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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

RESULTS AND OPERATION HIGHLIGHTS

- Revenue was approximately HK$622.3 million, representing an increase of 2.9% from HK$604.5 million for the same period last year
- Gross profit was approximately HK$447.0 million, representing an increase of 1.1% from HK$442.3 million for the same period last year
- Loss for the period attributable to owners of the Company narrowed to approximately HK$48.7 million, representing a decrease of 15.9% from HK$58.0 million for same period last year
- 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 8.9% to HK$258.0 million compared to the same period last year

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors (the “Board” or “Directors”) of Embry Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2026 together with the unaudited comparative figures for the corresponding period in 2025 and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee and the external auditor of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	Six months ended 30 June 2026 HK$'000 (unaudited)	Six months ended 30 June 2025 HK$'000 (unaudited)
REVENUE	2	622,255	604,528
Cost of sales		(175,258)	(162,219)
Gross profit		446,997	442,309
Other income and gains, net	3	20,234	16,823
Selling and distribution expenses		(424,382)	(408,005)
Administrative expenses		(65,731)	(75,265)
Changes in fair value of investment properties		(5,045)	(14,349)
Impairment of other asset		(5,705)	(5,484)
Impairment of right-of-use assets		(4,072)	(2,162)
Other expenses, net	4	(801)	(486)
Finance costs	5	(9,145)	(7,538)
LOSS BEFORE TAX	6	(47,650)	(54,157)
Income tax expense	7	(1,071)	(3,802)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(48,721)	(57,959)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
- Basic (HK cents)		(11.53)	(13.72)
- Diluted (HK cents)		(11.53)	(13.72)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(unaudited)	(unaudited)
LOSS FOR THE PERIOD	(48,721)	(57,959)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to the income statement in subsequent periods:		
Exchange differences arising on translation of foreign operations	54,464	59,132
Other comprehensive income that will not be reclassified to the income statement in subsequent periods:		
Revaluation surplus	-	4,915
Deferred tax debited to asset revaluation reserve	-	(1,230)
Net other comprehensive income that will not be reclassified to the income statement in subsequent periods	-	3,685
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	54,464	62,817
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	5,743	4,858

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2026

	Notes	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	582,171	570,912
Investment properties		474,083	465,702
Right-of-use assets		119,746	114,448
Other asset		330,667	325,222
Deferred tax assets		82,862	81,602
Deposits and other receivables		22,767	12,805
Interests in an associate		621	600
Total non-current assets		1,612,917	1,571,291
CURRENT ASSETS			
Inventories		445,090	431,150
Trade receivables	11	101,370	77,544
Prepayments, deposits and other receivables		57,794	53,936
Tax recoverable		430	370
Restricted bank balances		41,379	8,333
Cash and cash equivalents		187,968	181,456
Total current assets		834,031	752,789
CURRENT LIABILITIES			
Trade payables	12	73,826	48,597
Interest-bearing bank and other borrowings		326,483	229,556
Lease liabilities		28,105	30,604
Other payables and accruals		138,860	147,598
Total current liabilities		567,274	456,355
NET CURRENT ASSETS		266,757	296,434
TOTAL ASSETS LESS CURRENT LIABILITIES		1,879,674	1,867,725
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		193,647	204,023
Lease liabilities		26,362	12,337
Deferred tax liabilities		102,597	100,418
Other payables		2,470	2,092
Total non-current liabilities		325,076	318,870
NET ASSETS		1,554,598	1,548,855
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,224	4,224
Reserves		1,550,374	1,544,631
TOTAL EQUITY		1,554,598	1,548,855

NOTES

1.1 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standards ("HKAS") 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for the investment properties which have been measured at fair value.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The adoption of the above amended standards had no material impact on the results and financial position for the current or prior accounting periods which have been prepared and presented.

NOTES (continued)

2. REVENUE AND SEGMENT INFORMATION

An analysis of revenue is as follows:

	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Revenue from contracts with customers		
Sales of goods	622,255	604,528

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.

Disaggregated revenue information

	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Geographical markets		
Chinese mainland	606,288	582,494
Hong Kong	13,680	14,800
Others	2,287	7,234
	622,255	604,528

3. OTHER INCOME AND GAINS, NET

	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Other income		
Subsidy income*	2,156	2,469
Gross rental income from investment properties under operating leases:		
Other lease payments, including fixed payments	10,849	7,991
Variable lease payments that do not depend on an index or a rate	283	285
Bank interest income	230	970
Gain/(loss) on termination of leases	212	(22)
Others	3,025	2,627
Subtotal	16,755	14,320
Gains, net		
Foreign exchange differences, net	3,479	2,503
Total	20,234	16,823

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

NOTES (continued)

4. OTHER EXPENSES, NET

	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Charitable donation	7	-
Loss on disposal/write-off of items of property, plant and equipment, net	5	-
Termination benefits	789	486
Total	801	486

5. FINANCE COSTS

	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Interest on interest-bearing bank borrowings	8,033	6,547
Interest on lease liabilities	1,112	991
Total	9,145	7,538

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June 2026 HK$'000 (unaudited)	2025 HK$'000 (unaudited)
Cost of inventories sold	175,258	162,219
Depreciation of property, plant and equipment	17,704	18,889
Depreciation of right-of-use assets	15,704	14,682
Lease payments not included in the measurement of lease liabilities	97,264	103,126
Advertising and counter decoration expenses	87,486	81,774
Impairment of right-of-use assets	4,072	2,162

7. INCOME TAX

	Six months ended 30 June 2026 HK$'000 (unaudited)	Six months ended 30 June 2025 HK$'000 (unaudited)
Deferred	1,071	3,802
Total tax charge for the period	1,071	3,802

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share is based on the following data:

	Six months ended 30 June 2026 HK$'000 (unaudited)	Six months ended 30 June 2025 HK$'000 (unaudited)
Loss		
Loss attributable to owners of the Company, used in basic loss per share calculation	(48,721)	(57,959)

	Number of shares Six months ended 30 June 2026 (unaudited)	Number of shares Six months ended 30 June 2025 (unaudited)
Shares		
Weighted average number of ordinary shares outstanding of the Company, used in the basic loss per share calculation	422,416,638	422,416,638

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2026.

No adjustment has been made to the basic loss per share amount presented for the period ended 30 June 2025 in respect of a dilution as the impact of the share options has anti-dilutive effect on the basic loss per share amount presented.

9. DIVIDEND

The Board does not recommend a payment of any dividend for the six months ended 30 June 2026 (2025: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June 2026 HK$'000 (unaudited)	Year ended 31 December 2025 HK$'000 (audited)
At beginning of period/year, net carrying amount	570,912	617,954
Additions	4,571	10,563
Disposals/write-off	(35)	(75)
Impairment	-	(40,389)
Depreciation provided during the period/year	(17,704)	(37,524)
Transfer to investment properties	-	(10,186)
Exchange realignment	24,427	30,569
At end of period/year, net carrying amount	582,171	570,912

11. 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:

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Within 90 days	97,425	74,402
91 to 180 days	3,685	2,882
181 to 360 days	168	1,539
Over 360 days	3,325	2,999
	104,603	81,822
Less: Impairment allowance	(3,233)	(4,278)
Total	101,370	77,544

12. TRADE PAYABLES

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

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Within 90 days	69,960	45,197
91 to 180 days	1,089	724
181 to 360 days	1,125	768
Over 360 days	1,652	1,908
Total	73,826	48,597

NOTES (continued)

13. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	107,524	103,949

14. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2026 HK$'000 (unaudited)	31 December 2025 HK$'000 (audited)
Bank guarantees given in lieu of property rental deposits and utility deposits	277	646

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS REVIEW

The first half of 2026 witnessed a complex and volatile global economic landscape, a general slowdown in global trade and significantly rising inflationary pressures in most economies. Despite the dual challenges posed by an increasingly severe external environment and ongoing internal structural adjustments, China's economy continued to operate within a reasonable range and achieved steady development. According to the National Bureau of Statistics, China's gross domestic product (GDP) grew by 4.7% year on year during the first half of 2026, demonstrating the resilience of the country's overall economy.

Although China's economy managed to withstand pressures and achieved growth, the imbalance between strong supply and weak demand remained pronounced, and consumer confidence continued to be subdued. In the first half of 2026, weighed down by factors such as the phase-out of government subsidy policies and frequent extreme weather events, total retail sales of consumer goods grew by only 1.3% year on year in the first half of the year. By consumption category, retail sales of goods increased by 1.1% year on year, among which, the clothes, shoes, hats and textiles category performed relatively steadily, registering a growth rate of 6.7%. By retail format, retail sales of specialty stores, department stores and branded specialty stores declined by 1.5%, 2.1% and 8.7%, respectively, highlighting that offline physical consumption scenarios were significantly constrained and that consumers' cautious spending sentiment remained unchanged. Meanwhile, consumers' expectations for underwear products in terms of functionality, comfort and cost-performance have been rising, which, coupled with upward cost pressures stemming from the macro-environment, posed multiple challenges to the operations of underwear retail industry.

For the six months ended 30 June 2026 (the "Current Period"), the Group recorded revenue of HK$622,255,000 (2025: HK$604,528,000), representing a slight increase of 2.9% compared to the six months ended 30 June 2025 (the "Prior Period"). Compared to the Prior Period, the Group recognised a decrease in fair value changes on investment properties and increase in other asset impairment during the Current Period. Consequently, the loss attributable to owners of the Company narrowed to approximately HK$48,721,000 from HK$57,959,000 in the Prior Period. Loss per share was 11.53 HK cents (2025: 13.72 HK 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.

Brand management

In the first half of 2026, the Group continued to leverage 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 catered to the segmented market by highlighting unique brand personalities to meet the needs and preferences of various customer groups. The Group enhanced the competitiveness and market share of its other brands while consolidating its flagship brand, ***EMBRY FORM***, which contributed most of the sales, and successfully transforming ***FANDECIE***'s operating model.

BUSINESS AND OPERATIONS REVIEW (continued)

Brand management (continued)

In terms of brand promotion, the Group continued to optimise its brand communication strategies, deepening its coordinated multi-channel and multi-media presence. Through targeted resource allocation and refined operations on social platforms, its brand visibility and market reach were significantly enhanced. During the Current Period, the Group leveraged celebrity endorsements and strategic collaborations to effectively expand its customer reach through the influence of celebrities. Specifically, ***EMBRY FORM*** invited actress Charmaine Sheh Sze Man (佘詩曼) to appear in a brand livestream on the WeChat Channels (視頻號) platform, successfully achieving dual breakthrough in brand visibility and sales conversion. Meanwhile, ***FANDECIE*** partnered with new celebrity spokesperson Wu Xin (吳昕), which received favourable market feedback and delivered particularly notable promotional results, effectively driving sales growth. In addition, the Group co-launched the "New Feminism" thematic campaign with ELLE Wonder Women, which generated efficient exposure of its brand while advocating for women's physical and mental well-being. The campaign received enthusiastic responses both online and offline. During the Current Period, by harnessing an integrated omni-channel promotional system that combined online and offline efforts, the Group continuously conducted high-quality user interactions, effectively strengthening user stickiness and consolidating customer loyalty, thereby supporting sales of ***EMBRY FORM*** products.

In the first half of 2026, domestic online consumption remained robust, with the growth rate of online retail sales of goods significantly outpacing that of the overall goods retail market, while livestream e-commerce continued to drive overall retail growth. In line with such trend, the Group continued to deepen its sales channel transformation, achieving full coverage of mainstream e-commerce platforms. It also continuously optimised its e-commerce operation system, strengthening its brand exposure across various platforms through the output of high-quality content. Furthermore, the Group actively built a comprehensive social media traffic ecosystem, rapidly responding to trending topics to expand its user reach; and by collaborating with celebrities and Key Opinion Leaders (KOLs), and employing diverse approaches such as livestreaming and interactive marketing, it precisely targeted its intended customer base, injecting sustained momentum into its online sales growth. The Group's e-commerce sales increased steadily by 8.9% year on year, contributing 41.5% of the Group's total revenue.

The outline of the 15th Five-Year Plan proposed taking the "dual carbon" goals (carbon peaking and carbon neutrality) as the driving force to strengthen the momentum for green transformation. The Group actively implemented its green development philosophy. During the Current Period, it launched the 25th Eco Month initiative and continued to roll out the "Garment Renewal Programme (舊衣煥新)", encouraging consumers to upcycle their used garments, while also setting up professional recycling facilities in its retail stores to translate energy conservation and emission reduction into tangible actions. In addition, the Group introduced the "Sustainable Underwear" thematic campaign and co-hosted an offline salon themed "Sustainable Beauty – Let Your Body and the Earth Breathe" with No.1 Yaohan in Shanghai, actively advocating a green and low-carbon lifestyle while caring for women's health, to further reinforce its positioning as both 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)" and a leading environmental advocate in the industry.

BUSINESS AND OPERATIONS REVIEW (continued)

Sales network

In the first half of 2026, the retail performance of offline physical stores was relatively weak, while the siphoning effect of online channels continued to intensify, with online consumption remaining a key driver of consumption growth. In response to the channel transformation trend, the Group actively expanded its online retail business. At the same time, amidst slowing demand at physical stores, the Group strategically adjusted the number of its offline outlets to enhance the operational efficiency of its overall sales network and optimise the sales mix between online and offline channels, aiming to achieve the most desirable channel mix. As of 30 June 2026, the Group had a total of 684 retail outlets, including 567 concessionary counters and 117 retail stores, representing a net decrease of 32 retail outlets as compared to the end of 2025.

Underwear products require precise tailoring and fit, making physical stores an indispensable touchpoints for product experience. The real-time synchronisation of product information between “physical retail stores” and “online mirror stores” enabled the Group’s both channels to complement each other in driving traffic, providing consumers with a seamless shopping experience, and facilitating flexible inventory deployment as well as optimising stock management.

Product design, research and development

The Group remains committed to excellent product quality and comfortable wearing experience. To meet consumer demand for environmentally friendly and lightweight underwear products, the Group has continued to upgrade product designs and source suitable materials while ensuring 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.

In response to shifting market conditions, the Group further strengthened the development of products for online sales during the Current Period by optimising the diversity, adaptability and cost-performance of its products, thereby tapping into the younger consumer 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 and continued to develop new patented core competitive products. Against the backdrop of an increasingly segmented underwear market, the Group remains committed to consolidating its market position and maintaining its competitive advantages.

During the Current Period, the Group launched a full range of popular new collections, including: ***EMBRY FORM***’s “For Sensitive Skin (敏肌友好)”; ***FANDECIE***’s “Chamomile (洋甘菊)”; ***COMFIT***’s “Creative Minimiser (創意減杯)”; ***LIZA CHENG***’s “Dream-Feel (眠感)”; ***E-BRA***’s “Premium Underwear (品質內衣)”; and ***IVU***’s “Breeze Nest COOL V (風巢 COOL V)”. The Group’s innovative products also received high recognition from the industry. Leveraging its profound insight into women’s lingerie demand and its continuous technological innovation, the Group won multiple awards at the 2026 BIDA (Best Intimate Apparel Design Awards), demonstrating its research and development strength and design leadership in the underwear industry.

BUSINESS AND OPERATIONS REVIEW (continued)

Product design, research and development (continued)

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 expand its green product portfolio. In the first half of the year, bio-based underband technology was applied on a large scale across multiple collections, replacing conventional petrochemical raw materials with renewable plant-based materials, and bio-based elastic bands were applied in various bottoms products. Embry is committed to providing consumers with comfortable, healthy and high-quality choices through quantifiable environmental actions, while steadily reinforcing its leading position as the industry's green benchmark.

In the first half of 2026, the Group obtained 1 invention patent, 11 utility model patents and two design patents in China. As of 30 June 2026, the Group had a total of 156 patents, including 20 invention patents, 88 utility model patents and 48 design patents.

Production capacity

The Group operates 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 analyses sales performance, and market trends and leverages flexible and adaptable supply chain resources to timely review and adjust supply volume, maximising efficiency and enhancing supply chain responsiveness.

To achieve sustainable development, as a state-level green plant, the Group's Shandong Industrial Park prioritises low-carbon operations and environmental responsibility at the source. The industrial park utilises geothermal energy as a renewable energy source, and adopts energy efficient features such as thermal insulation, energy-saving walls, and natural lighting to reduce the burden on the environment. 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 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, to mitigate the pressure of overall cost increase and improve operational efficiency.

As at 30 June 2026, the total number of employees of the Group was 3,696 (31 December 2025: 3,719). Total staff cost (including wages and basic salaries, commissions, bonuses, and contributions to the retirement benefits scheme but excluding directors' and chief executive's remunerations) for the Current Period was HK$212,854,000 (2025: HK$202,923,000).

FINANCIAL REVIEW

Revenue

The revenue for the Current Period was HK$622,255,000 (2025: HK$604,528,000), representing an increase of 2.9% from the Prior Period.

The Group recorded steady growth in sales on e-commerce platforms, with online sales increasing by 8.9% year on year to HK$257,994,000 in the first half of 2026. Its contribution to total revenue increased to 41.5% from 39.2% in the same period last year. This growth was primarily driven by the Group's strategic alignment with online consumption trends through enhanced e-commerce operations and supply chain management. Meanwhile, revenue from retail sales was HK$351,236,000, representing an increase of 1.4% from the Prior Period, accounting for 56.4% of the Group's total revenue.

The Chinese Mainland market is the main source of income for the Group. During the Current Period, revenue from the mainland market was HK$606,288,000, accounting for 97.4% 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 64.2%. Revenue from ***EMBRY FORM*** amounted to HK$399,577,000, up by 2.2% 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$220,390,000, accounting for 35.4% of the total revenue. Among these brands, ***FANDECIE*** delivered an exceptionally strong performance in the second quarter, driven by its channel transformation strategy, the impact of celebrity endorsements and product strategies that closely aligned with market demand, with revenue more than doubling from the first quarter.

Lingerie continues to be the core product line of the Group. During the Current Period, sales of underwear amounted to HK$522,381,000, representing 83.9% of the revenue of the Group. Sales of sleepwear amounted to HK$79,696,000, accounting for 12.8% of the revenue of the Group, while sales of swimwear amounted to HK$7,522,000, accounting for 1.2% of the revenue of the Group.

Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK$446,997,000 (2025: HK$442,309,000), representing a slight increase of 1.1% from the Prior Period. The overall gross profit margin decreased by 1.4 percentage points year on year to 71.8%. The decrease was primarily attributable to the write-back of inventory provision of HK$13,023,000 recorded in the same period last year, whereas a provision of HK$2,326,000 was made in the Current Period. Excluding the impact of inventory provision, the gross profit margin increased from 71.0% last year to 72.2%. The Group's ongoing focus on strengthening cost management was key to mitigating the impact of fluctuating oil prices and the consequent rise in petrochemical costs. At the same time, the Group leveraged its advantages in product material research and development, optimised the product mix, and concentrated promotional resources on clearing aged inventory to avoid price erosion of new full-price products, thereby safeguarding overall profit margins and maintaining the stability of the gross profit margin.

FINANCIAL REVIEW (continued)

Operating expenses

During the Current Period, selling and distribution expenses increased by 4.0% year on year to HK$424,382,000 (2025: HK$408,005,000), accounting for 68.2% (2025: 67.5%) of the Group's revenue. The increase in expenses was mainly due to the Group's continued investment in sales and marketing during the Current Period, including increased spending on service fees for e-commerce livestreaming and offline store renovation costs, with the aim of enhancing the Group's brand awareness and promoting its overall sales performance.

Administrative expenses amounted to HK$65,731,000 (2025: HK$75,265,000), representing a decrease of 12.7% as compared to the same period last year, accounting for 10.6% (2025: 12.5%) of the Group's revenue. The decrease in expenses was mainly attributable to the Group's active cost control and the reversal of accrued expenses during the Current Period.

Changes in fair value of investment properties and impairment of other asset

In the Current Period, a decrease in fair value changes on investment properties and increase in other asset impairment as compared with the Prior Period. Due to the prolonged sluggish property markets in the Chinese Mainland and Hong Kong in the Current Period, and with reference to the market price movements of surrounding properties, the fair value of the Group's investment properties in two Chinese Mainland locations, Shanghai and Changzhou, as well as in Hong Kong, declined by an aggregate amount of approximately HK$5,045,000 for the Current Period (2025: HK$14,349,000). In addition, the Group recognised an impairment of approximately HK$5,705,000 (2025: HK$5,484,000) with respect to the Group's other asset in Shenzhen, the PRC, which represents the right to receive the new properties pursuant to a 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$4,072,000 for the Current Period (2025: HK$2,162,000). Other expenses amounted to HK$801,000 (2025: HK$486,000).

Income tax

The Group recorded an income tax of approximately HK$1,071,000 for the Current Period (2025: HK$3,802,000).

Loss

During the Current Period, loss attributable to owners of the Company was HK$48,721,000 (2025: HK$57,959,000), mainly attributable to the operating loss and the above-mentioned changes in fair value of investment properties and impairment of other asset.

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 Period. As at 30 June 2026, the Group's cash and cash equivalents amounted to approximately HK$187,968,000 (31 December 2025: HK$181,456,000). As at 30 June 2026, the Group's interest-bearing bank borrowings amounted to HK$520,130,000 (31 December 2025: HK$433,579,000). As at 30 June 2026, equity attributable to owners of the Company was HK$1,554,598,000 (31 December 2025: HK$1,548,855,000); the gearing ratio of the Group was approximately 33.5% (31 December 2025: 28.0%).

FINANCIAL REVIEW (continued)

Capital expenditure
During the Current Period, the capital expenditure of the Group amounted to HK$4,571,000 (2025: HK$3,497,000), which was mainly used for infrastructure construction at Shenzhen headquarters. As at 30 June 2026, the capital commitments of the Group amounted to HK$107,524,000 (31 December 2025: HK$103,949,000), which were contracted but not provided for in the financial statements.

Charge on the Group's assets
As at 30 June 2026, the Group pledged investment properties, buildings and right-of-use assets in Hong Kong and Changzhou with net book values of HK$217,700,000, HK$179,229,000 and HK$13,643,000, respectively, to bank to finance loans. In addition, the Group pledged buildings in Shenzhen with a net book value of HK$1,291,000 to bank to finance loans.

Capital structure
As at 30 June 2026, the total issued share capital of the Company was HK$4,224,000 (31 December 2025: HK$4,224,000), comprising 422,416,638 (31 December 2025: 422,416,638) ordinary shares of HK$0.01 each.

Significant investment held, material acquisitions and disposals of subsidiaries and associated companies
During the Current Period, the Group was neither involved in any significant investment, nor any material acquisitions or disposals of any subsidiaries or associated companies.

Foreign currency exposure
The Group carries out its transactions mainly in Hong Kong dollars and 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 30 June 2026, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK$277,000 (31 December 2025: 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 the second half of the year, persistent geopolitical risks and trade frictions will continue to weigh on the global economy, which remains subject to downside risks. Amidst multiple external instabilities and uncertainties, China's economy is expected to maintain stable operation, supported and led by new growth drivers, and continue to develop in a high-quality and innovative manner. On the policy front, the Ministry of Commerce has issued the Opinions on Accelerating the Innovative Development of the Retail Industry (《關於加快零售業創新發展的意見》), which sets out the goal of establishing a well-structured and diversified modern retail system by 2030, while creating retail scenarios with strong driving force. Together with the continued implementation and enhancement of various consumption-boosting policies, this is expected to support a moderate recovery in consumer spending, with total retail sales of consumer goods likely to improve continuously in the second half of the year. From the perspective of the underwear sector itself, end-market sales are expected to sustain a moderate recovery, and professional product upgrading and new retail channel innovation may become key growth drivers in the forthcoming second half of the year. Nevertheless, as the composition of resident consumption gradually shifts from spending on physical goods to experience-oriented services, the recovery momentum of the underwear industry may be relatively weaker than that of the broader consumer market as a result.

In the face of profound changes in the current consumer environment, the Group is confident in consolidating its market position by leveraging its extensive experience and brand strength accumulated in China's lingerie industry, combined with its flexible adaptability. In response to consumers' increasingly rational and prudent underwear purchasing behaviour, the Group continues to closely track market shifts and rapidly iterate its strategies across product development, manufacturing techniques, brand marketing and channel distribution, ensuring agile responses to market demands. The Group will persist in deepening the development of proprietary products, enhancing product suitability and market fit; while actively collaborating with low-carbon suppliers to scale up the research and development and rollout of eco-friendly product lines, thereby comprehensively addressing consumers' diverse demands for high-quality products, rational consumption values and green sustainable development.

In the future, the Group will continuously review and adjust its business strategies, while actively exploring opportunities in niche market segments. Keeping pace with e-commerce trends, it will strengthen its refined operation on online platforms and enhance brand awareness through an omni-channel strategy, further consolidating its competitive edge in online retail. At the same time, the Group will continue to collaborate and create synergy with celebrity endorsers to deepen brand influence and further expand its market share. In terms of production, the Group will flexibly allocate its production capacity and supply chain resources, fully leveraging the efficiency of its intelligent warehousing and logistics systems to improve supply and delivery timeliness. It will also persistently promote energy conservation, emission reduction and supply chain optimisation, striving to achieve sustainable development.

Upholding its commitment to quality, the Group will continue adopting a flexible and effective multi-brand strategy to navigate the ever-changing market dynamics and strive to create long-term value for shareholders through prudent and effective resource allocation.

OTHER INFORMATION

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, the unaudited condensed consolidated financial statements of the Group for the Current Period and discussed risk management, internal controls and financial reporting matters.

The external auditor of the Company has reviewed the condensed consolidated financial statements for the six months ended 30 June 2026 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

INTERIM DIVIDEND

On 28 August 2026, the Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of treasury shares) of the Company during the Current Period.

As at 30 June 2026, there were no treasury shares held by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the Current Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' and employees' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules (the "Securities Dealing Code"). Having made specific enquiries of all Directors and members of the senior management, they have confirmed that they had complied with the required standard as set out in the Securities Dealing Code during the Current Period.

PUBLICATION OF 2026 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and the Company at http://www.embrygroup.com respectively. The 2026 interim report of the Group containing all the information required by the Listing Rules will be published on the above websites in due course.

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

Hong Kong, 28 August 2026

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.