

**[For Immediate Release]**



## **EMBRY ANNOUNCES ITS INITIAL PUBLIC OFFERING**

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### **The Leading Integrated Lingerie Brand Owner and Retailer Plans to Raise HK\$286 Million to HK\$362 Million**

(4 December, 2006 – Hong Kong) – **Embry Holdings Limited** ('Embry' or the 'Group'; stock code: 1388), a leading integrated lingerie brand owner and retailer in China, announced today its plan of listing on the Main Board of The Stock Exchange of Hong Kong Limited ('SEHK').

The Share Offer comprises the Placing and the Public Offer. A total of 100,000,000 Shares will initially be made available under the Share Offer, of which 90,000,000 Shares, representing 90% of the total number of Shares initially being offered under the Share Offer, will be offered for subscription under the Placing. The remaining 10,000,000 Shares, representing 10% of the total number of Shares initially being offered under the Share Offer, will be offered for subscription under the Public Offer in Hong Kong. The Offer Price is expected to be within the range of HK\$2.86 to HK\$3.62 per share.

In addition, there is an over-allotment option of up to 15,000,000 additional Shares, representing approximately 15% of the Shares initially being offered under the Share Offer.

The Hong Kong Public Offer will commence on Tuesday, 5 December 2006 (9:00 a.m.) and close at noon on Friday, 8 December 2006. Share price will be determined on Saturday, 9 December 2006 and dealings of the Shares on the Main Board of SEHK are expected to commence on Monday, 18 December 2006. Taifook Capital Limited is the Sponsor of the listing and Taifook Securities Company Limited is the Sole Bookrunner and Lead Manager of the Share Offer.

Having over 30 years of operating history, Embry has developed into a leading integrated lingerie brand owner and retailer in China, with its signature lingerie brand **Embry Form**. With years of efforts, the Group has established an extensive retail network with a wide geographical spread, covering many major cities in the PRC, Hong Kong and Macau. At present, the Group has a total of 1,107 retail outlets, of which are 64 retail stores and 1,043 are concessionary counters.

Ms. Cheng Pik Ho, Liza, Chief Executive Officer and Executive Director of the Group, said, "Embry is a lingerie company which adopts a comprehensive vertically integrated business model. Our two production facilities based in Shenzhen and Changzhou and a professional in-house design team enable us to fully engage in all stages of lingerie production from design, manufacturing to production and distribution. Capitalizing on our strong retail network and high brand recognition, as well as robust research and development capabilities, we are well poised to capture opportunities in the fast growing China retail lingerie market."

Embry's four distinctive self-owned brands, namely **Embry Form**, **Fandecie**, **Comfit** and **LC**, contribute to the Group's balanced brand portfolio, which can cater for the needs in the various market segments. Through adopting effective brand strategies, the market positioning for all its self-owned brands was built to capture new market opportunities.

Over the years, the Group enjoys high recognition in the market and has received many accreditations. **Embry Form**, a household brand in China, was awarded "The Best-Selling Lingerie Products in the Industry in Ten Consecutive Years 1996-2005" and was accredited the "Lingerie Products - Best-selling Brand in Shanghai in Five Consecutive Years" in 2006 and 2005 respectively. In addition, **Embry Form** was named "2006 Superbrand in the PRC" and "Hong Kong Superbrand 2005/2006".

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Riding on its unique competitive advantages, the Group achieved stable growth over the past years. For the period ended 30 June 2006, the Group recorded a net profit of HK\$40.3 million, representing a net profit growth of 74.3% as compared to the corresponding period in 2005.

Looking ahead, Embry will enhance its sales network and coverage, strengthen its brand management, expand its production operation, increase production capacity, as well as consider launching another new brand for its wholesale business, aiming to sustain growth of the Group and seize market opportunities.

The Group plans to strategically increase approximately 300 retail outlets across the PRC and Hong Kong. Among these 300 outlets, the Group considers to open five brand-oriented flagship stores in Beijing, Shanghai, Guangzhou, Shenzhen and Hong Kong. To enhance brand awareness, the Group will further invest to promote and market its existing brands, namely **Embry Form**, **Fandecie**, **Comfit** and **LC**.

To satisfy additional market needs, the Group will set up a new factory in Zhangqiu City of Shandong province to further increase its production capacity. This factory, expected to commence operation in mid 2008, will ultimately increase the annual production capacity by approximately 11.9 million Standard Product Units. At the same time, the Group also considers to adopt a new sales strategy for its wholesale business, which includes launching a new brand to widen its product series.

Assuming the Offer Price is determined at HK\$3.24 per Share (with an assumption that the Offer Price is fixed at the mid-point of the stated price range and the over-allotment option is not exercised), the net proceeds of the Share Offer, after deducting related expenses, are estimated to an amount of approximately HK\$300 million. The Group intends to use the net proceeds in the following areas:

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- approximately HK\$75 million will be used for the expansion of the Group's sales network in the PRC and Hong Kong;
- approximately HK\$75 million will be used for the promotion and marketing of Embry Form, Fandecie and Comfit products;
- approximately HK\$15 million will be used for the promotion and marketing of LC products;
- approximately HK\$66 million will be used for the establishment of the Shandong Factory;
- approximately HK\$22 million will be used for the Group's products development;
- approximately HK\$18 million will be used for the enhancement of the Group's ERP and other information technology systems; and
- The balance of approximately HK\$29 million will be set aside as an additional general working capital of the Group.

Commenting on its future development, Ms. Liza Cheng said, "Leveraging on our unique competitive strengths and riding on the immense opportunities ahead, we are ready to accelerate our development, so as to further consolidate our leading position in the PRC market. We are committed to sustaining our growth and sharing fruitful results with our shareholders."

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## Embry Holdings Limited Fact Sheet at a Glance

Total number of Offer Shares	:	100,000,000 shares (Subject to over-allotment option, up to an additional 15,000,000 shares)
Offering structure		
♦ Hong Kong Public Offer	:	10,000,000 Shares (Subject to adjustment)
♦ International Placing	:	90,000,000 Shares (Subject to adjustment)
Offer Price	:	HK\$2.86 – HK\$3.62 per share
Market capitalization of shares	:	HK\$1,144 million to HK\$1,448 million (assuming the over-allotment is not exercised)
2006 Prospective P/E	:	
- Weighted average		11.29 times to 14.28 times
- Pro forma fully diluted		14.88 times to 18.80 times
Public Offer period	:	5 December – noon 8 December 2006
Announcement of allotment results	:	15 December 2006
Listing date	:	18 December 2006
Stock code	:	1388
Forecast net profit for the year ending 31 December 2006	:	Not less than HK\$77 million

### Track Record

The results highlights of the Group for the three financial years ended 31 December 2005 and the six month periods ended 30 June 2005 and 30 June 2006 are summarized as below:

	Year ended 31 December			Six months ended 30 June	
	<b>2003</b> <b>HK'000</b>	<b>2004</b> <b>HK'000</b>	<b>2005</b> <b>HK'000</b>	<b>2005</b> <b>HK'000</b> (unaudited)	<b>2006</b> <b>HK'000</b>
<b>Revenue</b>	429,296	508,493	550,014	290,178	314,108
<b>Gross profit</b>	313,249	382,617	413,035	210,147	241,880
<b>Profit before tax</b>	21,907	56,411	56,394	28,653	52,171
<b>Profit attributable to equity holders</b>	14,668	42,143	44,431	23,124	40,316