

[For Immediate Release]



**Embry Holdings Limited
Announces 2017 Annual Results**

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**Profit attributable to owners of the Company Amounted to HK\$495 million
Excluding Impact of Relocation Arrangement, Net Profit Rose 60.38%
Effective Sales and Branding Strategies
Continue to Enhance Overall Operation Efficiency**

Financial Highlights:

HK\$'000	For the year ended 31 December		
	2017	2016	Change
Revenue	2,339,524	2,216,082	5.57%
Gross profit	1,825,492	1,744,551	4.64%
Gross profit margin	78.03%	78.72%	-0.69 p.p.
Profit attributable to owners of the Company	495,299	98,402	403.34%
Profit attributable to owners of the Company (excluding the gain on the Relocation Arrangement and the respective income tax expense)	157,814	98,402	60.38%
Basic earnings per share (HK cents)	118.21	23.62	400.47%
Basic earnings per share (HK cents) (excluding the gain on the Relocation Arrangement and the respective income tax expense)	37.66	23.62	59.44%
Final dividend per share (HK cents)	8.00	4.30	86.05%

(22 March 2018 – Hong Kong) **Embry Holdings Limited** (“Embry Group” or the “Group”; Stock Code: 1388), a major lingerie brand owner and retailer in China, is pleased to announce today its annual results for the year ended 31 December 2017 (the “Current Year”).

For the year ended 31 December 2017, the Group’s revenue increased by 5.57% to HK\$2,339,524,000 over that for the year ended 31 December 2016 (the “Prior Period”). Gross profit margin slightly decreased by 0.69 percentage points to 78.03%. Profit attributable to owners of the Company was HK\$495,299,000, significantly grew 403.34%. As mentioned in the Group’s announcement issued on 25 October 2017, the Group has entered into a relocation compensation agreement and a supplemental agreement (“Relocation Agreements”) with a developer. Recognition of the gain on the Relocation Arrangement pursuant to the Relocation Agreements is HK\$449,980,000 in accordance with the

applicable accounting standards adopted by the Group. Hence, net profit increased substantially. Excluding the gain on the Relocation Arrangement and the respective income tax expense, profit attributable to owners of the Company reached HK\$157,814,000, up 60.38% year-on-year. It was mainly attributable to the Group's endeavour to control costs and its effective multi-brand strategy. Net profit margin increased from 4.44% for the Prior Year to 6.75%. Earnings per share was HK118.21 cents (2016: HK23.62 cents). The Board of Directors of the Company resolved to declare a final dividend of HK8.00 cents per share (2016: HK4.30 cents) for the Current Year.

Commenting on the Group's results, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, "With the increasing income levels and purchasing power of consumers, together with changing consumption attitudes and spending habits, the underwear market has been undergoing continuous transformation. The public's increasing focus on inner quality of life encouraged the segmentation of underwear products in China while industry competition intensified as consumers demonstrated increasing brand awareness. Frequent promotion events in the market resulted in pressure on gross profit margin. The Group recorded an increase in overall sales in 2017 while it saw a slight decrease in gross profit margin due to more active promotions."

In 2017, the Group continued to make good use of its multi-brand strategy through flexible allocation of internal resources. In response to the enormous mid to high-end consumption market, the Group actively adjusted its strategies to constantly reinforce the brand images of **EMBRY FORM** and **FANDECIE** and focused on cultivating **IVU**, **E-BRA** and **COMFIT** as growth drivers of the Group. Through continuously consolidating the market position and increasing market share, coupled with positioning the brand **E-BRA** as the brand for online shopping and the brand **IADORE** as the offline wholesale brand, the Group stayed committed to implementing an omni-channel coverage.

EMBRY FORM, the signature brand, is the main source of income for the Group and its revenue amounted to HK\$1,082,048,000, with its contribution to the total revenue increasing to 46.25%, mainly due to the higher discount for **EMBRY FORM** products during the Current Year, attracting more consumers to buy this mid- to high-end signature brand. **FANDECIE**'s revenue increased by 3.65% from the Prior Year to HK\$615,487,000, accounting for 26.31% of the total revenue for the Current Year. **COMFIT**'s revenue increased by 6.49% from the Prior Year to HK\$205,825,000, accounting for 8.80% of the total revenue for the Current Year. **E-BRA**'s revenue increased by 8.81% from the Prior Year to HK\$249,664,000, accounting for 10.67% of the total revenue for the Current Year. **LIZA CHENG**'s revenue for the Current Year increased by 7.49% to HK\$41,861,000. **IADORE**'s revenue increased by 9.85% from the Prior Year to HK\$62,196,000, accounting for 2.66% of the total revenue for the Current Year. **IVU**'s revenue increased by 10.10% from the Prior Year to HK\$75,941,000, accounting for 3.25% of the total revenue for the Current Year. The brands' respective proportion in revenue mainly reflected the Group's alignment of its business focus to market development.

During the Current Year, revenue from the retail sales was HK\$1,993,924,000, accounting for 85.23% of the Group's total revenue and representing an increase of 7.18% over the Prior Year. Revenue from the Internet and wholesale business decreased by 3.29% from HK\$350,649,000 to HK\$339,098,000, accounting for 14.49% of the total revenue.

During the Current Year, selling and distribution expenses increased by 3.09% to HK\$1,420,233,000 (2016: HK\$1,377,636,000), accounting for 60.71% (2016: 62.17%) of the Group's revenue. The decrease in the proportion of selling and distribution expenses in overall sales mainly reflected the Group's endeavour to control costs under the current business environment.

In order to enhance its operating efficiency, the Group continued to implement its network optimisation strategy during the Current Year. The Group appropriately adjusted its retail outlets by closing or relocating stores with lower efficiency so as to enhance the overall efficiency of its sales network. As at 31 December 2017, the Group had 1,925 retail outlets in total, including 1,705 concessionary counters and 220 stores. During the Current Year, there was a net decrease of 142 retail outlets of the Group. Meanwhile, the Group's products were also available for sale through different online platforms so as to reach out to more potential customers on the Internet.

Looking ahead to 2018, despite the ongoing global political and economic uncertainty, the domestic economy is expected to maintain steady growth, supporting consumer confidence in the long-term. As a major brand operator in the lingerie industry in China, the Group closely monitors the market dynamics and adopts prudent and flexible development strategies to actively grasp the development opportunities and address the upcoming challenges in the market.

With the development and improvement of Internet network and logistics infrastructure, the e-commerce market has been growing rapidly. In order to cater for market development and consumer demand, the Group will intensify its investment and development in e-commerce and continue to develop exclusive high-quality products. In order to meet the market demand for quality services and products, the Group will continue to carry out multi-brand strategy and launch diverse products for the consumers at different consumption levels in 2018 to enhance the Group's influence in the industry. Meanwhile, the Group will continue to optimise its sales network structure and close underperforming stores, thereby raising overall operating efficiency.

In addition, the second phase of the automated supply chain logistics equipment is now being installed in the intelligent warehouse at the Group's production base in Jinan, Shandong province, which is expected to enhance efficiency of the supply chain, optimise productivity and operating performance, and increase the overall competitiveness of the Group. In order to meet the future expansion needs of the Group, the Group engaged a contractor to construct the second phase of plant premises and ancillary facilities at the production base in Changzhou, Jiangsu province.

Ms. Cheng concluded, “With solid business foundation established over the years, multi-brand strategy, innovative product portfolio and uncompromising product quality, the Group is confident of capitalising on its own strengths in the ever-changing market. The Group will prudently implement and constantly review its business strategies to foster long-term, steady business growth and generate satisfactory returns to its shareholders.”

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About Embry Holdings:

Embry is a major lingerie brand owner and retailer in China, which has established an extensive retail network comprising over 1,900 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.

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