EMBRY HOLDINGS LIMITED
安莉芳控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1388)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

RESULTS HIGHLIGHTS

	2015	2014	Change
	(HK$'000)	*(HK$'000)*	
Revenue	2,535,818	2,383,127	+6.41%
Gross profit	2,069,596	1,960,205	+5.58%
Gross profit margin	81.61%	82.25%	-0.64% pts
Profit for the year attributable to owners	201,574	188,093	+7.17%
Net profit margin	7.95%	7.89%	+0.06% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	48.38	45.14	+7.18%
Diluted earnings per share	48.38	45.14	+7.18%
	(HK cents)	*(HK cents)*	
Interim dividend per share (paid)	4.00	4.00	N/A
Final dividend per share (proposed)	9.00	8.00	+12.50%
Special dividend per share (proposed)	1.00	2.00	-50.00%
Total dividends per share for the year	14.00	14.00	N/A

The board of directors (the "Board" or "Directors") of Embry Holdings Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015, together with the comparative figures in 2014 and the relevant explanatory notes, as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	4	2,535,818	2,383,127
Cost of sales		(466,222)	(422,922)
Gross profit		2,069,596	1,960,205
Other income and gains, net	5	45,046	37,976
Selling and distribution expenses		(1,534,899)	(1,485,498)
Administrative expenses		(267,369)	(234,932)
Other expenses		(7,169)	(6,924)
Finance costs	6	(6,617)	(2,270)
PROFIT BEFORE TAX	7	298,588	268,557
Income tax expense	8	(97,014)	(80,464)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		201,574	188,093
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
- Basic (HK cents)		48.38	45.14
- Diluted (HK cents)		48.38	45.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	201,574	188,093
OTHER COMPREHENSIVE EXPENSE:		
Other comprehensive expense to be reclassified to the income statement in subsequent periods:		
Exchange differences arising on translation of foreign operations	(96,984)	(14,196)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	104,590	173,897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		977,465	911,289
Investment properties		311,121	318,699
Prepaid land lease payments		37,363	38,989
Deferred tax assets		73,781	72,129
Deposits	12	12,414	17,061
Total non-current assets		1,412,144	1,358,167
CURRENT ASSETS			
Inventories		716,853	722,619
Trade receivables	11	90,486	89,961
Prepayments, deposits and other receivables	12	56,335	58,412
Cash and cash equivalents		233,017	180,105
Total current assets		1,096,691	1,051,097
CURRENT LIABILITIES			
Trade and bills payables	13	68,206	146,527
Interest-bearing bank borrowings	14	124,878	90,639
Tax payable		71,806	74,598
Other payables and accruals	15	230,033	222,343
Total current liabilities		494,923	534,107
NET CURRENT ASSETS		601,768	516,990
TOTAL ASSETS LESS CURRENT LIABILITIES		2,013,912	1,875,157
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	183,333	94,361
Deferred liabilities		3,083	4,070
Deferred tax liabilities		36,673	32,161
Total non-current liabilities		223,089	130,592
Net assets		1,790,823	1,744,565
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,166	4,166
Reserves		1,786,657	1,740,399
Total equity		1,790,823	1,744,565

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except where otherwise indicated.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

Other than explained below regarding the impact of *Annual Improvements to HKFRSs 2010-2012 Cycle* and *Annual Improvements to HKFRSs 2011-2013 Cycle*, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 13 *Fair Value Measurement:* Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
- HKAS 40 *Investment Property:* Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group's primary operating segment is the manufacture and sale of ladies' brassieres, panties, swimwear and sleepwear. Since this is the only operating segment of the Group, no further analysis thereof is presented. In determining the Group's geographical information, the revenue information is based on the locations of the customers, and the total non-current assets information, other than deferred tax assets, is based on the locations of the assets.

	Mainland China		Hong Kong		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	2,431,547	2,269,951	99,007	103,794	5,264	9,382	2,535,818	2,383,127
Non-current assets	1,251,298	1,209,486	87,065	76,552	-	-	1,338,363	1,286,038
Capital expenditure incurred during the year	168,540	279,113	5,051	236	-	-	173,591	279,349

For the years ended 31 December 2015 and 2014, as no revenue from sales to any customer of the Group has individually accounted for over 10% of the Group's total revenue, no information about major customers is presented under HKFRS 8.

4. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

5. OTHER INCOME AND GAINS, NET

	2015	2014
	HK$'000	HK$'000
Other income		
Subsidy income*	39,076	28,443
Gross rental income	14,663	11,036
Contingent rents receivable in respective of operating leases	842	833
Bank interest income	2,255	1,708
Royalty income	161	160
Others	1,766	2,571
	58,763	44,751
Gains, net		
Foreign exchange differences, net	(21,717)	(7,775)
Changes in fair value of investment properties	8,000	1,000
	(13,717)	(6,775)
	45,046	37,976

* There are no unfulfilled conditions or contingencies relating to this income.

6. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Total interest on bank loans	6,617	2,270

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2015 HK$'000	2014 HK$'000
Cost of inventories sold*	466,222	422,922
Depreciation	49,533	36,432
Amortisation of prepaid land lease payments	974	907
Minimum lease payments under operating leases in respect of:		
Land and buildings	85,019	80,580
Contingent rents of retail outlets in department stores	636,453	598,334
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	671,427	656,122
Provision/(write-back of provision) for long service payments	(597)	368
Retirement benefit scheme contributions	66,111	58,671
Equity-settled share option expense	-	556
	736,941	715,717
Auditors' remuneration	3,170	2,940
Advertising and counter decoration expenses	138,509	161,556
Provision/(write-back of provision) for obsolete inventories, net	12,413	(4,062)
Impairment/(write-back of impairment allowance) of trade receivables**	(17)	1,220
Research and development expenditure	3,681	2,779
Loss on disposal/write-off of items of property, plant and equipment	416	593
Foreign exchange differences, net	21,717	7,775
Gross and net rental income	(15,505)	(11,869)
Changes in fair value of investment properties	(8,000)	(1,000)
Bank interest income	(2,255)	(1,708)

* The cost of inventories sold for the year included HK$162,118,000 (2014: HK$156,410,000), relating to staff costs, depreciation of manufacturing facilities, minimum lease payments under operating leases in respect of land and buildings and the net provision/(write-back of provision) for obsolete inventories, which are also included in the respective total amounts disclosed above for each type of expenses.

** The impairment/(write-back of impairment allowance) of trade receivables is included in "Administrative expenses" on the face of the consolidated income statement.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the regions in which the Group operates.

	2015 HK$'000	2014 HK$'000
Group:		
Current - Hong Kong		
Charge for the year	788	754
Overprovision in prior years	(20)	(10)
Current - Mainland China		
Charge for the year	90,509	94,550
Overprovision in prior years	-	(46)
Deferred	5,737	(14,784)
Total tax charge for the year	97,014	80,464

9. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Dividends paid during the year:		
Final and special in respect of the financial year ended 31 December 2014 – HK8.00 cents and HK2.00 cents, respectively, per ordinary share (2014: 31 December 2013 – HK8.00 cents and HK2.00 cents, respectively, per ordinary share)	41,666	41,666
Interim – HK4.00 cents (2014: HK4.00 cents) per ordinary share	16,666	16,666
	58,332	58,332
Proposed final and special dividends:		
Final and special – HK9.00 cents (2014: HK8.00 cents) and HK1.00 cent (2014: HK2.00 cents), respectively, per ordinary share	41,666	41,666

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final and special dividends payable.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the Company of HK$201,574,000 (2014: HK$188,093,000) and 416,661,000 (2014: 416,661,000) ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 31 December 2014.

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for wholesalers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables by the sales department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 90 days	86,886	85,212
91 to 180 days	3,600	4,749
181 to 360 days	1,017	1,088
Over 360 days	658	604
	92,161	91,653
Less: Impairment allowance	(1,675)	(1,692)
	90,486	89,961

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepaid land lease payments	939	907
Deposit paid and related direct cost for the land use right in Shandong	2,507	2,666
Deposits for acquisition of items of property, plant and equipment	9,907	14,395
Prepayments	15,494	15,788
Deposits and other receivables	39,902	41,717
	68,749	75,473
Current portion included in prepayments, deposits and other receivables	(56,335)	(58,412)
Non-current portion	12,414	17,061

None of the financial assets included in the above balances is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

13. TRADE AND BILLS PAYABLES

An aged analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 90 days	60,837	119,053
91 to 180 days	3,424	21,030
181 to 360 days	1,207	1,805
Over 360 days	2,738	4,639
	68,206	146,527

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

14. INTEREST-BEARING BANK BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – unsecured	Hong Kong Interbank Offered Rate ("HIBOR") +1.08 to HIBOR +2.25	2016	124,878	HIBOR +1.08 to HIBOR +2.50	2015	90,639
Non-current						
Bank loans – unsecured	HIBOR +1.85 to HIBOR +2.25	2017-2020	183,333	HIBOR +1.08 to HIBOR +2.25	2016-2019	94,361

	2015 HK$'000	2014 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	124,878	90,639
In the second year	37,778	41,028
In the third to fifth years, inclusive	145,555	53,333
	308,211	185,000
Less: Amount repayable within one year and classified as current portion	(124,878)	(90,639)
Amount classified as non-current portion	183,333	94,361

The above bank loans are denominated in Hong Kong dollars and bear interest at rates ranging from 1.08% to 2.25% above the HIBOR per annum (2014: 1.08% to 2.50% above the HIBOR per annum).

15. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Other payables	105,596	96,355
Accruals	124,437	125,988
	230,033	222,343

Other payables are non-interest-bearing.

16. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	2015 HK$'000	2014 HK$'000
Contracted for commitments in respect of the acquisition of property, plant and equipment	170,854	94,660

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operations Review

In 2015, there were uncertainties surrounding the global economy and the political environment. The pace of China's economic growth continued to slow down and the downward pressure on the economy had significantly intensified. According to China's National Bureau of Statistics, the country's gross domestic product grew by 6.9% to RMB67,670.8 billion in 2015. The growth rate was 0.4 percentage point lower when compared to that in 2014 and was slightly lower than the growth target of 7% set by the central government at the beginning of the year. It was also the lowest growth rate in the past 25 years. To the retail industry, the plunge in the stock market in Mainland China affected the overall consumer sentiment and consumers become more cautious about spending. Weak consumer sentiment also prompted retailers to respond with more active promotions and the competition was intensified in the second half of 2015.

Faced with tough and challenging market environment, the Group continued to take a prudent approach to business planning alongside careful market assessment, and further consolidated its business foundation. During the year, the Group continued to follow its flexible multi-brand strategy which focused on cultivating new brands to meet the needs of different consumers. At the same time, the Group enhanced the efficiency of its retail outlets through optimising its sales network in order to maintain a long-term steady growth. In response to the ever challenging market environment, the Group stepped up its marketing effort in the second half of the year so as to mitigate the impact of the economic environment on sales, thus keeping its business performance stable.

For the year ended 31 December 2015 (the "Current Year"), the Group's revenue grew by 6.41% over that of the year ended 31 December 2014 (the "Prior Year") to HK$2,535,818,000. Profit attributable to owners of the Company increased by 7.17% to HK$201,574,000. Earnings per share increased by 7.18% to HK48.38 cents (2014: HK45.14 cents). Excluding the impact of foreign exchange losses, the Group's net profit grew by 14.00% from the Prior Year to HK$223,291,000.

The Board of Directors of the Company resolved to declare a final dividend of HK9.00 cents per share (2014: HK8.00 cents) and a special dividend of HK1.00 cent per share (2014: HK2.00 cents) for the Current Year which, together with the interim dividend of HK4.00 cents per share (2014: HK4.00 cents) distributed, will bring the total dividend for the Current Year to HK14.00 cents per share.

Brand management

The pace of economic growth slowed down in 2015. Consumers became more cautious in spending and were more price-conscious. Amidst the tough market conditions, the competitive advantage of the Group's multi-brand strategy became more obvious. The strategy helped broaden the Group's client base by providing customers with the best choice of product offerings in different price ranges which resulted in a steady growth in our business. During the year under review, the Group continued to allocate and integrate its internal resources flexibly and focus on promoting brands that have great market potential but lower market penetration. Sales growth of ***E-BRA*** remained satisfactory and sales of ***IADORE*** rocketed by 140.15%. The first male underwear brand ***IVU*** has received positive feedback from consumers since its launch and its annual sales increased 81.84% in 2015.

Business and Operations Review (continued)

Brand management (continued)
2015 marked the 40th anniversary of the Group and therefore, it took the opportunity to promote the history and connotation of the brand to all consumers. The Group organised the "40th Anniversary Celebration" at the year-end and received very positive feedback. It showcased the brand equity that the Group has built for four decades through different media platforms. Besides, the Group actively promoted and advertised its brands and products across different promotion channels throughout the year, including participation in the 10th China (Shenzhen) International Brand Underwear Fair. At the fair, ***EMBRY FORM*** won the "**Annual Top Ten Brands Award of China's Underwear Industry**" and the "**Annual Public Service Award of China's Underwear Industry**". ***FANDECIE, COMFIT*** and ***E-BRA*** received the **"Annual Consumer's Choice Award of China's Underwear Industry**", the "**Annual Innovation Award of China's Underwear Industry**" and the **"Annual Top Ten Healthy Brands of China's Underwear Industry"** respectively. In 2015, the Group carried out several thematic promotional activities, including "*EMBRY FORM*'s Modern Artistic Garden Exhibition", "*COMFIT*'s Body Art Festival", etc. The promotional activities in different cities of China successfully strengthened its relationship with customers and business partners in different areas. These activities also increased brand awareness and market penetration while further strengthening brand images in the public's mind. Furthermore, the Group was invited to attend the "Touch of China Fashion" show in Milan, to demonstrate the charm of its original designs of lingerie on the international stage.

As online shopping became increasingly popular, the Group constantly focused on enhancing and maintaining the image of its various brands on the internet with a view to raising the awareness of the brands. In terms of online sales, the Group continued to adopt conservative strategies by concentrating on expanding customer base, sales of promotional and online-only products. The Group also closely monitored the change of customer needs and market trends, and it would develop the e-commerce market prudently.

Sales network
In terms of the sales channels, despite uncertain market situation in the short term, the Group was cautious about the market's potential growth, and continued to efficiently optimise its sales network so as to alleviate the downturn impact brought about by the softening retail market spending. Given the changes in market environment and consumer spending pattern, the Group appropriately adjusted the distribution of retail stores during the year. Those less efficient stores were closed or relocated in order to enhance the overall efficiency of the sales network. As at 31 December 2015, the Group had 2,216 retail outlets in total, including 2,032 concessionary counters and 184 stores. During the Current Year, there was a net decrease of 101 retail outlets of the Group, which was consistent with the Group's annual target. Meanwhile, the Group's products were also available for sales through different online platforms.

Product design, research and development
Faced with fierce market competition, the Group invested resources in the design, research and development of new products. The improvement in patented designs enriched the value of its products which catered for consumer needs at various levels.

Business and Operations Review (continued)

Product design, research and development (continued)
During the Current Year, the Group launched a variety of well-received new collections, including: ***EMBRY FORM***'s *"Fresh Delight Series"* (「清悅系列」) and *"Comfort Professional Series"* (「舒適專家系列」); ***FANDECIE***'s "*Relaxing Voyage Series*" (「度假航海系列」) and "*Beautiful Back Seduction Series*" (「美背誘惑系列」); ***COMFIT***'s "Slender and Support Series" (「纖挺系列」) and "Curved and Classic Series" (「曲線美・經典系列」); ***E-BRA***'s "Sexy Body Series" (「性感美型系列」) and "Joyful Ceremony Series" (「嬌悅盛典系列」); ***IADORE***'s "Beautiful Bridal Series" (「美麗新娘系列」) and "Romantic Lucy Series" (「浪漫絲露系列」); ***LIZA CHENG***'s "Tempting Baroque Series" (「魅惑巴洛克系列」) and "Bordeaux Night Series" (「波爾多之夜系列」); ***IVU***'s "Soft and Warm Series" (「柔暖遠紅外系列」) and "Sporting Spring and Summer Series" (「Sporting春夏系列」).

As at 31 December 2015, the Group had 6 invention patents, 36 utility model patents, and 10 appearance design patents registered in China and/or other parts of the world.

Production capacity
The Group has three production bases located respectively in Shenzhen, Jinan and Changzhou. The construction of the new production base in Changzhou was successfully completed as scheduled in the first quarter of 2015 and the relocation was completed in the first half of the year. Currently, the Group's overall production facilities are sufficient to meet its needs.

The Group has continued to examine the changes in consumer demands as well as regularly reviewing capacity allocation and flexibly deploying manpower and machine capacity to meet the sales goals and needs of the Group with a view to achieving better operating efficiency.

To enhance its operational performance, the Group is building an automated supply chain logistics facility which comprises an intelligent warehouse at the production base in Jinan, Shandong. The construction of the facility started in November 2015 and the project is scheduled to complete by the end of 2016.

Awards
During the Current Year, the Group was granted the "**National Excellent Enterprise with Foreign Investment — Quality Progress Award (2015)**" and "**National Excellent Enterprise with Foreign Investment — Harmonious Labour Relationship Promotion Award (2015)**" by China Association of Enterprises with Foreign Investment and Shenzhen Association of Enterprises with Foreign Investment. The Group also won the "**National Excellent Foreign Enterprise with Foreign Investment - Excellent Tax Payment and Turnover Award (2014)**". In addition, the Group was accredited by The Federation of China Textile Industry as the "**Enterprise with Outstanding Contributions to Standardisation in Textile Industry under the 12th Five-year Plan**" and "**Top 50 Valuable Brand Enterprises in China's Textile and Apparel Industry in 2015**". ***EMBRY FORM*** was rated as the "**Hong Kong Top Brand**" by the Hong Kong Brand Development Council and the Chinese Manufacturers' Association of Hong Kong for nine consecutive years.

Human resources
Tense labour supply and implementation of the minimum wage policy in China have resulted in continuous wage increase. An outstanding work force is the driving force behind the Group. The Group endeavoured to enhance staff loyalty through measures such as organising training courses and cultural activities, and improving employee benefits so as to support the development strategy. The number of employees of the Group decreased to approximately 8,830 (2014: approximately 9,730). Total staff costs (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and equity-settled share option expense and excluding directors' and chief executive's remunerations) for the Current Year was HK$736,941,000 (2014: HK$715,717,000).

Financial Review

Revenue

By sales channel and region
During the Current Year, revenue was HK$2,535,818,000, representing a 6.41% increase over the Prior Year. Affected by the weak consumer sentiment in China's retail sector, the Group's revenue growth in the second half of the year decelerated from that of the first half. Nevertheless, the Group benefited from its multi-brand strategy and through adjustment to the promotional efforts for different brands, it maintained a steady growth in the overall sales amid volatile market environment.

During the Current Year, revenue from the retail sales was HK$2,147,488,000, accounting for 84.69% of the Group's total revenue and representing an increase of 6.25% over the Prior Year. Revenue from the wholesale business decreased by 1.35% from HK$276,885,000 to HK$273,147,000, accounting for 10.77% of the total revenue. It reflected the impact of soft consumer sentiment on wholesaler orders. Revenue from the Group's direct online sales channels notably increased by 45.16% from HK$75,724,000 over the Prior Year to HK$109,919,000, accounting for 4.33% of the total revenue. It was mainly because the Group effectively promoted the products to consumers. The export business revenue was HK$5,264,000, accounting for 0.21% of the Group's total revenue.

The Mainland China market is the main source of income for the Group. During the Current Year, revenue from the Mainland China market was HK$2,431,547,000, accounting for 95.89% of the total revenue.

By brand and product line
The Group currently operates seven brands, namely ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***E-BRA***, ***IADORE***, ***IVU*** and ***LIZA CHENG***, serving customers with different needs and varying degrees of purchasing power. In response to the economic situation, the Group focused its marketing resources on ***E-BRA***、***IADORE*** and ***IVU***. The growth in revenues of the three brands accounted for 72.67% of the overall growth, which proved the effectiveness of the Group's branding strategy. ***EMBRY FORM***, the signature brand, is the main source of income for the Group and its revenue increased 3.95% to HK$1,169,118,000, accounting for 46.11% of the total revenue for the Current Year. Revenue of ***FANDECIE*** decreased slightly by 1.94% from the Prior Year to HK$727,790,000, accounting for 28.70% of the total revenue for the Current Year. ***COMFIT***'s revenue grew by 4.05% over the Prior Year to HK$199,101,000, accounting for 7.85% of the total revenue for the Current Year. ***E-BRA***'s revenue grew by 23.04% over the Prior Year to HK$281,472,000, accounting for 11.10% of the total revenue for the Current Year. ***LIZA CHENG***'s revenue for the Current Year increased 26.09% to HK$38,827,000. ***IADORE*** and ***IVU*** continued to receive positive market feedbacks and recorded a growth in revenue of 140.15% to HK$51,262,000 and of 81.84% to HK$62,984,000 respectively. The brand's respective proportion in revenue mainly reflected the Group's alignment of its business focus to market development.

Lingerie has always been the Group's core product. During the Current Year, sales of lingerie increased by 7.20% over the Prior Year to HK$2,240,582,000, representing 88.36% of the revenue of the Group. Sales of sleepwear recorded a growth of 3.88% to HK$129,572,000, accounting for 5.11% of the total, while sales of swimwear remained stable and recorded a 0.72% increase to HK$149,740,000, accounting for 5.90% of the total. The above two product lines enrich the Group's product mix.

Gross profit
During the Current Year, the Group recorded a gross profit of approximately HK$2,069,596,000, representing an increase of approximately 5.58% over the Prior Year. Gross profit margin was approximately 81.61% (2014: 82.25%). Although rising labour costs led to increasing pressure on operating costs, the Group achieved better economy of scale through business expansion, and improved production efficiency and brand equity by enhancing production automation. As a result, the Group's gross profit margin remained relatively stable.

Financial Review (continued)

Other income and gains
Other income increased by 18.62% to HK$45,046,000 in the Current Year, mainly attributable to the recorded revenue of HK$8,000,000 generated by the appreciation of investment properties and the increase in government subsidy and interest income for the Current Year.

Operating expenses
During the Current Year, selling and distribution expenses increased by 3.33% to HK$1,534,899,000 (2014: HK$1,485,498,000), accounting for 60.53% (2014: 62.33%) of the Group's revenue. The increase in selling and distribution expenses was less than the growth in revenue, mainly due to the successful efforts in cost control under the current operating circumstances. In 2016, to mitigate rising cost pressure, the Group plans to continuously close retail outlets that report low profits for the purpose of enhancing its operating efficiency.

During the Current Year, increase in contingent rents of the retail outlets, staff costs and expenses incurred from counter decoration, continued to exert pressure on operating costs. Contingent rents of the retail outlets rose by 6.37% to HK$636,453,000, accounting for 25.10% (2014: 25.11%) of the Group's revenue. Administrative expenses increased by 13.81% to HK$267,369,000, accounting for 10.54% of the Group's revenue, compared with 9.86% in the Prior Year.

Net profit
Profit attributable to owners of the Company was HK$201,574,000 in the Current Year, representing an increase of 7.17% over the Prior Year. The net profit margin was 7.95% which was similar to the Prior Year. Excluding the impact of foreign exchange losses, the Group's net profit was HK$223,291,000, representing an increase of approximately 14.00% as compared against the Prior Year. Excluding foreign exchange losses, Current Year's net profit margin was 8.81% which improved over Prior Year (2014: 8.22%).

Liquidity and financial resources
The Group finances its operations mainly with internally generated cash flows. Financial position of the Group remained sound and healthy during the Current Year. As at 31 December 2015, the Group's cash and cash equivalents amounted to approximately HK$233,017,000 (2014: HK$180,105,000). As at 31 December 2015, the Group's interest-bearing bank borrowings amounted to HK$308,211,000 (2014: HK$185,000,000). As at 31 December 2015, the equity interest attributable to owners of the Company amounted to HK$1,790,823,000 (2014: HK$1,744,565,000). Accordingly, the gearing ratio of the Group was approximately 17.21% (2014: 10.60%). During the Current Year, the Group did not pledge any assets to secure bank loans.

Capital expenditure
During the Current Year, the Group's capital expenditure amounted to HK$173,591,000 (2014: HK$279,349,000), mainly attributable to the construction of the Group's new production facility in Changzhou, Jiangsu. As at 31 December 2015, the Group's capital commitments amounted to HK$170,854,000 (2014: HK$94,660,000), which were contracted but not provided for in the financial statements.

Charge on the Group's assets
As at 31 December 2015, the Group did not pledge any assets.

Capital structure
As at 31 December 2015, the total issued share capital of the Company was HK$4,166,000 (2014: HK$4,166,000), comprising 416,661,000 (2014: 416,661,000) ordinary shares of HK$0.01 each.

Financial Review (continued)

Significant investment held, material acquisitions and disposals of subsidiaries and associated companies

During the Current Year, the Group was neither involved in any significant investment, nor any material acquisitions or disposals of any subsidiaries or associated companies.

Foreign currency exposure

The Group carries out its transactions mainly in Hong Kong dollars and Renminbi. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of the business.

Contingent liabilities

As at 31 December 2015, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK$2,196,000 (2014: HK$2,196,000). Save as disclosed above, the Group had no other significant contingent liabilities, nor any litigation or arbitration of material importance.

Prospect

Looking forward into 2016, uncertainties surrounding global economic prospect and the macro environment, along with the slower economic growth in China will affect the domestic consumption demand and the overall market sentiment. It is expected that the consumer sentiment will remain weak in the short term, posing challenges to the retail industry. Nevertheless, the Directors believe that China has a solid foundation for economic development and the national income and living standards will improve on the back of China's accelerating urbanisation. In the long run, these shall be beneficial to the development of the retail industry in China.

As a major brand operator in the lingerie industry in China, the Group remains cautious in its business outlook. In a challenging market environment, the Group will closely monitor the market conditions while adopting flexible and prudent development strategies so as to maintain steady development of the business. The Group will continue to invest in its product design and innovation capabilities in order to meet the diverse consumer needs. With China's economy becoming more developed, consumers are paying more attention to general health and product safety. Therefore, the Group will continue to strengthen its development of environmental friendly and healthy products to meet market needs.

Moreover, the Group will continue to take full advantage of its multi-brand strategy and respond promptly to the market needs by cultivating new brands and enhancing the competitiveness of its core brands at the same time. In 2016, ***E-BRA***, ***IADORE*** and ***IVU*** are expected to maintain their relatively strong growth momentum. The Group will continue to focus on developing the three brands.

In view of uncertainties in the market, strategic marketing planning and tight control over costs have become increasingly important. Looking to the year ahead, the Group will prudently evaluate both the market environment and the outlet operation. The Group will appropriately adjust its logistics operation, and optimise the sales network, closing retail outlets underperforming for the purpose of enhancing its operating efficiency. Though the number of retail outlets will have a negative growth in 2016, the structure of the sales network is believed to be more optimal. With the Group's flexible deployment of production capacity and the expected completion of the intelligent warehouse by the end of 2016, its overall operational efficiency is expected to improve and the price competitiveness of its products will also increase, spurring sales growth.

Despite a slowdown in retail market, the Group believes that it can achieve a relatively stable performance amid challenging business environment by utilising its multi-brand strategy as well as adopting a sound and pragmatic approach to its business development. The Group will also continuously optimise its sales network and enrich its product portfolio through innovation. In the future, the Group will continue to implement effective business strategies to strengthen its brand equity, foster long-term and steady business growth and generate satisfactory returns to its shareholders.

OTHER INFORMATION

FINAL AND SPECIAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK9.00 cents and a special dividend of HK1.00 cent in cash per ordinary share in respect of the year, to shareholders on the register of members of the Company on 27 May 2016, resulting in an appropriation of approximately HK$41,666,000.

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 20 May 2016 ("AGM"). The proposed final and special dividends will be payable on 13 June 2016.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to Attend and Vote at the AGM

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 19 May 2016 to Friday, 20 May 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 18 May 2016.

(b) Entitlement to the Proposed Final and Special Dividends

For determining the entitlement to the proposed final and special dividends for the year ended 31 December 2015 (subject to approval by the shareholders at the AGM), the register of members of the Company will be closed on Friday, 27 May 2016 on which no transfer of shares of the Company will be registered. In order to be eligible for the above proposed final and special dividends, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at the above address for registration no later than 4:30 p.m. on Thursday, 26 May 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the accounting period covered by the 2015 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions ("Securities Dealing Code"). Having made specific enquiry of all the Directors and members of the senior management, they have confirmed their compliance with the required standard set out in the Securities Dealing Code during the year.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the consolidated results of the Group for the year ended 31 December 2015. The audit committee is composed of three independent non-executive Directors of the Company, namely Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T.S. The chairman of the audit committee has appropriate professional qualifications and experience in financial matters.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 December 2015 as set out in the preliminary results announcement have been agreed by the Group's independent auditors, Ernst & Young, Certified Public Accountants of Hong Kong ("Ernst & Young") to the amounts set out in the Group's consolidated financial statements. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary results announcement.

PUBLICATION OF 2015 ANNUAL REPORT

The 2015 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and will also be published on the websites of the Company at http://www.embrygroup.com and Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk in due course.

By Order of the Board
Embry Holdings Limited
Ngok Ming Chu
Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Madam Ngok Ming Chu (Chairman), Ms. Cheng Pik Ho Liza (Chief Executive Officer) and Ms. Lu Qun; and three independent non-executive Directors, namely Mr. Lau Siu Ki, Mr. Lee Kwan Hung and Prof. Lee T. S.