park utilises geothermal energy to tap the renewable energy, and adopts energy efficient features such as thermal insulation, energy-saving walls, and natural lighting to further reduce the environmental impact. Besides, the Group's proprietary packaging machines use degradable plastic products to minimise pollution.

**Human resources**

The Group understands that employees are one of the cornerstones of the Group's operations. It not only trained its employees and improved their welfare, but also reviewed the internal management culture from time to time to enhance the sense of belonging among the employees. Meanwhile, the Group also actively improved production technology together with the utilisation of automated logistics system, improved the workflow of employees, and raised production efficiency, so as to mitigate the pressure of overall cost increase and improve operational efficiency.

As at 31 December 2024, the number of employees of the Group was approximately 3,949 (2023: approximately 4,390). Total staff cost (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and share option scheme but excluding directors' and chief executive's remunerations) for the Current Year was HK$412,426,000 (2023: HK$455,603,000).

**MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

**Financial Review**

**Revenue**

During the Current Year, revenue was HK$1,152,570,000, representing a decrease of 10.1% from that for the year ended 31 December 2023 (the "Prior Year"), and the Group's revenue from Chinese Mainland market decreased by approximately 8.2% from the Prior Year at constant exchange rates.

Revenue from retail sales for the Current Year was HK$720,169,000, representing a decrease of 17.7% from the Prior Year, accounting for 62.5% of the Group's total revenue. The Group recorded an increase in sales on e-commerce platforms, which increased by 8.6% year on year to HK$400,423,000 in 2024. Its contribution to total revenue rose from 28.8% in the Prior Year to 34.7%. 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.

The Chinese Mainland market is the main source of income for the Group. During the Current Year, revenue from the mainland market was HK$1,112,562,000, accounting for 96.5% of the Group's total revenue.

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 61.9%. Revenue from ***EMBRY FORM*** amounted to HK$713,673,000, up by 0.6% from that for the Prior Year. The combined revenues from other brands ***FANDECIE***, ***E-BRA***, ***COMFIT***, ***IVU***, ***IADORE***, and ***LIZA CHENG*** for the Current Year amounted to HK$432,845,000, accounting for 37.6% of the total revenue.

Lingerie continues to be the core product line of the Group. During the Current Year, sales of underwear amounted to HK$983,396,000, representing 85.3% of the revenue of the Group. Sales of sleepwear amounted to HK$124,780,000, accounting for 10.8% of the revenue of the Group, while sales of swimwear amounted to HK$22,384,000, accounting for 1.9% of the revenue of the Group.

**Financial Review** (continued)

**Gross profit**

During the Current Year, the Group recorded a gross profit of approximately HK$848,674,000 (2023: HK$956,103,000), representing a decrease of 11.2% from that for the Prior Year. This decline was mainly attributable to a decrease of approximately 10.1% in the Group's revenue compared to the Prior Year. Consumers' lack of confidence in the macroeconomic environment resulted in depressed consumer sentiment and a cautious approach to spending. In the underwear segment, which is considered sub-essential, various brands addressed market needs by offering relatively large discounts. This led to pressure on the average price, resulting in a decrease in the unit price of sales as compared to that for the Prior Year. In the face of the decline in the average price, the Group effectively controlled its production costs through various measures, partially offsetting the negative impact of the decline in the average price. As a result, the overall gross profit margin was slightly down by 1 percentage point to 73.6% as compared to that in 2023.

**Operating expenses**

During the Current Year, the selling and distribution expenses decreased by 7.7% year on year to HK$813,910,000 (2023: HK$881,430,000), accounting for 70.6% (2023: 68.8%) 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 allocated more resources to sales and marketing during the Current Year, namely by engaging a spokesperson and organising promotional activities, with the aim of enhancing the Group's brand awareness and driving the Group's overall sales. In addition, the ratio of the selling and distribution expenses to the overall sales increased during the Current Year due to the lower sales performance.

Administrative expenses amounted to HK$159,813,000 (2023: HK$175,268,000), representing a decrease of 8.8% from that for the Prior Year, accounting for 13.9% (2023: 13.7%) of the Group's revenue.

**Other income**

During the Current Year, the Group recorded other income of approximately HK$21,840,000 (2023: HK$31,635,000), which was mainly due to the decrease in government subsidy income to HK$2,636,000 (2023: HK$11,052,000).

**Impairment of property, plant and equipment**

The Group has recorded a decline in revenue and losses for several consecutive years due to the domestic consumer sentiment and fierce market competition in recent years. It is expected that the intense market competition may persist for some time. The Group adopted a conservative and cautious approach in assessing the impairment of its property, plant and equipment and recognized an impairment of its property, plant and equipment of approximately HK$118,699,000 for the Current Year (2023: nil).

**Financial Review** (continued)

**Changes in fair value of investment properties and impairment of other asset**
Due to the sluggish property markets in the Chinese Mainland and Hong Kong in 2024 and with reference to the market price changes of surrounding properties, there was a decrease in fair value of the Group's investment properties located in two areas in the Chinese Mainland, namely Shanghai and Changzhou; and Hong Kong with an amount of approximately HK$69,380,000 for the Current Year (2023: fair value gain of HK$889,000). In addition, the Group also recognised an impairment of approximately HK$39,457,000 (2023: nil) with respect to the Group's other asset in Shenzhen, the PRC, which is the right to receive the new properties due to the relocation arrangement in 2017.

**Impairment of right-of-use assets and other expenses**
The Group made provisions for impairment of right-of-use assets in retail stores and concessionary counters of approximately HK$18,076,000 for the Current Year (2023: HK$6,040,000). Other expenses amounted to HK$1,415,000 (2023: HK$4,697,000).

**Income tax**
The Group recorded an income tax of approximately HK$4,899,000 for the Current Year (2023: income tax credit HK$21,087,000). In view of the domestic consumer sentiment and fierce market competition in recent years as mentioned above, the Group reversed the deferred tax assets associated with tax losses recognised in previous years, expecting that it may not be probable to utilise the tax losses carried forward in the near future. Therefore, the Group reversed the deferred tax assets recognized in prior years of approximately HK$28,000,000 during the Current Year, resulting in a significant increase in income tax.

**Loss**
Loss attributable to owners of the Company was HK$373,435,000 for the Current Year (2023: HK$72,168,000). The increase in loss was mainly due to the aforementioned non-recurring, unrealised, and non-cash items. However, these items do not have a direct impact on the Company's cash flow and daily operations.

Excluding these items, which are provision for impairment of property, plant and equipment, changes in fair value of properties, impairment of other assets and provision for impairment of right-of-use assets totalling approximately HK$245,612,000, the Group recorded an operating loss before tax of approximately HK$122,924,000 (2023: HK$88,104,000). This was attributable to a decrease in revenue of approximately 10.1% from that for the Prior Year, a decrease in gross profit of HK$107,429,000, and a decline in operating expenses that was less than the decrease in revenue.

**Financial Review** (continued)

### Liquidity and financial resources

The Group finances its operations mainly with internally generated cash flows. Financial position of the Group remained healthy during the Current Year. As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately HK$163,434,000 (2023: HK$283,610,000). As at 31 December 2024, the Group's interest-bearing bank and other borrowings amounted to HK$323,253,000 (2023: HK$288,312,000). As at 31 December 2024, equity attributable to owners of the Company was HK$1,722,552,000 (2023: HK$2,158,382,000). The gearing ratio of the Group was approximately 18.8% (2023: 13.4%).

### Capital expenditure

During the Current Year, the capital expenditure of the Group amounted to HK$8,325,000 (2023: HK$27,660,000), which was mainly used for external waterproofing renovation of the plant in Shandong Province. As at 31 December 2024, the capital commitments of the Group amounted to HK$102,346,000 (2023: HK$105,725,000), which were contracted but not provided for in the financial statements.

### Charge on the Group's assets

As at 31 December 2024, the Group pledged Hong Kong investment properties, buildings, and right-of-use assets with net book values of HK$79,000,000, HK$2,310,000, and HK$10,800,000, respectively, to banks to obtain loans.

### Capital structure

As at 31 December 2024, the total issued share capital of the Company was HK$4,224,000 (2023: HK$4,224,000), comprising 422,416,638 (2023: 422,416,638) ordinary shares of the par value of HK$0.01 each.

### Significant investment held, material acquisitions and disposals of subsidiaries and associate companies

During the Current Year, the Group was neither involved in any significant investment, nor any material acquisitions or disposals of any subsidiaries or associate companies.

### Foreign currency exposure

The Group carries out its transactions mainly in Hong Kong dollars and the Renminbi. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of the business.

### Contingent liabilities

As at 31 December 2024, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK$646,000 (2024: HK$646,000). Save as disclosed above, the Group had no other significant contingent liabilities, nor any litigation or arbitration of material importance.

## PROSPECT

Looking ahead to 2025, the global economy is expected to remain under adjustment pressures, driven by elevated costs, high debt levels, and rising protectionism. According to the *World Economic Outlook 2025*, a report published by the International Monetary Fund (IMF), global economic growth is projected to remain subdued at 2.6%. The post-recovery momentum of the global economy has been weaker than anticipated, while the macroeconomic and policy impacts of the new U.S. administration remain unclear, contributing to heightened policy uncertainty. Concurrently, ongoing global trade tensions continue to impose pressure on China's economic revival. Against this backdrop and in the absence of large-scale stimulus measures, overall consumption in 2025 is expected to experience subdued growth.

While domestic consumption in Chinese Mainland may achieve gradual recovery with policy support, the ongoing sluggish real estate market and uncertain economic prospects have dampened consumer confidence. The broader macroeconomic weakness is likely to persist, resulting in an expected modest recovery trajectory for consumption in 2025. Therefore, the Group adopts a prudent outlook towards the underwear industry and maintains a conservative outlook towards the overall economic landscape in the Chinese Mainland in 2025. The Group will closely monitor policy developments, capitalise on emerging policy benefits, and adjust its strategic priorities flexibly to strengthen resilience amid a complicated and volatile economic environment.

Since 2024, a rational approach to consumption has become an enduring market norm. Moving forward, the Group will continue to closely monitor market trends and holistically address consumer demands for quality, functionality, aesthetics, and green sustainable consumption across product design, production technologies, marketing strategies, and sales channels. In 2025, the Group will further intensify research and development of products exclusively for online shopping, enhance market adaptability of the products, and deepen collaborations with suppliers of low-carbon and eco-friendly materials to advance the development of environmentally conscious product lines. The Group aims to continuously strengthen product competitiveness with consumer demand and needs at the core of its business. Leveraging its decades-deep brand influence and market expertise in China's lingerie sector, the Group is confident in navigating the current economic climate with agility and maintaining its leading position in the industry.

**PROSPECT** (continued)

As consumer demands become increasingly diversified and personalised, the Group expects the underwear market to further refine its market segments in 2025, necessitating greater investment in product development and innovation to meet these diversified needs. To this end, the Group will steadfastly implement its multi-brand strategy, deepen its presence in distinct market segments, and actively execute consumer demand-driven sales strategies. Aligning with evolving domestic consumption patterns, the Group will timely optimise offline store networks to reduce operational costs, while aggressively expanding online sales channels. Efforts will focus on enhancing social media engagement, improving the quality of digital content, and actively driving traffic monetisation to capitalise on e-commerce platform advantages, thereby driving online sales growth. Through its youth-oriented spokesperson brand strategy, the Group aims to broaden its consumer base and further increase product sales volumes. In terms of supply chain management, the Group will further leverage the strengths of its self-production and self-distribution model. Supported by intelligent warehousing and logistics systems, it will enhance production efficiency and order fulfilment capabilities, continuously refine supply chain operations, and maintain agile responsiveness to market demands.

Adhering to its 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.

## OTHER INFORMATION

### FINAL DIVIDEND

On 28 March 2025, the Board resolved not to declare the payment of a final dividend for the year ended 31 December 2024.

### CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on 29 May 2025 ("AGM"), the register of members of the Company will be closed from Thursday, 22 May 2025 to Thursday, 29 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 21 May 2025.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2024.

As at 31 December 2024, there were no treasury shares held by the Company.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the accounting period covered by the 2024 annual report.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as its own code of conduct for Directors’ and employees’ securities transactions ("Securities Dealing Code"). Having made specific enquiries of all the Directors and members of the senior management, they have confirmed their compliance with the required standard set out in the Securities Dealing Code during the year.

### AUDIT COMMITTEE

The audit committee of the Company has reviewed the consolidated results of the Group for the year ended 31 December 2024. The audit committee is composed of three independent non-executive Directors of the Company, namely Mr. Lau Siu Ki, Mr. Chan Chi On and Prof. Lee T.S. The chairman of the audit committee has appropriate professional qualifications and experience in financial matters.

### REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary results announcement have been agreed by the Company's independent auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("Ernst & Young") to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on the preliminary results announcement.

**OTHER INFORMATION** (continued)

**PUBLICATION OF 2024 ANNUAL REPORT**

The 2024 annual report of the Company containing all the information required by the Listing Rules will be published on the websites of the Company at http://www.embrygroup.com and Hong Kong Exchanges and Clearing Limited at https://www.hkexnews.hk/ in due course.

By Order of the Board
**Embry Holdings Limited**
Ngok Ming Chu
Chairman

Hong Kong, 28 March 2025

*As at the date of this announcement, the Board comprises four executive Directors, namely Madam Ngok Ming Chu (Chairman), Ms. Cheng Pik Ho Liza (Chief Executive Officer), Mr. Cheng Chuen Chuen and Ms. Lu Qun; and four independent non-executive Directors, namely Mr. Chan Chi On, Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T. S.*