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 2013

RESULTS HIGHLIGHTS

	2013	**2012**	**Change**
	(HK$'000)	*(HK$'000)*	
Revenue	2,234,763	1,995,356	+12.00%
Gross profit	1,796,883	1,620,139	+10.91%
Gross profit margin	80.41%	81.20%	-0.79% pts
Profit for the year attributable to owners	198,369	183,562	+8.07%
Net profit margin	8.88%	9.20%	-0.32% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	47.61	44.38	+7.28%
Diluted earnings per share	47.61	44.17	+7.79%
	(HK cents)	*(HK cents)*	
Interim dividend per share (paid)	4.00	4.00	N/A
Final dividend per share (proposed)	8.00	7.00	+14.29%
Special dividend per share (proposed)	2.00	2.00	N/A
Total dividends per share for the year	14.00	13.00	+7.69%

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 2013, together with the comparative figures in 2012 and the relevant explanatory notes, as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	4	2,234,763	1,995,356
Cost of sales		(437,880)	(375,217)
Gross profit		1,796,883	1,620,139
Other income and gains	5	76,147	57,287
Selling and distribution expenses		(1,375,742)	(1,209,822)
Administrative expenses		(213,641)	(193,786)
Other expenses		(7,230)	(9,298)
Finance costs	6	(2,754)	(3,906)
PROFIT BEFORE TAX	7	273,663	260,614
Income tax expense	8	(75,294)	(77,052)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		198,369	183,562
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
- Basic (HK cents)		47.61	44.38
- Diluted (HK cents)		47.61	44.17

Details of the dividends are disclosed in note 9 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
PROFIT FOR THE YEAR	198,369	183,562
OTHER COMPREHENSIVE INCOME:		
Other comprehensive income to be reclassified to the income statement in subsequent periods:		
Exchange differences arising on translation of foreign operations	40,143	11,038
Other comprehensive income not to be reclassified to the income statement in subsequent periods:		
Revaluation surplus	-	1,063
Deferred tax debited to asset revaluation reserve	-	(266)
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	-	797
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	40,143	11,835
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	238,512	195,397

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		677,473	502,435
Investment properties		321,054	296,321
Prepaid land lease payments		40,407	39,784
Deferred tax assets		47,111	27,512
Deposits	12	9,787	5,869
Total non-current assets		1,095,832	871,921
CURRENT ASSETS			
Inventories		567,448	522,172
Trade receivables	11	87,076	79,898
Prepayments, deposits and other receivables	12	54,797	44,608
Cash and cash equivalents		346,327	382,796
Total current assets		1,055,648	1,029,474
CURRENT LIABILITIES			
Trade and bills payables	13	89,145	39,019
Interest-bearing bank borrowings	14	56,750	56,750
Tax payable		44,298	13,398
Other payables and accruals	15	210,126	175,009
Total current liabilities		400,319	284,176
NET CURRENT ASSETS		655,329	745,298
TOTAL ASSETS LESS CURRENT LIABILITIES		1,751,161	1,617,219
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	65,000	121,750
Deferred liabilities		3,879	4,037
Deferred tax liabilities		30,190	31,233
Other payables	15	23,846	22,963
Total non-current liabilities		122,915	179,983
Net assets		1,628,246	1,437,236
EQUITY			
Equity attributable to owners of the Company			
Issued capital		4,166	4,166
Reserves		1,624,080	1,433,070
Total equity		1,628,246	1,437,236

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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 13 and HKAS 1 Amendments, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees.

(b) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(c) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to the income statement at a future point in time (for example, exchange differences on translation of foreign operations) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group.

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*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans:Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning on or after 1 January 2016
[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	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Revenue from external customers	2,123,956	1,888,591	102,347	100,010	8,460	6,755	2,234,763	1,995,356
Non-current assets	972,278	771,139	76,443	73,270	-	-	1,048,721	844,409
Capital expenditure incurred during the year	198,969	24,460	430	1,153	-	-	199,399	25,613

For the years ended 31 December 2013 and 2012, 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, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

5. OTHER INCOME AND GAINS

	2013 HK$'000	2012 HK$'000
Other income		
Subsidy income*	43,674	26,898
Gross rental income	6,654	6,336
Bank interest income	4,220	2,557
Royalty income	247	324
Others	1,618	3,039
	56,413	39,154
Gains		
Foreign exchange differences, net	15,734	6,956
Changes in fair value of investment properties	4,000	11,177
	19,734	18,133
	76,147	57,287

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

6. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Total interest on bank loans wholly repayable within five years	2,754	3,906

7. PROFIT BEFORE TAX

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

	2013 HK$'000	2012 HK$'000
Cost of inventories sold*	437,880	375,217
Depreciation	33,313	38,338
Amortisation of prepaid land lease payments	891	789
Minimum lease payments under operating leases in respect of:		
Land and buildings	75,368	69,638
Contingent rents of retail outlets in department stores	549,207	492,312
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	575,527	481,312
Write-back of provision for long service payments	(55)	(176)
Retirement benefit scheme contributions	51,659	41,553
Equity-settled share option expense	5,901	13,103
	633,032	535,792
Auditors' remuneration	2,860	2,700
Advertising and counter decoration expenses	153,295	137,985
Provision for obsolete inventories, net	42,208	26,492
Write-back of impairment allowance of trade receivables**	(47)	(179)
Research and development expenditure	3,311	2,090
Loss on disposal/write-off of items of property, plant and equipment	275	591
Gross and net rental income	(6,654)	(6,336)
Changes in fair value of investment properties	(4,000)	(11,177)
Foreign exchange differences, net	(15,734)	(6,956)
Bank interest income	(4,220)	(2,557)

* The cost of inventories sold for the year included HK$153,878,000 (2012: HK$109,671,000), relating to staff costs, depreciation of manufacturing facilities, minimum lease payments under operating leases in respect of land and buildings and the net provision for obsolete inventories, which are also included in the respective total amounts disclosed above for each types of expenses.

** The 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% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China ("PRC") being effective on 1 January 2008 (the "New PRC Tax Law"), the PRC income tax rate is unified to 25% for all enterprises. Under an implementation guidance note of the New PRC Tax Law, enterprises established before the publication of the New PRC Tax Law were entitled to preferential treatments of a reduced corporate income tax rate (the "CIT rate") granted by the relevant tax authorities. The new CIT rate has been increased from the preferential rate to 25% within five years after the effective date of the New PRC Tax Law on 1 January 2008.

In addition, taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2013 HK$'000	2012 HK$'000
Group:		
Current - Hong Kong		
Charge for the year	547	584
Overprovision in prior years	(10)	(12)
Current - Mainland China		
Charge for the year	87,240	75,178
Underprovision in prior years	5	-
Deferred	(12,488)	1,302
Total tax charge for the year	75,294	77,052

9. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Dividends paid during the year:		
Final and special in respect of the financial year ended 31 December 2012 – HK7.00 cents and HK2.00 cents, respectively, per ordinary share (2012: final and special dividends of HK7.00 cents and HK2.00 cents, respectively, per ordinary share in respect of the financial year ended 31 December 2011)	37,499	37,240
Interim – HK4.00 cents (2012: HK4.00 cents) per ordinary share	16,666	16,575
	54,165	53,815
Proposed final and special dividends:		
Final and special – HK8.00 cents (2012: HK7.00 cents) and HK2.00 cents (2012: HK2.00 cents), respectively, per ordinary share	41,666	37,499

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 calculations of the basic and diluted earnings per share are based on the following data:

	2013 HK$'000	2012 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	198,369	183,562
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	416,661	413,601
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	-	1,947
Weighted average number of ordinary shares for the purpose of diluted earnings per share	416,661	415,548

No adjustments have been made to basic earnings per share for the current year as the share options in issue had no dilutive effect during the year ended 31 December 2013

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:

	2013 HK$'000	2012 HK$'000
Within 90 days	83,830	77,514
91 to 180 days	3,246	2,384
181 to 360 days	457	383
Over 360 days	15	136
	87,548	80,417
Less: Impairment allowance	(472)	(519)
	87,076	79,898

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013 HK$'000	2012 HK$'000
Prepaid land lease payments	919	880
Deposit paid and related direct cost for the land use right in Shandong	2,700	2,600
Deposits for acquisition of items of property, plant and equipment	7,087	3,269
Prepayments	16,306	9,915
Deposits and other receivables	37,572	33,813
	64,584	50,477
Current portion included in prepayments, deposits and other receivables	(54,797)	(44,608)
Non-current portion	9,787	5,869

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:

	2013 HK$'000	2012 HK$'000
Within 90 days	77,213	37,252
91 to 180 days	7,051	1,409
181 to 360 days	4,098	255
Over 360 days	783	103
	89,145	39,019

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

14. INTEREST-BEARING BANK BORROWINGS

	2013			2012		
	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	2014	56,750	HIBOR +1.08 to HIBOR +2.25	2013	56,750
Non-current						
Bank loans – unsecured	HIBOR +1.08 to HIBOR +2.25	2015-2016	65,000	HIBOR +1.08 to HIBOR +2.25	2014-2016	121,750

	2013 HK$'000	2012 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	56,750	56,750
In the second year	41,750	56,750
In the third to fifth years, inclusive	23,250	65,000
	121,750	178,500
Less: Amount repayable within one year and classified as current portion	(56,750)	(56,750)
Amount classified as non-current portion	65,000	121,750

The above bank loans are denominated in Hong Kong dollars. The bank loans are supported by corporate guarantees given by the Company and bear interest at rates ranging from 1.08% to 2.25% above the HIBOR per annum.

15. OTHER PAYABLES AND ACCRUALS

	2013 HK$'000	2012 HK$'000
Other payables	100,249	92,838
Accruals	133,723	105,134
	233,972	197,972
Current portion included in other payables and accruals	(210,126)	(175,009)
Non-current portion	23,846	22,963

Other payables of the Group at 31 December 2013 included a subsidy of RMB18,600,000 (approximately HK$23,846,000) (2012: RMB18,600,000, approximately HK$22,963,000) received from the People's Government of Jinan, Shandong Province, the PRC, for the construction cost of basic infrastructure to be incurred by the Group ("Shandong Factory Phase II Development").

The amounts totalling HK$7,904,000 (2012: HK$5,906,000) included in other payables of the Group were due to related companies as at 31 December 2013. These balances were unsecured, interest-free and repayable in accordance with normal trading terms.

Other payables are non-interest-bearing.

16. COMMITMENTS

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

	2013 HK$'000	2012 HK$'000
Contracted for capital commitments in respect of its wholly-owned investment in the PRC	-	46,560
Contracted for commitments in respect of the acquisition of property, plant and equipment	266,392	30,016
Authorised, but not contracted for commitments in respect of		
− Investment in Shandong Factory Phase II Development	-	100,571
− Investment in Changzhou factory development	-	43,931
	-	144,502

The Company had no significant commitment at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operations Review

In the year 2013, China achieved steady economic growth amid slow restructuring and upgrade of its economy. The country's economic growth hit a low in the second quarter, but regained momentum in the second half of the year. According to China's National Bureau of Statistics, the country's Gross Domestic Product (GDP) for the year increased 7.7% to RMB56,884.5 billion. Amid the uncertain economic environment, consumers generally became more cautious about spending. Total retail sales for 2013 grew by 13.1%, 1.2 percentage points lower than that in the previous year, to RMB23,438.0 billion.

The country's lingerie market maintained a steady growth rate. According to the data from China Industrial Information Issuing Centre (the "Issuing Centre") (中國行業企業信息發佈中心), the overall sales of branded lingerie for 2013 increased 7.3%, reflecting steady growth in the overall demand. On the back of consumers' growing income and purchasing power, the market size expanded and attracted more international brands to enter the market, thus intensifying the competition.

In order to cope with these changes in the market environment and the intense competition, as well as to capture opportunities arising from the expanding lingerie industry, the Group focused on implementing a cautious business development policy, adopting a flexible multi-brand strategy and fully capitalising on its optimised sales network.

For the year ended 31 December 2013 (the "Current Year"), the Group's revenue grew by 12.00% over that of the year ended 31 December 2012 (the "Prior Year") to HK$2,234,763,000. Profit attributable to owners of the Company increased by 8.07% to HK$198,369,000. Earnings per share were HK47.61 cents (2012: HK44.38 cents), representing an increase of 7.28%.

The Board of Directors of the Company resolved to declare a final dividend of HK8.00 cents per share (2012: HK7.00 cents) and a special dividend of HK2.00 cents per share (2012: HK2.00 cents) for the Current Year. Together with the interim dividend of HK4.00 cents per share (2012: HK4.00 cents) distributed, the dividend on an annual basis was HK14.00 cents per share, representing an increase of 7.69% over the Prior Year.

Brand management

In the year 2013, consumers became more cautious in spending and more price sensitive. The Group's multi-brand strategy manifested its competitiveness amid the challenging market. During the year, the Group continued to allocate internal resources flexibly and to focus on promoting high-potential brands which have lower market penetration, such as ***COMFIT*** and ***E-BRA***, so as to meet consumer demands for more diverse products.

Meanwhile, the Group continued to invest resources in enhancing its brand portfolio and establishing a solid foundation for its healthy development in the long run. To capitalise on the stronger purchasing power in second- and third-tier markets, a new brand ***IADORE*** was launched at the end of 2012. ***IADORE*** products present a fresh and fashionable image and have gained positive market response. In the second half of the year 2013, the Group launched its first men's underwear brand, ***IVU,*** on a trial basis. The brand was well received by the market and successfully made its way into many high-end department stores in Mainland China.

Business and Operations Review (continued)

Brand management (continued)
Apart from improving brand portfolio, the Group also promoted and advertised its brands and products more actively to enhance brand equity. During the Current Year, the Group organised "The Green and Environmental Friendly Trip to Shandong" ("山東綠色生態環保之旅") to help our honorable customers gain insights into the Group’s vision on environmental protection and to raise customer loyalty. The Group also participated in the Shenzhen International Brand Underwear Fair and 2013 China International Intimate Apparel Culture Week, where it showcased its quality products with a fashion show themed "Elegant Style for the Perfect Love" ("風範臻愛"). The Group was granted three major titles, namely "Annual Achievement Award of China’s Underwear Industry" ("中國內衣行業年度成就大獎"), "Annual Public Service Award of China’s Underwear Industry" ("中國內衣行業年度公益大獎") and "Annual Promotion Award of China’s Underwear Industry" ("中國內衣行業年度推動大獎"), in recognition of its contribution to the industry. In addition, the Group organised a number of marketing and promotional campaigns, including "Fashion Inside Out" ("安莉芳時尚巡展") at Shin Kong Place in Beijing, one of the high-end department stores in China, "FANDECIE's Green Club - Cool Summer Fun Party" ("芬狄詩Green Club炫夏玩樂派對") in Jinan and "LIZA CHENG's Dazzling Show" ("LIZA CHENG 璀璨薈") in Hangzhou.

Sales network
The Group was cautiously optimistic about the market’s potential growth, and continued to efficiently expand and optimise its sales network, so as to achieve steady business development. As at 31 December 2013, the Group had 2,272 retail outlets in total, including 2,082 concessionary counters and 190 stores. During the Current Year, there was a net increase of 151 retail outlets of the Group.

Online sales have sprung up in recent years. To take advantage of the trend and gear up for its future development, the Group actively expanded online sales channels and maintained its brand images on the Internet during the year.

Product design and research and development
The Group actively 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.

During the Current Year, the Group launched a variety of well-received new collections, including: ***EMBRY FORM***’s "New Elegance Series" ("新雅致系列"), "Couture Glamour Series" ("魅力華裳系列") and "Floral Elegance Series" ("花漾優雅系列"); ***FANDECIE***'s "Dazzling Colours Seamless 2 Series" ("炫彩無痕 2 系列"), "Ballet Fairy Series"("芭蕾精靈系列") and "Simple Dots Series" ("簡約波點系列"); ***COMFIT***'s "Invisible Push Up Series" ("高側收•隱形系列"), "NEW BODY Series" ("NEW BODY 系列") and "Super Skin Comfort Series" ("超舒膚•潤無痕系列"); ***E-BRA***’s "Couture Joy Series" ("悅色霓裳系列"), "Shining Wild Series" ("瀲灩光紋系列") and "Velvet Warmth Series" ("絨情暖意系列"); ***IADORE***'s "FRESH Panties Series" ("FRESH 褲系列"), "Monet's Garden Series" ("莫內花園系列") and "Forest Girl Series" ("深林女孩系列"); ***LIZA CHENG***'s "Dragon and Phoenix Jade Seal Series" ("龍鳳碧璽系列"), "Chanson Series" ("香頌系列") and "Floral Series" ("花漾系列"); and ***IVU***'s "Business U Series" ("商務 U 系列"), "SEA Series" ("SEA 系列") and "EVERYDAY.C Series" ("EVERYDAY.C 系列").

As at 31 December 2013, the Group had 4 invention patents, 27 utility model patents, and 13 appearance design patents registered in China and/or other parts of the world.

Business and Operations Review (continued)

Production capacity

Currently, the Group has three production bases in Shenzhen, Jinan and Changzhou. To satisfy development needs, the Group expanded and relocated its production facilities. The first stage development of the second phase construction of the Shandong plant was completed on schedule at the end of 2013 and start trial production in the first quarter of 2014. The relocation of the Changzhou production plant was progressing on schedule, and construction of a new production plant commenced at the end of 2013 and is expected to be completed by the first quarter of 2015.

The Group closely monitors the changes in consumer demands. Through regular review of capacity allocation and flexible deployment of manpower and machine capacity, the Group promptly responded to the impact of volatile global economy situation to achieve better operating efficiency.

Awards

In the Current Year, ***EMBRY FORM*** was honoured with the title of "**The Best-Selling Lingerie Products in the Industry in China in terms of Volume, Sales, Market Share**" by the Issuing Centre. The Group has been awarded this honour for eighteen consecutive years. The Group was also awarded the honour of "**The Most Trusted Consumer Brand in 2013**". ***FANDECIE***, another brand of the Group, was also awarded the "**Top 10 Best Sellers in the Industry in China**" for the eighth consecutive year by the Issuing Centre. In addition, ***EMBRY FORM*** was honoured by the Shenzhen Top Brand Evaluation Committee with the title of "**Shenzhen Top Brand**", but also was rated as the "**Hong Kong Top Brand**" by the Hong Kong Brand Development Council and the Chinese Manufacturers' Association of Hong Kong for seven consecutive years. During the year, the Group was awarded the "**Top 500 Asia Brand**" certificate at the Eighth Asia Brand Ceremony by the Asia Brand Ceremony Organizing Committee.

Human resources

Tense labour supply and implementation of the minimum wage policy in China have resulted in a continuous increase in wages. The Group endeavored to retain an outstanding work force. Through measures such as organising training courses, improving employee benefits and enhancing staff loyalty, the Group has improved its overall operation efficiency to enhance its development strategy. The number of employees of the Group increased to approximately 9,120 (2012: approximately 8,430). 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$633,032,000 (2012: HK$535,792,000).

Financial Review

Revenue

By sales channel and region

During the Current Year, revenue was HK$2,234,763,000, representing a 12.00% increase over the Prior Year. Such growth was mainly attributable to the Group's multi-brand strategy, which enables the steady growth in overall customer demand amid a volatile market.

During the Current Year, revenue from the retail sales was HK$1,875,201,000, accounting for 83.91% of the Group's total revenue and representing an increase of 11.55% over the Prior Year. Revenue from the wholesale business increased 4.72% from HK$254,694,000 to HK$266,727,000, accounting for 11.94% of the total revenue. In addition, revenue from the Group's direct online sales channels increased 59.63% over the Prior Year to HK$84,375,000, reflecting the Group's better utilisation of online sales channels. The export business revenue was HK$8,460,000, accounting for an insignificant proportion of the Group's total revenue at 0.38%.

The Mainland China market is the main source of income for the Group. During the Current Year, revenue from the Mainland China market grew by 12.46% over the Prior Year to HK$2,123,956,000, accounting for 95.04% of the Group's 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 different customers groups and purchasing power. During the Current Year, all of the seven brands recorded growth in sales despite tight labour supply which affected the Group's supply of goods and led to the slower-than-expected sales growth in some brands in the second half of the year. ***EMBRY FORM***, our signature brand, is the main source of income for the Group and its revenue increased 5.26% to HK$1,091,361,000, accounting for 48.84% of the total revenue for the Current Year. The revenue of ***FANDECIE*** increased 13.73% over the Prior Year to HK$722,473,000, accounting for 32.33% of the total revenue for the Current Year. ***COMFIT*** achieved outstanding performance as its revenue grew by 23.88% over the Prior Year to HK$186,644,000, accounting for 8.35% of the total revenue for the Current Year. ***E-BRA***'s revenue grew by 21.49% over the Prior Year to HK$186,125,000, accounting for 8.33% of the total revenue for the Current Year. ***LIZA CHENG***'s revenue for the Current Year increased 110.49% to HK$25,511,000. New brands ***IADORE*** and ***IVU,*** which were in the start-up stage, received positive market feedbacks, and recorded revenues of HK$8,024,000 and HK$6,165,000 respectively. The brand's respective proportions in the revenue mainly reflected the Group's alignment of its business focus to market development.

Lingerie has always been the Group's core product line. During the Current Year, sales of lingerie were HK$1,980,967,000, accounting for 88.64% of the Group's revenue and representing an increase of 10.28% over the Prior Year. Sales of sleepwear remained stable and recorded a growth of 13.16% to HK$110,060,000, accounting for 4.92% of the total; Sales of swimwear performed well and recorded a 41.33% increase to HK$128,290,000, accounting for 5.74% of the total. The above two product lines reflected further diversification of the Group's products.

Financial Review (continued)

Gross profit

During the Current Year, the Group recorded a gross profit of approximately HK$1,796,883,000, representing an increase of approximately 10.91% over the Prior Year. Gross profit margin was approximately 80.41%, down slightly from the Prior Year. The decrease in gross profit margin mainly reflected the change in product portfolio. Although rising labour costs led to increasing pressure on operating costs, the Group's business expansion brought about better economy of scale and enhanced brand equity. As a result, the Group's gross profit margin remained relatively stable.

Other income and gains

Other income increased by 32.92% to HK$76,147,000 in the Current Year. Subsidy income for the Current Year was approximately HK$43,674,000. This income represented the subsidies received by the Group from the local municipal government. The Group also recorded an exchange gain of HK$15,734,000 for the Current Year from the appreciation of Renminbi arising from business operations in Mainland China. In addition, rising real estate prices in Hong Kong brought about a gain of HK$4,000,000 from investment property appreciation. The Group's interest income increased by 65.04% to HK$4,220,000, due to an increase in bank deposits arising from the operating income during the Current Year.

Operating expenses

During the Current Year, selling and distribution expenses increased 13.71% to HK$1,375,742,000 (2012: HK$1,209,822,000), accounting for 61.56% (2012: 60.63%) of the Group's revenue.

Selling and distribution expenses generally increased at the same pace as revenue. Increase in contingent rents of the retail outlets, staff costs and expenses incurred from counter decoration, continued to exert upward pressure on operating costs. Contingent rents of the retail outlets rose by 11.56% to HK$549,207,000, accounting for 24.58% (2012: 24.67%) of the Group's revenue.

Administrative expenses increased 10.25% to HK$213,641,000, accounting for 9.56% of the Group's revenue, compared with 9.71% in the Prior Year.

Tax

The Group's effective tax rate was 27.51% in the Current Year, compared to 29.57% in the Prior Year.

Net profit

Profit attributable to owners of the Company was HK$198,369,000 in the Current Year, representing an increase of 8.07% over the Prior Year. Increase in profit attributable to owners of the Company was mainly attributable to the sustained growth in revenue. Nevertheless, the growth in revenue was partially offset by the increased operating costs. Net profit margin decreased slightly from 9.20% to 8.88%.

Liquidity and financial resources

The Group finances its operations with internally generated cash flows. Financial position of the Group remained sound and healthy during the Current Year. As at 31 December 2013, the Group's cash and cash equivalents amounted to approximately HK$346,327,000 (2012: HK$382,796,000). As at 31 December 2013, the Group's borrowings amounted to HK$121,750,000 (2012: HK$178,500,000). During the Current Year, the Group did not pledge any assets to secure bank loans. As at 31 December 2013, gearing ratio of the Group was approximately 7.48% (2012: 12.42%).

Financial Review (continued)

Capital expenditure
The capital expenditure of the Group during the Current Year amounted to HK$199,399,000 (2012: HK$25,613,000). As at 31 December 2013, the capital commitments of the Group amounted to HK$266,392,000, which were contracted but not provided for in the financial statements (2012: HK$174,518,000, of which HK$30,016,000 were contracted but not provided for in the financial statements and HK$144,502,000 were authorised but not contracted for).

Charge on the Group's assets
As at 31 December 2013, the Group did not pledge any assets.

Capital structure
As at 31 December 2013, the total issued share capital of the Company was HK$4,166,000 (2012: HK$4,166,000), comprising 416,661,000 (2012: 416,661,000) ordinary shares of HK$0.01 each.

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 2013, the Group had no significant contingent liabilities or any litigation or arbitration of material importance.

Prospect

In 2014, economic expansion of advanced countries and the gradual elimination of some of the uncertainties over the economic prospect are conducive to the global economic recovery. A rebound in China's exports will also benefit the country's overall economic development, although its beneficial effect on the retail sector may not be immediate. China is restructuring its economy, and the process may restrict its economic growth. This economic outlook will continue to affect the retail sector and consumer sentiment in the short term. However, the Directors believe that the national income and living standards will improve with the acceleration of China's urbanisation. These shall in turn drive consumer spending in the long run, thereby establishing a foundation for the country's consumer market.

As the market leader in the lingerie industry in China, the Group will adopt a cautiously optimistic approach to upcoming market challenges. Specifically, it will closely monitor the market conditions while adopting flexible and prudent development strategies. The Group will continuously strengthen its product design ability and innovate in order to meet the diverse consumer needs. Moreover, the Group will continue to capitalise on opportunities arising from its multi-brand strategy and enhance the competitiveness of its core brands. In the year ahead, the Group will mainly focus its development on ***E-BRA*** and ***COMFIT***, so as to capture the markets with great potential. Meanwhile, the Group will also keep on fostering its new brands ***IADORE*** and ***IVU***.

The sales network serves a vital role in the retail sector. After evaluating the market environment and efficiency of establishing stores, the Group will work to achieve the target of a net increase of approximately 50 retail outlets for the year, continue to optimise its sales network, and to improve store efficiency. With the advent of online shopping, the Group will closely monitor the market development and adjust the resources flexibly to cope with development needs.

Furthermore, the Group will continue to enhance its production efficiency and strengthen production automation in order to support its business expansion and the development of its new brands. The first stage development of the second phase construction of the Shandong plant was completed on schedule at the end of 2013 and start trial production in the first quarter of 2014. The construction of the new Changzhou production plant commenced at the end of 2013, and is expected to be completed by the first quarter of 2015 and to start trial production in the second quarter of 2015.

Although the business environment is ever-changing, the Group believes that potential demand in China's underwear market remains enormous. The Group will utilise its flexible and powerful multi-brand strategy, adopt a sound and pragmatic approach to its development, continuously optimise its sales network, and enrich its product portfolio through innovation. These measures will reinforce the Group's leading position in the retail market, foster its 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 HK8.00 cents and a special dividend of HK2.00 cents in cash per ordinary share in respect of the year, to shareholders on the register of members of the Company on 29 May 2014, 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 ("AGM") expected to be held on 21 May 2014. The proposed final and special dividends will be payable on or about 11 June 2014.

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 Monday, 19 May 2014 to Wednesday, 21 May 2014, 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (which address will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration no later than 4:30 p.m. on Friday, 16 May 2014.

(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 2013 (subject to approval by the shareholders at the AGM), the register of members of the Company will be closed from Wednesday, 28 May 2014 to Thursday, 29 May 2014, both days inclusive, during which period 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 Tuesday, 27 May 2014.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold 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 2013 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has also 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 that they complied with the required standard set out in the Securities Dealing Code during the year.

OTHER INFORMATION (continued)

AUDIT COMMITTEE
The audit committee of the Company has met with the external auditors of the Company, Messrs. Ernst & Young, to review the accounting principles and practices adopted by the Group and the consolidated results of the Group for the year ended 31 December 2013, and is of the opinion that the consolidated results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made. 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.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, will change its address from 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong to:

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the branch share registrar will remain unchanged.

PUBLICATION OF 2013 ANNUAL REPORT
The 2013 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 website of the Company at http://www.embrygroup.com and the "HKExnews" website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk in due course.

By Order of the Board
Embry Holdings Limited
Cheng Man Tai
Chairman

Hong Kong, 24 March 2014

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