

(For Immediate Release)



## Embry Holdings Limited Announces 2016 Interim Results

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### Financial Highlights:

HK\$'000	For the six months ended 30 June		
	2016	2015	Change
Revenue	1,175,139	1,391,784	-15.57%
Gross profit	934,831	1,144,837	-18.34%
Gross profit margin	79.55%	82.26%	-271 b.p.
Profit attributable to owners of the Company	89,348	145,217	-38.47%
Basic earnings per share (HK cents)	21.44	34.85	-38.48%
Interim dividend per share (HK cents)	2.50	4.00	-37.50%

(25 August 2016 – 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 2016 (the “Current Period”).

During the Current Period, the Group’s revenue dropped by 15.57% to HK\$1,175,139,000. Gross profit margin decreased by 271 basis points to 79.55%. Net profit decreased by 38.47% to HK\$89,348,000. Earnings per share were HK21.44 cents (2015: HK34.85 cents). The Board of Directors of the Company resolved to declare an interim dividend of HK2.50 cents per share (2015: HK4.00 cents) for the Current Period.

Commenting on the Group’s results, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, “Consumers became more cautious in spending. They were more price-conscious and tended to seek options with lower prices. Weak consumer sentiment has prompted retailers to respond with more active promotions and the industry competition was intensified. Against the backdrop of a weak retail market, the Group recorded a decrease in the overall sales in the first half of 2016.”

The Group responded to challenges from the external environment by adopting a pragmatic approach and continued to implement its multi-brand strategy. With flexible allocation of internal resources, the Group focused on cultivating and promoting its new brands, namely **IADORE** and **IVU**, in order to achieve higher market shares in the respective target markets of the two brands. Both brands achieved sales growth amid difficult business environment. During the period, revenue of **IADORE** increased by 3.93% over the Prior Period to HK\$29,195,000, while the revenue of **IVU** increased by 16.59% over the Prior Period to HK\$33,424,000.

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However, the rest of our brands recorded a decline in revenue. **EMBRY FORM**, the signature brand, is the main source of income for the Group and its revenue decreased by 16.67% to HK\$550,993,000. Revenue of **FANDECIE** was HK\$312,081,000, which decreased by 20.27% from the Prior Period and accounted for 26.56% of the total revenue for the Current Period. Revenue of **COMFIT** grew by 1.90% over the Prior Period to HK\$105,493,000, accounting for 8.98% of the total revenue for the Current Period. Revenue of **E-BRA** decreased by 22.77% from the Prior Period to HK\$120,677,000, accounting for 10.27% of the total revenue for the Current Period. Revenue of **LIZA CHENG** for the Current Period slightly decreased by 2.16% to HK\$19,580,000.

During the Current Period, revenue from retail sales was HK\$984,732,000, accounting for 83.80% of the Group's total revenue and representing a decrease of 16.99% from the Prior Period. As sales orders from wholesalers were affected by the economic environment, revenue from the wholesale business decreased by 10.73% from HK\$149,854,000 to HK\$133,775,000, accounting for 11.39% of the total revenue. Revenue from direct online sales channels slightly decreased by 0.12% from HK\$53,000,000 to HK\$52,936,000, accounting for 4.50% of the total revenue.

In face of the weak consumer market during the Current Period, the Group focused on enhancing operating efficiency and actively reviewed and adjusted its sales network, thereby appropriately adjusted 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 2016, the Group had 2,186 retail outlets in total with a net decrease of 30 retail outlets of the Group.

In the second half of 2016, uncertainties surrounding the political and economic environment prevailed in many parts of the world. It is expected that consumer sentiment will remain cautious in the short term, placing challenges to the retail industry. The Group remains cautious in its business outlook while closely monitoring the market conditions and adopting flexible and prudent development strategies to address the upcoming challenges in the market.

The Group will remain prudent in evaluating both the market environment and sales network, closing underperforming retail outlets. The Group expects a reduction in the number of retail outlets for the full year of 2016. Despite the decrease in the number of net retail outlets, the structure of the sales network is believed to be more optimal and the overall operational efficiency will be improved. On the other hand, along with the scheduled completion of the intelligent warehouse by the end of 2016, the Group is expected to achieve better overall operational efficiency and thereby enhance the competitiveness of the Group.

The Group will continue to devote resources to product design and development as well as innovation capabilities in order to meet the diverse consumer needs for product design, functionality and materials. As China's economy becomes more developed, consumers will pay more attention to the materials and safety of products. In this regard, the Group will continue to reinforce its strengths in tailoring and design to meet the market demand by offering pleasing and healthy products.

Ms. Cheng concluded, "Consumers' tastes are becoming more sophisticated with rising expectations towards the brand. The Group will optimise the sales network through innovation, utilise its strong multi-brand advantage as well as innovative and diversified product portfolios flexibly to consolidate consumers' support towards the Group. In the coming half year, despite the challenging economic environment ahead, the Group will continue to implement effective business strategies to strengthen its brand equity, foster long-term 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 2,100 outlets that cover major cities in China, including Hong Kong and Macau. Embry operates seven brands namely, **EMBRY FORM, FANDECIE, COMFIT, E-BRA, IADORE, LIZA CHENG** and **IVU** with each of them targeting at different customers.

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