

[For Immediate Release]



**Embry Holdings Limited
Announces 2016 Annual Results**

**Profit attributable to owners of the Company was HK\$98.40 million
Continuous Enhancement on Operating Efficiency**

Financial Highlights:

HK\$'000	For the year ended 31 December		
	2016	2015	Change
Revenue	2,216,082	2,535,818	-12.61%
Gross profit	1,744,551	2,069,596	-15.71%
Gross profit margin	78.72%	81.61%	-2.89p.p.
Profit attributable to owners of the Company	98,402	201,574	-51.18%
Profit attributable to owners of the Company (Excluding the impact of foreign exchange losses)	120,533	223,291	-46.02%
Basic earnings per share (HK cents)	23.62	48.38	-51.18%
Final dividend per share (HK cents) (proposed) (with scrip dividend alternative)	4.30	9.00	-52.22%
Special dividend per share (HK cents)	-	1.00	N/A
Total (HK cents)	4.30	10.00	-57.00%

(23 March 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 annual results for the year ended 31 December 2016 (the “Current Year”).

During the Current Year, the Group’s revenue decreased by 12.61% over that of the year ended 31 December 2015 (the “Prior Year”) to HK\$2,216,082,000. Profit attributable to owners of the Company was HK\$98,402,000, net profit margin was 4.44%. Earnings per share was HK23.62 cents (2015: HK48.38 cents). Excluding the impact of foreign exchange losses, the Group’s net profit dropped by 46.02% from the Prior Year to HK\$120,533,000. The Board of Directors of the Company resolved to declare a final dividend of HK4.30 cents per share for the Current Year (2015: final dividend of HK9.00 cents and special dividend of HK1.00 cent). The directors also proposed to offer a scrip dividend alternative to allow shareholders to elect to receive the final dividend wholly or partly in the form of new fully paid shares instead of cash. Together with the interim dividend of HK2.50 cents per share (2015: HK4.00 cents) distributed, the total dividend for the Current Year will be HK6.80 cents per share.

Commenting on the Group's results, Ms. Liza Cheng, Chief Executive Officer and Executive Director of Embry Group, said, "Looking back on 2016, substantial changes were observed in the international political and economic scene. Faced with volatile macro-environment, coupled with increasing cost of living in China, consumer sentiment was hampered. More household consumers tended to reduce personal spending after the implementation of 'two-child policy', thus exerting pressure on the sales of less-essential consumer goods. The Group focused on enhancing operating efficiency 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. In terms of online sales, the Group continued to enhance the image of its brands on the internet and concentrate on sales of both promotional and online exclusive products.

While consumers demanded for higher quality, they tended to choose products with lower prices. The Group continued to make good use of its multi-brand strategy and allocated internal resources flexibly. The Group leveraged the strengths of various brands while consolidating its signature brand, **EMBRY FORM**, to meet the needs of different consumers. **EMBRY FORM**, the signature brand, is the main source of income for the Group and its revenue amounted to HK\$1,029,931,000, with its contribution to the total revenue increasing to 46.49% for the Current Year. Revenue of **FANDECIE** decreased by 18.41% from the Prior Year to HK\$593,798,000, accounting for 26.79% of the total revenue for the Current Year. **COMFIT**'s revenue decreased by 2.93% from the Prior Year to HK\$193,277,000, accounting for 8.72% of the total revenue for the Current Year. **E-BRA**'s revenue decreased by 18.48% from the Prior Year to HK\$229,455,000, accounting for 10.35% of the total revenue for the Current Year. **LIZA CHENG**'s revenue for the Current Year slightly increased by 0.30% to HK\$38,945,000. **IADORE** and **IVU** maintained growth momentum and recorded a growth in revenue of 10.45% to HK\$56,618,000 and of 9.51% to HK\$68,974,000 respectively. 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\$1,860,349,000, accounting for 83.95% of the Group's total revenue and representing a decrease of 13.37% over the Prior Year. Revenue from the wholesale business decreased by 13.33% from HK\$273,147,000 to HK\$236,741,000, accounting for 10.68% of the total revenue. Revenue from the Group's direct online sales channels increased by 3.63% from HK\$109,919,000 over the Prior Year to HK\$113,908,000, accounting for 5.14% of the total revenue

Selling and distribution expenses decreased by 10.25% to HK\$1,377,636,000 (2015: HK\$1,534,899,000), accounting for 62.17% (2015: 60.53%) of the Group's revenue. Mainly reflected the Group's endeavour to control costs under the current business environment.

In response to consumers' cautious spending and the weak retail market, the Group focused on enhancing operating efficiency and appropriately adjusted its retail outlets by closing or relocating stores with lower efficiency. As at 31 December 2016, the Group had 2,067 retail outlets in total, including 1,877 concessionary counters and 190 stores. During the Current Year, there was a net decrease of 149 retail outlets of the Group.

Looking ahead to 2017, uncertainties over the global economic and political environment linger. China's manufacturing industry and export trade are facing competition from emerging economies in Southeast Asia, while the depreciation pressure on Renminbi continues. It is expected that the investment climate and consumer sentiment will remain cautious. The retail industry has to pay close attention to the market and respond carefully. As a major brand operator in the lingerie industry in China, the Group remains cautious about its business outlook while closely monitoring the market conditions and adopting prudent and flexible development strategies to address the upcoming challenges in the market.

In view of the uncertainties in the market, the Group will focus on enhancing sales efficiency by planning its sales network strategically. The Group will remain prudent in integrating sales network according to the business environment and consumption level in the market and in different regions. The Group expects a negative growth in the number of retail outlets in 2017. Despite the decrease in the number of net openings, the more optimal sales network will improve the overall operational efficiency in the long term. Along with the completion of the intelligent warehouse by the end of 2016, the logistics procedures of the Group are expected to be more flexible. The Group is expected to achieve better overall operational efficiency and the price competitiveness of the Group will thereby be enhanced.

While maintaining its price competitiveness, the Group is also constantly committed to upholding high quality standards. Therefore, the Group will continue to devote resources to product design and development and enhance its innovation capabilities in order to cater for various consumption levels and meet the diverse consumer needs for product design, functionality and materials.

Ms. Cheng concluded, "Despite a tough retail environment, the Group can still stand out at the time of adversity by leveraging on its solid business foundation, multi-brand strategy, innovative product portfolio and uncompromising product quality. The Group will continue to expand its target customer base while securing the existing customers. The Group will implement and review business strategies from time to time in a prudent manner to foster long-term and steady business growth, lay a solid foundation for the retail industry's future recovery 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 2,000 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.

For further information, please contact:

iPR Ogilvy & Mather

Natalie Tam / Lorraine Luk / Hazel Chan / Charmaine Siu

Tel: (852) 2136 6182 / 2169 0467 / 3920 7651 / 2169 0646

Fax: (852) 3170 6606

Email: embry@iprogilvy.com