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 2012

RESULTS HIGHLIGHTS

	2012 *(HK$'000)*	**2011** *(HK$'000)*	**Change**
Revenue	1,995,356	1,694,987	+17.72%
Gross profit	1,620,139	1,394,372	+16.19%
Gross profit margin	81.20%	82.26%	-1.06% pts
Profit for the year attributable to owners	183,562	160,283*	+14.52%
Net profit margin	9.20%	9.46%*	-0.26% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	44.38	39.15*	+13.36%
Diluted earnings per share	44.17	38.64*	+14.31%
	(HK cents)	*(HK cents)*	
Interim dividend per share (paid)	4.00	3.00	+33.33%
Final dividend per share (proposed)	7.00	7.00	N/A
Special dividend per share (proposed)	2.00	2.00	N/A
Total dividends per share for the year	13.00	12.00	+8.33%

* *The Group had adopted the Amendments to Hong Kong Accounting Standard ("HKAS") 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets from 1 January 2012. The change in accounting policy arising from Amendments to HKAS12 had been applied retrospectively, with consequential adjustments to comparatives for 2011.*

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 2012, together with the comparative figures in 2011 and the relevant explanatory notes, as set out below.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
REVENUE	4	1,995,356	1,694,987
Cost of sales		(375,217)	(300,615)
Gross profit		1,620,139	1,394,372
Other income and gains	5	57,287	57,520
Selling and distribution expenses		(1,209,822)	(1,017,100)
Administrative expenses		(193,786)	(195,077)
Other expenses		(9,298)	(6,205)
Finance costs	6	(3,906)	(2,242)
PROFIT BEFORE TAX	7	260,614	231,268
Income tax expense	8	(77,052)	(70,985)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		183,562	160,283
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
- Basic (HK cents)		44.38	39.15
- Diluted (HK cents)		44.17	38.64

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012 HK$'000	2011 HK$'000 (Restated)
Profit for the year	183,562	160,283
Other comprehensive income:		
Revaluation surplus	1,063	-
Deferred tax debited to asset revaluation reserve	(266)	-
Exchange differences arising on translation of foreign operations	11,038	23,564
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	195,397	183,847

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	31 December 2012 HK$'000	31 December 2011 HK$'000 (Restated)	1 January 2011 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		502,435	541,260	518,923
Investment properties		296,321	249,805	217,224
Prepaid land lease payments		39,784	35,521	35,020
Deferred tax assets		27,512	23,586	11,197
Deposits	12	5,869	6,826	5,497
Total non-current assets		871,921	856,998	787,861
CURRENT ASSETS				
Inventories		522,172	601,293	441,617
Trade receivables	11	79,898	62,675	64,838
Prepayments, deposits and other receivables	12	44,608	56,641	49,839
Cash and cash equivalents		382,796	179,607	195,090
Total current assets		1,029,474	900,216	751,384
CURRENT LIABILITIES				
Trade and bills payables	13	39,019	44,087	63,955
Interest-bearing bank borrowings	14	56,750	48,000	20,000
Tax payable		13,398	18,148	11,105
Other payables and accruals	15	175,009	149,591	223,306
Total current liabilities		284,176	259,826	318,366
NET CURRENT ASSETS		745,298	640,390	433,018
TOTAL ASSETS LESS CURRENT LIABILITIES		1,617,219	1,497,388	1,220,879
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	14	121,750	163,500	65,000
Deferred liabilities		4,037	4,234	3,471
Deferred tax liabilities		31,233	33,745	18,523
Other payables	15	22,963	22,683	21,882
Total non-current liabilities		179,983	224,162	108,876
Net assets		1,437,236	1,273,226	1,112,003
EQUITY				
Equity attributable to owners of the Company				
Issued capital		4,166	4,113	4,067
Reserves		1,433,070	1,269,113	1,107,936
Total equity		1,437,236	1,273,226	1,112,003

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 POLICY AND DISCLOSURES

The Group has adopted the following 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 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, deferred tax in respect of the Group's investment property in Hong Kong is provided on the presumption that the carrying amount will be recovered through sale.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The effects of the above changes to the deferred tax in respect of the Group's investment property in Hong Kong are summarised below:

Consolidated income statement

	2012 HK$'000	2011 HK$'000
For the year ended 31 December		
Decrease in income tax expense	1,650	969
Increase in profit attributable to owners of the Company	1,650	969
Increase in basic earnings per share (HK cent)	0.40	0.24
Increase in diluted earnings per share (HK cent)	0.40	0.23

Consolidated statement of financial position

	31 December 2012 HK$'000	31 December 2011 HK$'000	1 January 2011 HK$'000
Decrease in deferred tax liabilities	4,950	3,300	2,331
Increase in retained profits	4,950	3,300	2,331

In Mainland China, the tax consequences of a sale of the investment property or of the entity owning the investment property may be different. The Group's business model is that the entity owning the investment property will recover the value through use and on this basis the presumption of sale has been rebutted. Consequently, the Group has continued to recognise deferred taxes on the basis that the values of its investment properties in Mainland China are recovered through use.

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 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-lnt 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009 – 2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation.* The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in the income statement, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in the income statement. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 *Consolidated and Separate Financial Statements* and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities.* HKFRS 10 replaces the portion of HKAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

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 provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to the income statement at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" 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 are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation:* Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Revenue from external customers	1,888,591	1,590,288	100,010	91,189	6,755	13,510	1,995,356	1,694,987
Non-current assets	771,139	770,063	73,270	63,349	-	-	844,409	833,412
Capital expenditure incurred during the year	24,460	52,983	1,153	276	-	-	25,613	53,259

For the years ended 31 December 2012 and 2011, as no revenue from sales to a 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

	2012 HK$'000	2011 HK$'000
Other income		
Subsidy income*	26,898	13,405
Gross rental income	6,336	4,241
Bank interest income	2,557	853
Royalty income	324	367
Others	3,039	4,988
	39,154	23,854
Gains		
Foreign exchange differences, net	6,956	22,750
Changes in fair value of investment properties	11,177	10,916
	18,133	33,666
	57,287	57,520

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

6. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Total interest on bank loans wholly repayable within five years	3,906	2,242

7. PROFIT BEFORE TAX

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

	2012 HK$'000	2011 HK$'000
Cost of inventories sold	375,217	300,615
Depreciation	38,338	34,285
Amortisation of prepaid land lease payments	789	770
Minimum lease payments under operating leases in respect of:		
Land and buildings	69,638	63,196
Contingent rents of retail outlets in department stores	492,312	412,634
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	481,312	446,707
Provision/(write-back of provision) for long service payments	(176)	763
Retirement benefit scheme contributions	41,553	39,082
Equity-settled share option expense	13,103	13,419
	535,792	499,971
Auditors' remuneration	2,700	2,590
Advertising and counter decoration expenses	137,985	108,696
Provision/(write-back of provision) for obsolete inventories, net*	26,492	(5,720)
Impairment/(write-back of impairment allowance) of trade receivables	(179)	448
Research and development expenditure	2,090	3,421
Loss on disposal/write-off of items of property, plant and equipment	591	6
Gross and net rental income	(6,336)	(4,241)
Changes in fair value of investment properties	(11,177)	(10,916)
Foreign exchange differences, net	(6,956)	(22,750)
Bank interest income	(2,557)	(853)

* The provision/(write-back of provision) for obsolete inventories, net is included in "Cost of sales" on the face of the consolidated income statement.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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 would be gradually increased from the preferential rate to 25% within five years after the effective date of the New PRC Tax Law on 1 January 2008. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term prior to the New PRC Tax Law became effective continue to enjoy such treatment until the fixed term expires.

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

	2012 HK$'000	2011 HK$'000 (Restated)
Group:		
Current - Hong Kong		
Charge for the year	584	518
Overprovision in prior years	(12)	(349)
Current - Mainland China		
Charge for the year	75,178	69,271
Underprovision in prior years	-	1
Deferred	1,302	1,544
Total tax charge for the year	77,052	70,985

9. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Dividends paid during the year:		
Final and special in respect of the financial year ended 31 December 2011 – HK7.00 cents and HK2.00 cents, respectively, per ordinary share (2011: final and special dividends of HK5.00 cents and HK3.00 cents, respectively, per ordinary share in respect of the financial year ended 31 December 2010)	37,240	32,803
Interim – HK4.00 cents (2011: HK3.00 cents) per ordinary share	16,575	12,305
	53,815	45,108
Proposed final and special dividends:		
Final and special – HK7.00 cents (2011: HK7.00 cents) and HK2.00 cents (2011: HK2.00 cents), respectively, per ordinary share	37,499	37,025

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:

	2012 HK$'000	2011 HK$'000 (Restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	183,562	160,283
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	413,601	409,423
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	5,343
Weighted average number of ordinary shares for the purpose of diluted earnings per share	415,548	414,766

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:

	2012 HK$'000	2011 HK$'000
Within 90 days	77,514	60,867
91 to 180 days	2,384	1,808
181 to 360 days	383	606
Over 360 days	136	92
	80,417	63,373
Less: Impairment allowance	(519)	(698)
	79,898	62,675

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2012 HK$'000	2011 HK$'000
Prepaid land lease payments	880	780
Deposit paid and related direct cost for the land use rights in Shandong	2,600	2,568
Deposits for acquisition of items of property, plant and equipment	3,269	4,258
Prepayments	9,915	9,373
Deposits and other receivables	33,813	46,488
	50,477	63,467
Current portion included in prepayments, deposits and other receivables	(44,608)	(56,641)
Non-current portion	5,869	6,826

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:

	2012 HK$'000	2011 HK$'000
Within 90 days	37,252	31,594
91 to 180 days	1,409	10,906
181 to 360 days	255	1,521
Over 360 days	103	66
	39,019	44,087

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

14. INTEREST-BEARING BANK BORROWINGS

	2012			2011		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – unsecured	HIBOR +1.08 to HIBOR +2.25	2013	56,750	HIBOR +1.08 to HIBOR +2.50	2012	48,000
Non-current						
Bank loans – unsecured	HIBOR +1.08 to HIBOR +2.25	2014-2016	121,750	HIBOR +1.08 to HIBOR +2.25	2013-2016	163,500

	2012 HK$'000	2011 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	56,750	48,000
In the second year	56,750	53,000
In the third to fifth years, inclusive	65,000	110,500
	178,500	211,500
Less: Amount repayable within one year and classified as current portion	(56,750)	(48,000)
Amount classified as non-current portion	121,750	163,500

The above bank loans are denominated in Hong Kong dollars. The bank loans are supported by corporate guarantees given by the Company, bear interest at rates ranging from 1.08% to 2.25% above the Hong Kong Interbank Offered Rate ("HIBOR") per annum.

15. OTHER PAYABLES AND ACCRUALS

	2012 HK$'000	2011 HK$'000
Other payables	92,838	84,769
Accruals	105,134	87,505
	197,972	172,274
Current portion included in other payables and accruals	(175,009)	(149,591)
Non-current portion	22,963	22,683

Other payables of the Group at 31 December 2012 included a subsidy of RMB18,600,000 (approximately HK$22,963,000) (2011: RMB18,600,000, approximately HK$22,683,000) 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$5,906,000 (2011: HK$6,537,000) included in other payables of the Group were due to related companies as at 31 December 2012. 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:

	2012 HK$'000	2011 HK$'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	30,016	10,079
Authorised, but not contracted for commitments in respect of		
– Investment in Shandong Factory Phase II development	100,571	121,844
– Investment in Changzhou Factory development	43,931	-
	144,502	121,844

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS REVIEW

In 2012, the global economy and political landscape remained uncertain, continuing to overshadow the market outlook. Economic growth slowed down constantly in China, with uncertainties looming over the short-term outlook for the economy, these negative factors weighed on the retail sector and their impact was even stronger in the second half of the year. According to China's National Bureau of Statistics, the 2012 Gross Domestic Product (GDP) amounted to RMB51,932.2 billion, representing a year-on-year increase of 7.8%. Total retail sales grew a slower 14.3% year-on-year to reach RMB20,716.7 billion, 2.8 percentage points slower than the growth registered a year ago. It is evident that the slowdown in retail sales reflects a decline in consumer sentiment. Among various consumer goods categories, sales of daily consumer goods such as clothing exhibited a relatively fast growth.

The difficult business environment prompted retailers to promote and offer more discounts to stimulate purchase initiatives, which inevitably intensified competition across the retail sector in the second half year. Faced with an uncertain business environment, the Group moved forward into the second half of the year maintaining the due and cautious development strategy adopted in the first half of the year yet more vigilant with plans to solidify its business foundation. During the year, the Group flexibly adopted a multi-brand strategy and introduced a new brand ***IADORE*** at the end of the year. The new brand is positioned as affordable pricing, which has further broadened the Group's brands portfolio of which in return helped reach more customers. Meanwhile, the Group also consolidated and optimised its sales network to improve the performance of its stores, aiming to maintain a sustainable and healthy growth in the longer run. To cope with the challenges brought about by the market environment, the Group stepped up its efforts in promotions and advertising in order to mitigate the adverse effects on sales caused by the economic slowdown in the second half. With these measures in place, the Group's business continued to perform satisfactorily.

For the year ended 31 December 2012 (the "Current Year"), the Group's revenue grew by 17.72% over that of the year ended 31 December 2011 (the "Prior Year") to HK$1,995,356,000. The increase in selling and distribution expenses during the year approximated that of revenue, up by 18.95%. Profit attributable to owners of the Company was HK$183,562,000, which increased by 14.52% compared against that of the Prior Year. Earnings per share amounted to HK44.38 cents (2011: HK39.15 cents), representing an increase of 13.36%.

The Board of Directors of the Company resolved to declare a final dividend of HK7.00 cents per share (2011: HK7.00 cents) and a special dividend of HK2.00 cents per share (2011: HK2.00 cents) for the Current Year. Together with the interim dividend of HK4.00 cents per share (2011:HK3.00 cents) distributed, the dividend on an annual basis was HK13.00 cents per share, representing an increase of 8.33% over the Prior Year.

BUSINESS AND OPERATIONS REVIEW (continued)

Brand management

In 2012, on the back of slower economic growth, consumers became more cautious with their spendings, and more sensitive to product prices. However, in wake of the emerging urbanisation, income of China's residents in the second- and third-tier cities continued to increase which gradually released their purchasing power. To cope with the market changes, the Group continued to leverage its multi-brand strategy, made better use of its resources, and focused on promoting high-potential brands with low penetration rate, such as ***COMFIT*** and ***E-BRA***. As a result of these efforts, both brands attained satisfactory growth during the year.

To seize the opportunities arising from the stronger purchasing power in the second- and third-tier cities, the Group officially launched a new brand ***IADORE*** in December 2012. The number of brands operated by the Group has increased to six: ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***E-BRA***, ***IADORE*** and ***LIZA CHENG***. ***IADORE*** boasts a fresh and fashionable image that appeals to the customer group with increasing purchasing power. The debut of the brand has gained positive market response. The Group intends to further improve its brand portfolio through this new brand.

Publicity and promotion are integral parts of brand management. During the year, the Group actively promoted and advertised its brands and products through various channels in attempts to enhance the brand equity. For instance, the Group organised a number of promotional and marketing campaigns during the year, including "EMBRY FORM's Fashion Brings Transformation & Appreciation Salon"（「安莉芳時尚蛻變・感恩相約沙龍展」）, "FANDECIE's Magic Pioneer Party"（「芬狄詩魔力先鋒派對」）, "COMFIT's Revolutionary Body-Sculpting Lingerie City Tour "（「COMFIT 內衣美體新革命城市巡展」）, and "E-BRA's Beauty Hunting School Function"（「E-BRA 尋找都市麗人校園活動」）. All these activities enabled us to enhance market penetration and brand awareness. It also strengthened the relationship between the Group and distributors as well as customers across the country, thus further boosting product sales.

Sales network

The Group cautiously expanded its sales network during the year to optimise the risk-return balance amid a changing market environment. During the Current Year, the number of retail outlets of the Group registered a net increase of 45 to 2,121 retail outlets as at 31 December 2012. Among them were 1,932 and 189 concessionary counters and stores respectively.

BUSINESS AND OPERATIONS REVIEW (continued)

Product design and research and development
The Group continued to invest resources in design, research and development of new products. Through constant optimisation in the application of patented designs, the value of our products was enhanced and the need of the Group's customers at different levels was satisfied. During the Current Year, the Group rolled out a variety of new collections, including ***EMBRY FORM***'s "Couture Romance Collection"（「浪漫華裳系列」） and "Leopard Embroidery Series" （「刺繡豹紋系列」）, ***FANDECIE***'s "Party Princess Series" （「派對公主系列」） and "LUCIE Spring and Summer Series"（「LUCIE 春夏系列」）, ***COMFIT***'s "Super Skin Comfort U3 Series"（「超舒膚 U3 系列」） and "CARE FOR MISS Series"（CARE FOR MISS 系列）, and ***E-BRA***'s "Paris' Night Series"（「夜色巴黎系列」）and "Wonderful Florescence Series"（「曼妙花期系列」）and others.

As of 31 December 2012, the Group had 2 invention patents, 28 utility model patents, and 13 appearance design patents, which were registered in China and/or other parts of the world.

Production capacity
Currently, the Group has three production bases located in Shenzhen, Jinan and Changzhou, respectively. The Group closely monitors the changes in the demand of the consumer market. Through regular review of the capacity allocation and flexible deployment of workshop manpower and machine capacity, the Group actively responded to the impact of the instability of the global economic situation, so as to achieve better operational efficiency.

Awards
In the Current Year, ***EMBRY FORM*** was honoured as the "**The Best-Selling Lingerie Products in the Industry in China in terms of Volume, Sales, Market Shares**" by the China Industrial Information Issuing Centre (the "Issuing Centre") （中國行業企業信息發佈中心）. The Group has been awarded this honour for the seventeen consecutive years. The Group was also awarded with the honour of "**The Most Trusted Consumer Brand in 2012**". ***FANDECIE***, another brand of the Group, was also awarded the "**Top 10 Best Sellers in the Industry in China**" for the seventh consecutive year by the Issuing Centre. In addition, ***EMBRY FORM*** was not only recognised by the China Brand Research Institute as the "**Signature Brand of the Industry in China**"（中國文胸行業標誌性品牌）, 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 six consecutive years.

Human resources
The robust labour market in China has resulted in a continuous rise in wage pressures. Quality human resources are the core value of the Group. The Group endeavored to enhance staff loyalty through the organization of training courses and cultural activities and improvement in employee benefits. In order to further improve the overall production and operational efficiency, the Group fine-tuned its productivity plan and expanded the sales network. In line with this, the number of employees of the Group was slightly reduced to approximately 8,430 (2011: approximately 8,500). Total staff costs (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and equity-settled share option expense) for the Current Year was HK$535,792,000 (2011:HK$499,971,000).

FINANCIAL REVIEW

Revenue

By sales channel and region
During the Current Year, revenue was HK$1,995,356,000, representing growth of 17.72% when compared with the Prior Year. The growth in revenue was mainly attributable to the success of the Group's multi-brand strategy and the steady growth in the overall customer demand amid the volatile market conditions.

During the Current Year, revenue from the retail sales was HK$1,681,051,000, accounting for 84.25% of the Group's total revenue and representing an increase of 19.29% over the Prior Year. This was in line with the conditions of the retail and consumer market in China. Revenue of the wholesale business increased by 3.96% from HK$244,990,000 to HK$254,694,000, accounting for 12.76% of the total revenue. The wholesale business's growth slowed down significantly, mainly reflecting the uncertainties over the economic outlook during the period. Wholesalers were more cautious when placing orders and the Group also prudently limited their shipment. Thus, the orders placed by wholesalers were affected. The export business for this year accounted for an insignificant proportion of the Group's total revenue with revenue amounted to HK$6,755,000, accounting for 0.34% of the total revenue. During the Current Year, income derived from the Group's direct online sales channels recorded an increase, and generated a revenue contribution of HK$52,856,000, representing growth of 93.51% as compared against the Prior Year. This reflected the better use of online sales by the Group as the sales platform.

The Mainland China market is the main source of income for the Group. During the Current Year, revenue from the Mainland China market amounted to HK$1,888,591,000, accounting for 94.65% of the Group's total revenue and representing an increase of 18.76% over the Prior Year.

By brand and product line
At present, the Group operates six brands: ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***E-BRA***, ***IADORE*** and ***LIZA CHENG*** for customers of different age groups and purchasing power. During the Current Year, sales growth was attained for each of the six brands of the Group. ***EMBRY FORM***, our signature brand, is the main source of income for the Group with a sales increase of 15.77% to HK$1,036,824,000, accounting for 51.96% of the total revenue for the year. ***FANDECIE*** contributed to 9.14% growth, with revenue increasing to HK$635,229,000, accounting for 31.83% of the total revenue for the year. ***COMFIT*** achieved better performance, revenue of which grew by 69.00% over the Prior Year to HK$150,662,000, accounting for 7.55% of the total revenue for the year. ***E-BRA*** recorded revenue growth of 40.84% over the Prior Year to HK$153,196,000, accounting for 7.68% of the total revenue for the year. In respect of ***LIZA CHENG***, revenue for the Current Year increased by 104.35% to HK$12,120,000. ***IADORE*** remained at the infant stage, thus accounting for an insignificant proportion of the Group's total sales. All brands' respective proportion in the revenue mainly reflected the results from the adjusted development focus of all brands by the Group based on market development.

Lingerie has always been the core product line of the Group. During the Current Year, sales of lingerie were HK$1,796,283,000, accounting for 90.02% of the Group's revenue and representing an increase of 20.25% over the Prior Year. Sleepwear recorded a growth of 7.29%, whereas sales of swimwear maintained stable level, with an increase of 0.26%. Sales of sleepwear and swimwear for the Current Year were HK$97,261,000 and HK$90,772,000 respectively, accounting for 4.87% and 4.55% of the Group's revenue respectively. The two product lines will help extend the development of the Group's product diversification.

FINANCIAL REVIEW (continued)

Gross profit

During the Current Year, the Group recorded a gross profit of approximately HK$1,620,139,000, representing growth of about 16.19% over the Prior Year. Gross profit margin was approximately 81.20%, down modestly from the Prior Year. Despite rising labour costs which have led to increasing pressures on labour cost, the Group's business expansion has further enhanced economies of scale. Coupled with the enhancement of brand equity, the Group's gross profit margin remained at a stable level.

Other income and gains

Other income decreased slightly by 0.41% to HK$57,287,000 in the Current Year. Subsidy Income for the Current Year was about HK$26,898,000. This income represented the subsidies received by the Group from the local municipal government. As property prices in Hong Kong and Mainland China surged, the Group recorded capital appreciation of HK$11,177,000 from the changes in the value of its investment properties, representing an increase of HK$261,000 over the Prior Year. In addition, exchange gains amounting to HK$6,956,000 was also recorded for the Current Year. These gains were derived from the appreciation of Renminbi arising from business operations in the Mainland China. The Group's interest income increased by 199.77% to HK$2,557,000 during the Current Year. The increase was due to increase in cash balances at banks arising from the operating income for the Current Year.

Operating expenses

During the Current Year, selling and distribution expenses increased by 18.95% to HK$1,209,822,000 (2011: HK$1,017,100,000), representing 60.63% (2011: 60.01%) of the Group's revenue.

Selling and distribution expenses generally increased at the same pace as revenue, and the ongoing increases in contingent rents of the retail outlets and staff costs as well as increasing expenses incurred from the advertising and counter decoration continued to exert upward pressure on operating costs. Contingent rents of the retail outlets rose by 19.31% to HK$492,312,000, accounting for 24.67% (2011: 24.34%) of the Group's revenue.

Administrative expenses decreased by 0.66% to HK$193,786,000, accounting for 9.71% of the Group's revenue, compared with 11.51% in the Prior Year.

Tax

The Group's effective tax rate was 29.57% in the Current Year, compared to 30.69% in the Prior Year.

Net profit

Profit attributable to owners of the Company was HK$183,562,000 in the Current Year, representing an increase of 14.52% over the Prior Year. Increase in profit attributable to owners of the Company was mainly attributable to the sustained growth in revenue, which was partially offset by the increased operating costs. Net profit margin decreased slightly from 9.46% in the Prior Year to 9.20%.

Liquidity and financial resources

The Group generally 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 2012, the Group's cash and cash equivalents amounted to approximately HK$382,796,000 (2011: HK$179,607,000). As at 31 December 2012, the Group's borrowings amounted to HK$178,500,000 (2011: HK$211,500,000). During the Current Year, the Group did not pledge any assets to secure bank loans. Gearing ratio of the Group was approximately 12.42% as at 31 December 2012 (2011: 16.61%).

FINANCIAL REVIEW (continued)

Capital structure

As at 31 December 2012, the total issued share capital of the Company was HK$4,166,000 (2011: HK$4,113,000), comprising 416,661,000 (2011: 411,324,000) ordinary shares of HK$0.01 each. The increase in the number of issued shares was due to the exercise of the share options granted under the share option scheme by certain directors and employees of the Group.

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.

Capital expenditure

The capital expenditure of the Group during the Current Year amounted to HK$25,613,000 (2011: HK$53,259,000).

Charge on the Group's assets

As at 31 December 2012, the Group did not pledge any assets.

Foreign currency exposure

The Group carries out its trading 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

A subsidiary of the Company was enquired by certain government bodies regarding the compliance of relevant foreign exchange rules in the PRC in relation to the remittance and use of funds in the course of purchase of the Embry Tower in Shanghai in 2009 and 2010. In the opinion of the directors, based on the legal advice from the Group's legal counsels, since the enquiry process is not yet concluded, whether or not the relevant company will be subject to any punishment and, if so, the amount of the ultimate liabilities (if any) cannot be measured with sufficient reliability, therefore no provision has been made at this time.

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

Event after the reporting period

Subsequent to the end of the reporting period, on 20 February 2013, the Group had entered into a construction contract with an independent third party (the "Contractor"), pursuant to which the Contractor is to provide certain construction services to the Group for Shandong Factory Phase II development at the consideration of RMB83,000,000 (equivalent to approximately HK$103,750,000). Further details of this construction contract were disclosed in the Company's announcement dated 20 February 2013.

PROSPECT

Looking into 2013, global economic outlook remains uncertain, and there are many uncertain factors hovering over the macroeconomic environment. In addition, the debt crisis in Europe, the sluggish US economy, as well as the continued slowdown in China's economy, will likely paint a bleak picture, which may dampen consumer confidence and therefore bring more challenges to the retail market.

As the market leader in the lingerie industry in China, the Group constantly maintains a prudent but positive attitude over its business development. Meanwhile, the Group closely monitors the market conditions and adopts flexible and healthy development strategies. Faced with the complicated market environment, the Group will continue to capitalise on the advantages of its multi-brand strategy, and proactively cater to the consumer needs in the markets. While fostering new brands, the Group continues to sharpen the competitive edges of its core brands. In the second half year, the Group plans to roll out men's underwear brand ***IVU*** as the first step to tap into the men's underwear market.

In view of the currently affected market environment, the Group will exercise precaution over the expansion and optimisation of its sales network. Striking a balance between speed and efficiency of network expansion, the Group plans to increase additional retail outlets of approximately 150 for 2013, while vigorously enhancing the performance of its stores. To cope with the business expansion and the development of new brands, the Group will inject additional capital to scale up its production capacity this year. In 2013, the Group will initiate the second phase development of Shandong plant with its preliminary stage expected to be in operation by the end of 2013. Also, the Group will commence the preparation for construction of a new production plant in Changzhou.

Despite a changing business environment, the persistent economic growth in China as well as the continued urbanisation will keep elevating national income and living standards of consumers in China. As a result, the Group believes there remains to be enormous potential in the underwear market in China. The Group will leverage its powerful multi-brand edges as well as sound and pragmatic development strategies, and constantly optimise its sales network and develop an enriched diversity of innovative product portfolio in order to fortify the Group's leading position in the retail market, thereby fostering long-term and steady business growth and creating satisfactory returns for our shareholders.

OTHER INFORMATION

FINAL AND SPECIAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK7.00 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 2013, resulting in an appropriation of approximately HK$37,499,000.

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 22 May 2013. The proposed final and special dividends will be payable on or about 11 June 2013.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to Attend and Vote at the AGM

The register of members of the Company will be closed from Monday, 20 May 2013 to Wednesday, 22 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 May 2013.

(b) Entitlement to the Proposed Final and Special Dividends

Subject to the shareholders' approval of the proposed final and special dividends at the AGM, the register of members of the Company will be closed from Tuesday, 28 May 2013 to Wednesday, 29 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special dividends, all duly completed 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 May 2013.

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 2012 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, all the Directors confirmed that they complied with the required standard set out in the Securities Dealing Code during the year.

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 2012, 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.

PUBLICATION OF 2012 ANNUAL REPORT

The 2012 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, 25 March 2013

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.