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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 2014

RESULTS HIGHLIGHTS

	2014	**2013**	**Change**
	(HK$'000)	*(HK$'000)*	
Revenue	2,383,127	2,234,763	+6.64%
Gross profit	1,960,205	1,796,883	+9.09%
Gross profit margin	82.25%	80.41%	+1.84% pts
Profit for the year attributable to owners	188,093	198,369	-5.18%
Net profit margin	7.89%	8.88%	-0.99% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	45.14	47.61	-5.19%
Diluted earnings per share	45.14	47.61	-5.19%
	(HK cents)	*(HK cents)*	
Interim dividend per share (paid)	4.00	4.00	N/A
Final dividend per share (proposed)	8.00	8.00	N/A
Special dividend per share (proposed)	2.00	2.00	N/A
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 2014, together with the comparative figures in 2013 and the relevant explanatory notes, as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	4	2,383,127	2,234,763
Cost of sales		(422,922)	(437,880)
Gross profit		1,960,205	1,796,883
Other income and gains, net	5	37,976	76,147
Selling and distribution expenses		(1,485,498)	(1,375,742)
Administrative expenses		(234,932)	(213,641)
Other expenses		(6,924)	(7,230)
Finance costs	6	(2,270)	(2,754)
PROFIT BEFORE TAX	7	268,557	273,663
Income tax expense	8	(80,464)	(75,294)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		188,093	198,369
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
- Basic (HK cents)		45.14	47.61
- Diluted (HK cents)		45.14	47.61

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR	188,093	198,369
OTHER COMPREHENSIVE INCOME/(EXPENSE):		
Other comprehensive income/(expense) to be reclassified to the income statement in subsequent periods:		
Exchange differences arising on translation of foreign operations	(14,196)	40,143
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	173,897	238,512

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		911,289	677,473
Investment properties		318,699	321,054
Prepaid land lease payments		38,989	40,407
Deferred tax assets		72,129	47,111
Deposits	12	17,061	9,787
Total non-current assets		1,358,167	1,095,832
CURRENT ASSETS			
Inventories		722,619	567,448
Trade receivables	11	89,961	87,076
Prepayments, deposits and other receivables	12	58,412	54,797
Cash and cash equivalents		180,105	346,327
Total current assets		1,051,097	1,055,648
CURRENT LIABILITIES			
Trade and bills payables	13	146,527	89,145
Interest-bearing bank borrowings	14	90,639	56,750
Tax payable		74,598	44,298
Other payables and accruals	15	222,343	210,126
Total current liabilities		534,107	400,319
NET CURRENT ASSETS		516,990	655,329
TOTAL ASSETS LESS CURRENT LIABILITIES		1,875,157	1,751,161
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	94,361	65,000
Deferred liabilities		4,070	3,879
Deferred tax liabilities		32,161	30,190
Other payables	15	-	23,846
Total non-current liabilities		130,592	122,915
Net assets		1,744,565	1,628,246
EQUITY			
Equity attributable to owners of the Company			
Issued capital		4,166	4,166
Reserves		1,740,399	1,624,080
Total equity		1,744,565	1,628,246

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 and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements 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 and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Other than explained below regarding the impact of the amendments to HKAS 32, HKFRS 2 and HKFRS 13, the adoption of the above revised standards and new interpretation has had no significant financial effect on these financial statements.

(a) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(b) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(c) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidated Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendment to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendment to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 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

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.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Revenue from external customers	2,269,951	2,123,956	103,794	102,347	9,382	8,460	2,383,127	2,234,763
Non-current assets	1,209,486	972,278	76,552	76,443	-	-	1,286,038	1,048,721
Capital expenditure incurred during the year	279,113	198,969	236	430	-	-	279,349	199,399

For the years ended 31 December 2014 and 2013, 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, NET

	2014 HK$'000	2013 HK$'000
Other income		
Subsidy income*	28,443	43,674
Gross rental income	11,036	6,654
Contingent rents receivable in respective of operating lease	833	-
Bank interest income	1,708	4,220
Royalty income	160	247
Others	2,571	1,618
	44,751	56,413
Gains, net		
Foreign exchange differences, net	(7,775)	15,734
Changes in fair value of investment properties	1,000	4,000
	(6,775)	19,734
	37,976	76,147

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

6. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Total interest on bank loans wholly repayable within five years	2,270	2,754

7. PROFIT BEFORE TAX

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

	2014 HK$'000	2013 HK$'000
Cost of inventories sold*	422,922	437,880
Depreciation	36,432	33,313
Amortisation of prepaid land lease payments	907	891
Minimum lease payments under operating leases in respect of:		
Land and buildings	80,580	75,368
Contingent rents of retail outlets in department stores	598,334	549,207
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	656,122	575,527
Provision/(write-back of provision) for long service payments	368	(55)
Retirement benefit scheme contributions	58,671	51,659
Equity-settled share option expense	556	5,901
	715,717	633,032
Auditors' remuneration	2,940	2,860
Advertising and counter decoration expenses	161,556	153,295
Provision/(write-back of provision) for obsolete inventories, net	(4,062)	42,208
Impairment/(write-back of impairment allowance) of trade receivables**	1,220	(47)
Research and development expenditure	2,779	3,311
Loss on disposal/write-off of items of property, plant and equipment	593	275
Gross and net rental income	(11,869)	(6,654)
Changes in fair value of investment properties	(1,000)	(4,000)
Foreign exchange differences, net	7,775	(15,734)
Bank interest income	(1,708)	(4,220)

* The cost of inventories sold for the year included HK$156,410,000 (2013: HK$153,878,000), 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% (2013: 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.

	2014 HK$'000	2013 HK$'000
Group:		
Current - Hong Kong		
Charge for the year	754	547
Overprovision in prior years	(10)	(10)
Current - Mainland China		
Charge for the year	94,550	87,240
Underprovision/(overprovision) in prior years	(46)	5
Deferred	(14,784)	(12,488)
Total tax charge for the year	80,464	75,294

9. DIVIDENDS

	2014 HK$'000	2013 HK$'000
Dividends paid during the year:		
Final and special in respect of the financial year ended 31 December 2013 – HK8.00 cents and HK2.00 cents, respectively, per ordinary share (2013: 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 2012)	41,666	37,499
Interim – HK4.00 cents (2013: HK4.00 cents) per ordinary share	16,666	16,666
	58,332	54,165
Proposed final and special dividends:		
Final and special – HK8.00 cents (2013: HK8.00 cents) and HK2.00 cents (2013: 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 amount is based on the profit for the year attributable to owners of the Company of HK$188,093,000 (2013: HK$198,369,000) and 416,661,000 (2013: 416,661,000) ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2014 and 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:

	2014 HK$'000	2013 HK$'000
Within 90 days	85,212	83,830
91 to 180 days	4,749	3,246
181 to 360 days	1,088	457
Over 360 days	604	15
	91,653	87,548
Less: Impairment allowance	(1,692)	(472)
	89,961	87,076

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 HK$'000	2013 HK$'000
Prepaid land lease payments	907	919
Deposit paid and related direct cost for the land use right in Shandong	2,666	2,700
Deposits for acquisition of items of property, plant and equipment	14,395	7,087
Prepayments	15,788	16,306
Deposits and other receivables	41,717	37,572
	75,473	64,584
Current portion included in prepayments, deposits and other receivables	(58,412)	(54,797)
Non-current portion	17,061	9,787

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:

	2014 HK$'000	2013 HK$'000
Within 90 days	119,053	77,213
91 to 180 days	21,030	7,051
181 to 360 days	1,805	4,098
Over 360 days	4,639	783
	146,527	89,145

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

14. INTEREST-BEARING BANK BORROWINGS

	2014			2013		
	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 +2.50	2015	90,639	HIBOR +1.08 to HIBOR +2.25	2014	56,750
Non-current						
Bank loans – unsecured	HIBOR +1.08 to HIBOR +2.25	2016-2019	94,361	HIBOR +1.08 to HIBOR +2.25	2015-2016	65,000

	2014 HK$'000	2013 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	90,639	56,750
In the second year	41,028	41,750
In the third to fifth years, inclusive	53,333	23,250
	185,000	121,750
Less: Amount repayable within one year and classified as current portion	(90,639)	(56,750)
Amount classified as non-current portion	94,361	65,000

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 2.50% above the HIBOR per annum (2013: 1.08% to 2.25% above the HIBOR per annum).

15. OTHER PAYABLES AND ACCRUALS

	2014 HK$'000	2013 HK$'000
Other payables	96,355	100,249
Accruals	125,988	133,723
	222,343	233,972
Current portion included in other payables and accruals	(222,343)	(210,126)
Non-current portion	-	23,846

Other payables of the Group at 31 December 2013 included a subsidy of RMB18,600,000 (approximately HK$23,846,000) (the "Subsidy") received from the People's Government of Jinan, Shandong Province, the PRC, for the construction cost of basic infrastructure incurred by the Group ("Shandong Factory Phase II Development"). During the year ended 31 December 2014, the Subsidy was transferred to property, plant and equipment to offset the construction costs incurred by the Group upon the completion of Shandong Factory Phase II Development.

The amounts totalling HK$8,839,000 (2013: HK$7,904,000) included in other payables of the Group were due to related companies as at 31 December 2014. 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:

	2014 HK$'000	2013 HK$'000
Contracted for commitments in respect of the acquisition of property, plant and equipment	94,660	266,392

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operations Review

In 2014, China's economy continued its consistent growth while ongoing urbanisation laid the solid foundations for its long term economic development. Nevertheless, the Chinese government's austerity measures and policies against extravagance and luxury dampened consumer sentiment for a while, thus decelerating the growth of the retail market. According to China's National Bureau of Statistics, the country's gross domestic product grew by 7.4% to RMB63,646.3 billion in 2014. The growth rate was 0.3 percentage point lower when compared to that in 2013, and led to a slowdown in the total retail sales in 2014.

Since the second quarter of 2014, the People's Bank of China gradually withdrew from its long established practice of intervening in the market to allow a wider trading band for Renminbi's exchange rate against the US dollar. This halted the consistent trend of Renminbi's appreciation against the US dollar, and increased significantly the amplitude of fluctuation of the exchange rate between the two currencies, therefore somehow affecting the overall economic activities. As a result, Embry's financial results for 2014 were also affected despite the Group's prudent countermeasures to cope with these changes in the market environment and the increasing competition, such as adopting cautious business development policies, flexible multi-brand strategy and optimising sales network.

For the year ended 31 December 2014 (the "Current Year"), the Group's revenue grew by 6.64% over that of the year ended 31 December 2013 (the "Prior Year") to HK$2,383,127,000. Profit attributable to owners of the Company dropped by 5.18% to HK$188,093,000. Earnings per share decreased by 5.19% to HK45.14 cents (2013: HK47.61 cents). Excluding the impact of foreign exchange differences, the Group's net profit grew by 7.25% from the Prior Year to HK$195,868,000.

The Board of Directors of the Company resolved to declare a final dividend of HK8.00 cents per share (2013: HK8.00 cents) and a special dividend of HK2.00 cents per share (2013: HK2.00 cents) for the Current Year which, together with the interim dividend of HK4.00 cents per share (2013: HK4.00 cents) distributed, will bring the total dividend for the Current Year to HK14.00 cents per share.

Brand management

In 2014, consumers tended to be more cautious in spending and were more price-conscious amid weak consumer sentiment. Pursuing its multi-brand strategy, the Group continued to allocate internal resources flexibly and to focus on promoting brands that have great market potential but lower market penetration, such as ***E-BRA***. In addition, the Group invested resources in developing such new brands as ***IADORE*** and ***IVU***. Particularly, the male underwear ***IVU*** successfully made its way to a variety of high-end department stores since its trial launch one year ago. With positive feedback from consumers, the annual sales contributed over HK$30 million, representing an encouraging result.

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 participated in the Ninth Shenzhen International Brand Underwear Fair and 2014 China International Intimate Apparel Culture Week. At the fair, the Group received the "**Annual Public Service Award of China's Underwear Industry**". In addition, ***EMBRY FORM*** won the "**Annual Achievement Award of China's Underwear Industry**", ***FANDECIE*** clinched the "**Annual Top Ten Brands Award of China's Underwear Industry**" and ***E-BRA*** took the "**Annual Fashion Brands Award of China's Underwear Industry**". During the second half of 2014, the Group collaborated with the department stores under Dashang Group in launching several product presentations under the theme of "Delightful Fashion and Exclusive Intimacy", thus improving our brand image in the public's mind.

Business and Operations Review (continued)

Brand management (continued)
As the Internet and e-commerce 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 during the Current Year. In terms of online sales, the Group continued to adopt conservative strategies by concentrating on sales of promotional and online-only products, maintaining consistent online and offline brand images.

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 2014, the Group had 2,317 retail outlets in total, including 2,128 concessionary counters and 189 stores. During the Current Year, there was a net increase of 45 retail outlets of the Group, which was consistent with the annual target. Meanwhile, the Group's products were also available for sales through different online platforms.

Product design and research and development
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.

During the Current Year, the Group launched a variety of well-received new collections, including: ***EMBRY FORM***'s "Reborn Skin Series" (「第二肌膚系列」) and "Tempting Image Series" (「魅惑芳影系列」); ***FANDECIE***'s "Neon Happiness Series"(「幸福霓虹 1 系列」) and "Secret Garden Series" (「秘密花園系列」); ***COMFIT***'s "Invisible Body Toning Series" (「隱形美體系列」) and "Traceless Series" (「立體無痕系列」); ***E-BRA***'s "Endless Love Series" (「綿綿情意系列」) and "Glamorous and Dynamic Series" (「亮彩活力系列」); ***IADORE***'s "Eyelashes LACE Series" (「睫毛 LACE 系列」) and "Shadow LACE Series" (「光影 LACE 系列」); ***LIZA CHENG***'s "Chanson Series" (「香頌系列」) and "Perfect Wedding Gown Series" (「完美嫁衣系列」); and ***IVU***'s "Warm Velvet Series" (「暖絨系列」) and "Autumn and Winter Cotton Series" (「秋冬夾棉家居系列」).

As at 31 December 2014, the Group had 6 invention patents, 19 utility model patents, and 11 appearance design patents registered in China and/or other parts of the world.

Production capacity
Currently, the Group has three production bases located respectively in Shenzhen, Jinan and Changzhou. To satisfy development needs, the second phase of the Jinan plant in Shandong commenced its trial production as scheduled in the first quarter of 2014, yielding satisfactory performance and efficiency. The construction of a new production base in Changzhou is progressing smoothly and the relocation is scheduled to begin by the first quarter of 2015 once completed.

The Group has been closely monitoring the changes in consumer demands, regularly reviewing capacity allocation and flexibly deploying manpower and machine capacity to achieve better operating efficiency.

Business and Operations Review (continued)

Awards

During the Current Year, the Group was granted the "**National Excellent Enterprise with Foreign Investment - Quality Progress Award**" and "**National Excellent Enterprise with Foreign Investment - Harmonious Labour Relationship Promotion Award**" by China Association of Enterprises with Foreign Investment and Shenzhen Association of Enterprises with Foreign Investment in 2014. The Group also won the title "**National Excellent Enterprise with Credible Quality**" by China Association for Quality Inspection. In addition, the Group received the title "**Three - Star Credibility Enterprise**" from the Shanghai Campaign Committee for "Credibility Enterprise" and Shanghai Association of Underwear Industry.

In terms of brands, ***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 nineteen consecutive years. The Group was also awarded the honour of "**The Most Trusted Consumer Brand in 2014**". ***FANDECIE***, another brand of the Group, was also awarded the title "**Top 10 Best Sellers in the Industry in China**" for the ninth consecutive year by the Issuing Centre. In addition, ***EMBRY FORM*** was also rated as the "**Hong Kong Top Brand**" by the Hong Kong Brand Development Council and the Chinese Manufacturers' Association of Hong Kong for eight consecutive years.

Human resources

Tense labour supply and implementation of the minimum wage policy in China have resulted in continuous wage increase. The Group endeavored to retain an outstanding work force, through measures such as organising training courses, improving employee benefits and enhancing staff loyalty, in order to improve its overall operation efficiency to enhance its development strategy. The number of employees of the Group increased to approximately 9,730 (2013: approximately 9,120). 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$715,717,000 (2013: HK$633,032,000).

Financial Review

Revenue

By sales channel and region

During the Current Year, revenue was HK$2,383,127,000, representing a 6.64% increase over the Prior Year. Affected by the weak consumer sentiment in China's retail sector, the Group's revenue for the fourth quarter remained flat year on year, inhibiting growth for the entire year. With its multi-brand strategy in place, however, the Group rallied the promotional efforts for different brands in its product portfolio to satisfy the customer demand amid a volatile market environment, thus maintaining steady growth in the overall sales.

During the Current Year, revenue from the retail sales was HK$2,021,136,000, accounting for 84.81% of the Group's total revenue and representing an increase of 7.78% over the Prior Year. Revenue from the wholesale business increased by 3.81% from HK$266,727,000 to HK$276,885,000, accounting for 11.62% of the total revenue. Revenue from the Group's direct online sales channels dropped by 10.25% from HK$84,375,000 over the Prior Year to HK$75,724,000. The export business revenue was HK$9,382,000, accounting for an insignificant proportion of the Group's total revenue at 0.39%.

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 6.87% over the Prior Year to HK$2,269,951,000, accounting for 95.25% 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 powers. ***EMBRY FORM***, our signature brand, is the main source of income for the Group and its revenue increased 3.05% to HK$1,124,662,000, accounting for 47.20% of the total revenue for the Current Year. The revenue of ***FANDECIE*** increased 2.73% over the Prior Year to HK$742,175,000, accounting for 31.14% of the total revenue for the Current Year. ***COMFIT'***s revenue grew by 2.53% over the Prior Year to HK$191,360,000, accounting for 8.03% of the total revenue for the Current Year. ***E-BRA***'s revenue grew by 22.91% over the Prior Year to HK$228,771,000, accounting for 9.60% of the total revenue for the Current Year. ***LIZA CHENG***'s revenue for the Current Year increased 20.71% to HK$30,794,000. New brands ***IADORE*** and ***IVU***, which were in the start-up stage, received positive market feedbacks, and recorded revenues of HK$21,346,000 and HK$34,637,000 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 increased by 5.51% over the Prior Year to HK$2,090,151,000, representing 87.71% of the revenue of the Group. Sales of sleepwear and swimwear performed well. Sales of sleepwear recorded a growth of 13.33% to HK$124,729,000, accounting for 5.23% of the total, while sales of swimwear recorded a 15.88% increase to HK$148,664,000, accounting for 6.24% of the total. The above two product lines enrich the Group's product mix.

Financial Review (continued)

Gross profit

During the Current Year, the Group recorded a gross profit of approximately HK$1,960,205,000, representing an increase of approximately 9.09% over the Prior Year. Gross profit margin was approximately 82.25%, up from the Prior Year. Although rising labour costs led to increasing pressure on operating costs, the Group still 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.

Other income and gains

Other income dropped by 50.13% to HK$37,976,000 in the Current Year, mainly attributable to the exchange loss recorded by the Group, which was attributable to the depreciation of Renminbi, arising from the Group's business operations in Mainland China, and the decrease in subsidy income for the Current Year.

Operating expenses

During the Current Year, selling and distribution expenses increased by 7.98% to HK$1,485,498,000 (2013: HK$1,375,742,000), accounting for 62.33% (2013: 61.56%) of the Group's revenue.

Selling and distribution expenses increased as a percentage of turnover, mainly attributable to the slowing revenue growth, causing a decline in the Group's overall operating efficiency. In 2015, to alleviate the pressure of the rising cost ratio, the Group plans to close retail outlets that report low profits for the purpose of enhancing our operating efficiency. We aim to bring the cost ratio down to a reasonable level in 2015.

During the Current Year, 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 8.95% to HK$598,334,000, accounting for 25.11% (2013: 24.58%) of the Group's revenue.

Administrative expenses increased by 9.97% to HK$234,932,000, accounting for 9.86% of the Group's revenue, compared with 9.56% in the Prior Year.

Net profit

Profit attributable to owners of the Company was HK$188,093,000 in the Current Year, representing a decrease of 5.18% over the Prior Year. Due to such decrease in profit attributable to owners of the Company, the net profit margin decreased from 8.88% in the Prior Year to 7.89%. Excluding the impact of foreign exchange differences, the Group's net profit was HK$195,868,000, representing an increase of approximately 7.25% as compared against the Prior Year. After deducting the foreign exchange differences, the net profit margin was 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 2014, the Group's cash and cash equivalents amounted to approximately HK$180,105,000 (2013: HK$346,327,000). Major reason for the decrease was because of the increase in capital expenditure incurred during the Current Year. As at 31 December 2014, the Group's borrowings amounted to HK$185,000,000 (2013: HK$121,750,000). As at 31 December 2014, the equity interest attributable to owners of the Company amounted to HK$1,744,565,000 (2013: HK$1,628,246,000). Accordingly, the gearing ratio of the Group was approximately 10.60% (2013: 7.48%). During the Current Year, the Group did not pledge any assets to secure bank loans.

Financial Review (continued)

Liquidity and financial resources (continued)
In addition, the Group has been engaged in the infrastructure project in relation to its new production base in Changzhou, Jiangsu Province since 2013. This project, while satisfying future development needs, will result in a significant increase in the capital expenditure of the Group. The related cash outlays will approach its peak from 2014 to mid-2015 as the project heads towards its completion.

To cope with such arrangement, the Group entered into three banking facilities with banks in 2014 and early 2015, respectively, with a total amount of approximately HK$406,582,000. Amongst these banking facilities are two five-year term loan agreements of HK$230,000,000 in aggregate, and the remaining was a standby facility. As at 24 March 2015, the Group's outstanding loans amounted to HK$245,658,000, representing an increase of 32.79% from that as at 31 December 2014. As at the date of this announcement, the Group did not pledge any asset over its bank loans.

Capital expenditure
During the Current Year, the Group's capital expenditure amounted to HK$279,349,000 (2013: HK$199,399,000), after offsetting the subsidy received from the People's Government of Jinan, Shandong Province, the PRC, for the construction cost of basic infrastructure incurred by the Group ("Shandong Factory Phase II Development"), amounted to approximately HK$23,846,000. As at 31 December 2014, the Group's capital commitments amounted to HK$94,660,000, which were contracted but not provided for in the financial statements (2013: HK$266,392,000).

Charge on the Group's assets
As at 31 December 2014, the Group did not pledge any assets.

Capital structure
As at 31 December 2014, the total issued share capital of the Company was HK$4,166,000 (2013: HK$4,166,000), comprising 416,661,000 (2013: 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 2014, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK$2,196,000 (2013: Nil).

Save as disclosed above, the Group had no other significant contingent liabilities, nor any litigation or arbitration of material importance.

Prospect

In 2015, global political and economic conditions are uncertain that evaluation of their impact on the economy became difficult. To cope with the world's changing economic environment, the Chinese government presses ahead with its economic restructuring which poses a risk of an economic downturn and has thus affected the consumer sentiment inevitably in the short term. Nevertheless, the Directors believe that the national income and living standards will improve on the back of China's accelerating urbanisation. These shall continue to drive consumer spending, thereby laying the foundations 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 and innovation capabilities in order to meet the diverse consumer needs. Moreover, the Group will continue to adhere to its multi-brand strategy and enhance the competitiveness of its core brands. In 2015, the Group will continue to focus on the development of ***E-BRA***, while allocating resources to the brand development of ***IADORE***. By increasing the market penetration in third-tier cities through franchised sales channels, the Group will timely tap the potential demand that will arise from the urbanisation for better business growth.

The sales network plays a vital role in the retail sector. Due to the short-term uncertainties in the market, the Group will exercise more caution by gauging both the market environment and the outlet operation efficiency closely. The Group will strictly control the sales expenses, and appropriately adjust and optimise the network to enhance overall operating efficiency. The Group expects that the number of retail outlets in 2015 will approximate that achieved at the end of 2014. In consideration of the increasing demand for online shopping, the Group will closely monitor the market development, adjust resources flexibly, and conduct online marketing and promotional campaigns to accelerate the development of its online shopping business.

The Group will constantly enhance its production efficiency and strengthen production automation to price its products more competitively, supporting its business expansion and developing its new brands to spur sales growth. As the overall production efficiency of Jinan plant in Shandong improves and the Changzhou production facility begins operation in 2015 after relocation, the Group will maintain stable production capacity.

Despite a challenging business environment in the short term, the Group believes there remains huge potential in China's underwear market. 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 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 27 May 2015, 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 2015 ("AGM"). The proposed final and special dividends will be payable on 10 June 2015.

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 Tuesday, 19 May 2015 to Wednesday, 20 May 2015, 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 Monday, 18 May 2015.

(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 2014 (subject to approval by the shareholders at the AGM), the register of members of the Company will be closed on Wednesday, 27 May 2015 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 Tuesday, 26 May 2015.

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 2014 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.

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 2014, 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.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. 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 the preliminary announcement.

PUBLICATION OF 2014 ANNUAL REPORT

The 2014 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, 24 March 2015

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.