

[For Immediate Release]



**Embry Holdings Limited
Announces 2018 Interim Results**

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**Profit attributable to owners of the Company Increased by More Than 30%
Amounted to HK\$116 Million
Benefited from Sales Growth and Improved Operating Efficiency
Gross Margin Increased to 79.91%
Multi-Brand Strategy Proven Effective
Achieved Omni-channel Coverage
Mr. Cheng Man Tai Appointed as Executive Director and Chairman**

Financial Highlights:

HK\$'000	For the six months ended 30 June		
	2018	2017	Change
Revenue	1,354,425	1,183,171	14.47%
Gross profit	1,082,288	916,892	18.04%
Gross profit margin	79.91%	77.49%	2.42 p.p.
Profit attributable to owners of the Company	116,195	88,213	31.72%
Basic earnings per share (HK cents)	27.51	21.17	29.95%
Interim dividend per share (HK cents)	3.50	2.50	40.00%

(23 August 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 interim results for the six months ended 30 June 2018 (the “Current Period”).

For the six months ended 30 June 2018, the Group’s revenue increased by 14.47% to HK\$1,354,425,000 over that for the six months ended 30 June 2017 (the “Prior Period”). Gross profit margin increased by 2.42 percentage points to 79.91%. Profit attributable to owners of the Company increased by 31.72% to HK\$116,195,000 over that for the Prior Period. Earnings per share was HK27.51 cents (2017: HK21.17 cents). The Board of Directors (the “Board”) of the Company has resolved to declare an interim dividend of HK3.5 cents per share (2017: HK2.50 cents) for the Current Period.

Commenting on the Group’s results, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “The increasing levels of per capita disposable income, consumption upgrade together with changing consumption attitudes and spending habits are still the key to the development of the underwear market in China. The innovative ability of a lingerie company, segmentation of products and the improvement of end-customer experience contributed to the growth of the overall industry. With the scale of e-commerce further expanded, the Group paid more attention to increasing the exposure of brands on popular social media during the Current Period. The Group drove foot traffic to its stores through online and offline interactions, thereby increasing sales.”

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In the first half of 2018, the Group adhered to its multi-brand strategy and achieved omni-channel coverage to develop the underwear market in a broad and in-depth manner. In accordance with the domestic consumption environment, the Group re-positioned **E-BRA** as a brand for online shopping; and **IADORE** as an offline wholesale brand to capture the rapidly rising purchasing power of the third and fourth-tier markets. Sales of **E-BRA** and **IADORE** recorded growth of 16.27% and 13.88%, respectively. With the Group's research and development, production and channel advantages, it will continue to strengthen its brand image in each market segment, thereby increasing its market share.

EMBRY FORM, the signature brand, is the main source of income for the Group and its revenue increased by 11.91% to HK\$622,365,000, accounting for 45.95% of the total revenue for the Current Period. **FANDECIE**'s revenue amounted to HK\$333,903,000, which increased by 9.20% from the Prior Period and accounted for 24.66% of the total revenue for the Current Period. **COMFIT**'s revenue increased by 26.00% over the Prior Period to HK\$125,309,000, accounting for 9.25% of the total revenue of the Current Period. **E-BRA**'s revenue increased by 16.27% over the Prior Period to HK\$145,070,000, accounting for 10.71% of the total revenue of the Current Period. **LIZA CHENG**'s revenue for the Current Period increased by 22.10% to HK\$27,234,000. **IADORE**'s revenue increased by 13.88% over the Prior Period to HK\$38,380,000, accounting for 2.83% of the total revenue of the Current Period. **IVU**'s revenue increased by 58.77% over the Prior Period to HK\$59,194,000, accounting for 4.37% 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\$1,122,648,000, accounting for 82.89% of the Group's total revenue and representing an increase of 8.96% from the Prior Period. Revenue from the Internet and wholesale business increased by 53.48% from HK\$ 149,081,000 to HK\$ 228,807,000, accounting for 16.89% of the total revenue.

Selling and distribution expenses increased by 16.91% to HK\$818,469,000 (2017: HK\$700,087,000), accounting for 60.43% (2017: 59.17%) of the Group's revenue. The increase in the proportion of selling and distribution expenses to overall sales was mainly due to the increase in advertising and counter decoration expenses.

In order to enhance its operating efficiency, the Group continued to implement its network optimisation strategy during the Current Period. 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 30 June 2018, the Group had 1,867 retail outlets in total, including 1,632 concessionary counters and 235 stores. During the Current Period, there was a net decrease of 58 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 the second half of 2018, escalating trade protectionism and intensifying volatility of the RMB exchange rate pose risks to the global economic growth, which could lead to a cautious consumer sentiment. However, China's ongoing transformation into a consumption-oriented economy and accelerating urbanisation coupled with upgrading of consumption structure will bring enormous development opportunities for the retail industry in the long term.

With the rapid growth of the consumption market, the Group will continue to strengthen the investment and development of wholesale and e-commerce and develop exclusive products based on market needs. The Group's products are also sold through trade fairs and different online platforms to enhance brand awareness and expand customer base. Meanwhile, the Group will continue to optimise its sales network structure, close underperforming stores and integrate its sales network, thereby raising overall operating efficiency. Through integration between online and offline development, the Group will strive to achieve omni-channel sales and enhance business competitiveness.

Moreover, to optimise productivity and enhance efficiency of the supply chain, 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. The second phase of plant premises and ancillary facilities at the Group's production base in Changzhou, Jiangsu province also progressed as scheduled.

Ms. Cheng concluded, "Despite the fast-changing market environment, leveraging on the solid business foundation, multi-brand strategy, broad product portfolio and outstanding product quality, the Group is confident of capitalising on market trends and fostering steady business growth with diversified effective strategies so as to generate satisfactory returns to its shareholders in the long term."

After the Board's approval on the interim results of the Group for the Current Period, Mr. Cheng Man Tai ("Mr. Cheng") has been appointed as an Executive Director and the Chairman of the Company with effect from 23 August 2018. Mr. Cheng is in charge of the Group's corporate strategy. Mr. Cheng is the founder of the Group and has over 40 years of experience in the lingerie industry. Mr. Cheng was an Executive Director and the Chairman between August 2006 and March 2014. After his resignation as an Executive Director and the Chairman in March 2014, Mr. Cheng has been a consultant of the Company since then. Upon Mr. Cheng's appointment as an Executive Director and the Chairman, Mr. Cheng will cease to be a consultant of the Company. Upon the appointment of Mr. Cheng as an Executive Director and the Chairman, Madam Ngok Ming Chu has ceased to be the Chairman of the Company but will continue in the office as an Executive Director.

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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 1,800 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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