

[For Immediate Release]



**Embry Holdings Limited  
Announces 2017 Interim Results**

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**Steady Performance Amid Weak Consumption Sentiment  
Effective Sales Strategies Enhanced Overall Operating Efficiency**

**Financial Highlights:**

HK\$'000	For the six months ended 30 June		
	2017	2016	Change
Revenue	<b>1,183,171</b>	1,175,139	0.68%
Gross profit	<b>916,892</b>	934,831	-1.92%
Gross profit margin	<b>77.49%</b>	79.55%	-2.06 p.p.
Profit attributable to owners of the Company	<b>88,213</b>	89,348	-1.27%
Basic earnings per share (HK cents)	<b>21.17</b>	21.44	-1.26%
Interim dividend per share (HK cents) (with scrip dividend alternative)	<b>2.50</b>	2.50	N/A

(23 August 2017 – Hong Kong) **Embry Holdings Limited** (“Embry Group” or the “Group”; Stock Code: 1388), a major lingerie brand owner and retailer in China, is pleased to announce today its interim results for the six months ended 30 June 2017 (the “Current Period”).

For the six months ended 30 June 2017, the Group’s revenue slightly increased by 0.68% to HK\$1,183,171,000 over that for the six months ended 30 June 2016 (the “Prior Period”). Gross profit margin decreased by 2.06 percentage points to 77.49%. Profit attributable to owners of the Company slightly decreased by 1.27% to HK\$88,213,000 over that for the Prior Period. Earnings per share was HK21.17 cents (2016: HK21.44 cents). The Board of Directors of the Company has resolved to declare an interim dividend of HK2.50 cents per share (2016: HK2.50 cents) for the Current Period. The directors also proposed to offer a scrip dividend alternative to allow shareholders to elect to receive the interim dividend wholly or partly in the form of new fully paid shares instead of cash.

Commenting on the Group’s results, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “Consumers remained cautious about spending due to the concerns over the external environment. They were more conscious about the prices of less-essential consumer goods and tended to seek options with lower prices. To encourage consumer spending, retailers actively carried out more sales promotions which further intensified industry competition. Against the backdrop of a weak retail market, the Group recorded a slight increase in the overall sales in the first half of 2017 and a decrease in gross profit due to more active promotions.”

In face of the polarisation of consumption, the Group continued to make good use of its multi-brand strategy through flexible allocation of internal resources. During the Current Period, apart from focusing on cultivating and promoting the affordable young brand **IADORE**, the Group also promoted its high-end lingerie brand **LIZA CHENG**, in order to expand its market share in the respective target markets of the two brands. Sales of the two brands recorded growth of 11.22% and 17.51%, respectively.

**EMBRY FORM**, the signature brand, is the main source of income for the Group and its revenue increased by 1.93% to HK\$561,648,000, accounting for 47.48% of the total revenue for the Current Period. **FANDECIE**'s revenue amounted to HK\$307,833,000, which decreased by 1.36% from the Prior Period and accounted for 26.02% of the total revenue for the Current Period. **COMFIT**'s revenue dropped by 0.58% over the Prior Period to HK\$104,884,000, accounting for 8.86% of the total revenue of the Current Period. **E-BRA**'s revenue decreased by 0.95% from the Prior Period to HK\$ 119,531,000, accounting for 10.10% of the total revenue of the Current Period. **LIZA CHENG**'s revenue for the Current Period increased by 17.51% to HK\$ 23,008,000. **IADORE**'s revenue increased by 11.22% over the Prior Period to HK\$ 32,472,000, accounting for 2.74% of the total revenue of the Current Period. **IVU**'s revenue decreased by 10.13% over the Prior Period to HK\$30,038,000, accounting for 2.54% of the total revenue of the Current Period. The brands' respective proportion in revenue mainly reflected the Group's alignment of its business focus to market development.

During the Current Period, revenue from retail sales was HK\$994,919,000, accounting for 84.08% of the Group's total revenue and representing an increase of 1.03% from the Prior Period. As the Group has been adjusting its business strategies, revenue from the wholesale business therefore decreased by 10.26% from HK\$133,775,000 to HK\$120,055,000, accounting for 10.15% of the total revenue. The Group has been striving to enhance the speed and efficiency of its overall supply chain logistics operations. Along with appropriate marketing and promotions, revenue from direct online sales channels increased by 21.73% from HK\$52,936,000 to HK\$64,440,000, accounting for 5.45% of the total revenue.

Selling and distribution expenses slightly increased by 0.74% to HK\$700,087,000 (2016: HK\$694,945,000), accounting for 59.17% (2016: 59.14%) of the Group's revenue. Selling and distribution expenses remained flat, which mainly reflected the Group's endeavour to control costs under the current business environment.

In face of shaky consumer confidence during the Current Period, the Group focused on enhancing operating efficiency, actively reviewed and adjusted its sales network, thereby appropriately adjusting the distribution of its retail outlets by closing or relocating stores with lower efficiency so as to enhance the overall efficiency of its sales network. As at 30 June 2017, the Group had 2,005 retail outlets in total, including 1,808 concessionary counters and 197 stores. During the Current Period, there was a net decrease of 62 retail outlets of the Group over that at the end of 2016. 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.

In the second half of 2017, while the world economy has been in a better shape, geopolitical tensions pose risks to the global economic recovery. It is expected that consumer sentiment will remain cautious in the short term and thus retailers shall not slacken their efforts. However, in the long run, China is expected to maintain steady economic growth. Along with the rising consumption levels on the back of accelerating urbanisation, the demand for high-quality products will be increasingly stronger, thereby driving growth in China's domestic demand and consumption in the long term.

In view of fast-changing consumer tastes, strategic planning for sales network and stringent cost control have become increasingly important. The Group will remain prudent in evaluating the market conditions and sales operation, appropriately integrating sales network and closing underperforming retail outlets. The Group expects a reduction in the number of retail outlets for the full year of 2017, thereby paving the way for a more optimal sales network and improvement in the overall operational efficiency. In addition, the Group's intelligent warehouse has been in trial run stage, along with the adjustment of other warehouses, the Group is expected to achieve better overall operational efficiency and respond more swiftly to market demand, thereby enhancing the overall competitiveness of the Group in relation

to online shopping and supply chain logistics.

As China's consumption market has become more mature, consumer tastes are becoming increasingly sophisticated. They are demanding for products of better and more diversified pricings, designs, functionalities and materials. The Group will continue to devote resources to product design and development through innovation in order to cater for various consumption levels and meet the diverse consumer needs. The Group will continue to enhance its expertise in tailoring and design to offer healthy products of aesthetic quality while maintaining its price competitiveness so as to consolidate consumers' support towards the Group.

Ms. Cheng concluded, "Leveraging on the solid business foundation established over the years, multi-brand strategy and broad product portfolio, the Group is confident that it can capitalise on its advantages in different market environments. In the coming six months, the Group will continue to implement pragmatic strategies, strive to strengthen its brand equity, foster long-term business growth and generate satisfactory returns for 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 2,000 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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