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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 2009

RESULTS HIGHLIGHTS

	2009	**2008**	**Change**
	(HK$ Million)	*(HK$ Million)*	
Revenue	1,176.1	973.3	+20.8%
Gross profit	941.2	765.0	+23.0%
Gross profit margin	80.0%	78.6%	+1.4% pts
Profit for the year attributable to owners	114.2	72.0	+58.6%
Net profit margin	9.7%	7.4%	+2.3% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	28.44	17.95	+58.4%
Diluted earnings per share	27.94	17.83	+56.7%
	(HK cents)	*(HK cents)*	
Interim dividend per share (paid)	3.0	2.0	
Final dividend per share (proposed)	5.0	3.0	
Special dividend per share (proposed)	2.0	3.0	

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 2009, together with the comparative figures in 2008 and the relevant explanatory notes, as set out below.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	4	1,176,089	973,342
Cost of sales		(234,900)	(208,321)
Gross profit		941,189	765,021
Other income and gains	5	9,277	18,752
Selling and distribution expenses		(654,627)	(569,563)
Administrative expenses		(125,084)	(116,385)
Other expenses		(3,046)	(2,720)
Finance costs	6	-	(2)
PROFIT BEFORE TAX	7	167,709	95,103
Income tax expense	8	(53,521)	(23,120)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		114,188	71,983
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
- Basic (HK cents)		28.44	17.95
- Diluted (HK cents)		27.94	17.83

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Profit for the year	114,188	71,983
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	1,060	24,304
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	115,248	96,287

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		203,519	205,200
Investment property		32,000	30,000
Prepaid land lease payments		3,781	3,863
Deferred tax asset		2,609	3,361
Deposits	12	238,078	455
Total non-current assets		479,987	242,879
CURRENT ASSETS			
Inventories		345,556	360,342
Trade receivables	11	48,228	41,703
Prepayments, deposits and other receivables	12	23,546	24,735
Financial assets at fair value through profit or loss		-	23,014
Cash and cash equivalents		288,957	336,500
Total current assets		706,287	786,294
CURRENT LIABILITIES			
Trade and bills payables	13	36,823	33,021
Tax payable		17,996	11,425
Other payables and accruals	14	97,126	64,937
Total current liabilities		151,945	109,383
NET CURRENT ASSETS		554,342	676,911
TOTAL ASSETS LESS CURRENT LIABILITIES		1,034,329	919,790
NON-CURRENT LIABILITIES			
Deferred liabilities		4,155	4,838
Deferred tax liabilities		14,801	6,522
Other payables	14	21,136	-
Total non-current liabilities		40,092	11,360
Net assets		994,237	908,430
EQUITY			
Equity attributable to owners of the Company			
Issued capital		4,021	4,011
Reserves		990,216	904,419
Total equity		994,237	908,430

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 (the "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 the investment property and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all amounts 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 Revenue – Determining whether an entity is acting as a principal or as an agent
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in Improvements to HKFRSs 2009 (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective for the accounting year ended 31 December 2009, in these financial statements.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters
HKFRS 1 Amendment	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary
HK Interpretation 4 (Revised in December 2009)	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

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

	Mainland China		Hong Kong		Others		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	1,049,479	856,113	99,488	90,743	27,122	26,486	1,176,089	973,342
Non-current assets	422,998	186,265	54,380	53,253	-	-	477,378	239,518
Capital expenditure incurred during the year	20,986	55,095	177	190	-	-	21,163	55,285

For the year ended 31 December 2009, as no 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

	2009	2008
	HK$'000	HK$'000
Other income		
Bank interest income	2,635	5,392
Other interest income	-	281
Gross rental income	2,099	2,074
Royalty income	98	-
Subsidy income from the People's Republic of China (the "PRC") government:		
Technological innovation development subsidies*	454	-
Patent subsidies*	239	56
Energy saving technology and product award fund *	227	561
Clothing and accessories fair subsidies*	85	-
Reinvestment tax refunds **	-	2,852
Enterprises development fund *	-	132
Others	1,904	1,398
	7,741	12,746

5. OTHER INCOME AND GAINS (continued)

	2009 HK$'000	2008 HK$'000
Gains		
Fair value gains on financial assets at fair value through profit or loss	135	283
Foreign exchange differences, net	(599)	6,723
Changes in fair value of an investment property	2,000	(1,000)
	1,536	6,006
	9,277	18,752

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

** According to the Income Tax Law of the PRC, the Group is entitled to refund of corporate income tax, subject to the approval from the relevant offices of the Tax Bureau in the PRC. In prior years, the Group reinvested the profit distributions received from its subsidiary in a new entity established in the PRC and received approvals from the Tax Bureau in relation to the reinvestment tax refunds. The refunds are determined based on certain percentages of the profit distribution reinvested in prior years.

6. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on bank overdrafts repayable within five years	-	2

7. PROFIT BEFORE TAX

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

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	234,900	208,321
Depreciation	21,939	23,621
Amortisation of prepaid land lease payments	82	60
Minimum lease payments under operating leases in respect of:		
Land and buildings	51,273	40,940
Contingent rents of retail outlets in department stores	287,211	243,527
Employee benefit expenses (excluding directors' remuneration):		
Wages and salaries	263,023	212,972
Provision/(write-back of provision) for long service payments	(585)	1,521
Retirement benefit scheme contributions	20,301	16,118
Equity-settled share option expenses	2,438	1,475
	285,177	232,086
Auditors' remuneration	2,000	2,560
Advertising and counter decoration expenses	66,909	82,890
Provision for obsolete inventories, net	18,817	9,234
Write-back of impairment allowance of trade receivables	(228)	(730)
Write-off of trade receivables	88	968
Research and development expenditure	3,037	2,764
Loss on disposal/write-off of items of property, plant and equipment	710	65
Fair value gains on financial assets at fair value through profit or loss	(135)	(283)
Gross and net rental income	(2,099)	(2,074)
Changes in fair value of an investment property	(2,000)	1,000
Foreign exchange differences, net	599	(6,723)
Bank interest income	(2,635)	(5,392)
Other interest income	-	(281)

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Pursuant to the Enterprise Income Tax Law (the "New PRC Tax Law") of the PRC being effective on 1 January 2008, the PRC income tax rate is unified to 25% for all enterprises. Under an implementation guidance note of the New PRC Tax Law (the "Implementation Guidance"), 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 5 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 may 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.

	2009 HK$'000	2008 HK$'000
Group:		
Current - Hong Kong		
Charge for the year	1,010	715
Overprovision in prior years	(133)	-
Current - Mainland China		
Charge for the year	43,614	21,812
Overprovision in prior years	(1)	(36)
Deferred	9,031	629
Total tax charge for the year	53,521	23,120

9. DIVIDENDS

	2009 HK$'000	2008 HK$'000
Dividends paid during the year:		
Final and special in respect of the financial year ended 31 December 2008 – HK3.0 cents and HK3.0 cents, respectively, per ordinary share (2008: final dividend of HK6.0 cents per ordinary share, in respect of the financial year ended 31 December 2007)	24,068	24,000
Interim – HK3.0 cents (2008: HK2.0 cents) per ordinary share	12,051	8,023
	36,119	32,023
Proposed final and special dividends:		
Final and special – HK5.0 cents (2008: HK3.0 cents) and HK2.0 cents (2008: HK3.0 cents), respectively, per ordinary share	28,159	24,068

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 dividend 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:

	2009 HK$'000	2008 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	114,188	71,983
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	401,463	400,989
Effect of diluted share options	7,267	2,679
Weighted average number of ordinary shares for the purpose of diluted earnings per share	408,730	403,668

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 from 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. 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:

	2009 HK$'000	2008 HK$'000
Within 90 days	46,270	40,376
91 to 180 days	1,958	1,330
181 to 360 days	39	174
Over 360 days	74	164
	48,341	42,044
Less: Impairment allowance	(113)	(341)
	48,228	41,703

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2009 HK$'000	2008 HK$'000
Prepaid land lease payments		82	82
Deposit paid for acquisition of property in Shanghai	(i)	216,271	-
Deposit paid for the land use rights in Shandong	(ii)	21,068	-
Deposits for acquisition of items of property, plant and equipment		739	455
Prepayments		3,564	4,303
Deposits and other receivables		19,900	20,350
		261,624	25,190
Current portion included in prepayments, deposits and other receivables		(23,546)	(24,735)
Non-current portion		238,078	455

None of the above assets 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.

Notes:

(i) Pursuant to an agreement entered into between a subsidiary of the Company and an independent third party on 15 October 2009, the Group has agreed to acquire the property located in Shanghai City, the PRC, at a consideration of approximately RMB380,638,000 (approximately HK$433,927,000), which is for office and commercial use with 14 floors with an estimated construction area of approximately 11,430 square metres. The property is still under construction and the vendor undertakes to hand over the completed property to the Group on or before 30 September 2010. At the end of the reporting period, the deposit paid was approximately RMB190,319,000 (approximately HK$216,271,000).

(ii) The deposit paid for the land use rights is the total consideration for land with an area of 123,350 square metres (the "Shandong factory phase 2") adjacent to the land of the Group’s factory located in Jinan City, Shandong province.

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:

	2009 HK$'000	2008 HK$'000
Within 90 days	33,759	27,517
91 to 180 days	1,787	1,938
181 to 360 days	312	764
Over 360 days	965	2,802
	36,823	33,021

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

14. OTHER PAYABLES AND ACCRUALS

	2009 HK$'000	2008 HK$'000
Other payables	61,196	24,898
Accruals	57,066	40,039
	118,262	64,937
Current portion included in other payables and accruals	(97,126)	(64,937)
Non-current portion	21,136	-

Other payables of the Group at 31 December 2009 included a subsidy of RMB18,600,000 (approximately HK$21,136,000) (2008: Nil) 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 for Shandong factory phase 2 development.

Other payables of the Group also included amounts of HK$9,093,000 due to related companies as at 31 December 2009 (2008: HK$3,715,000). The balances were unsecured, interest-free and repayable in accordance with normal trading terms.

Other than the above, the remaining balance of other payables are non-interest-bearing.

15. COMMITMENTS

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

	2009 HK$'000	2008 HK$'000
Contracted for capital commitments in respect of its wholly-owned investments in the PRC	293,000	-
Contracted for commitments in respect of		
- the land lease payments in the PRC	7,599	-
- the acquisition of property, plant and equipment*	223,022	9,545
	230,621	9,545
Authorised, but not contracted for commitments in respect of investment in Shandong factory phase 2 development	117,743	-

* As at 31 December 2009, the Group has contracted for HK$223,022,000 in respect of the acquisition of the property, plant and equipment, which is also included in the above capital commitments in respect of its wholly-owned investments in the PRC.

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

16. EVENTS AFTER THE REPORTING PERIOD

On 26 February 2010, the Group obtained a bank facility from a bank for a 5-year term loan of HK$190,000,000, which bears interest at 1.08% above Hong Kong Interbank Offered Rate per annum and repayable by 20 quarterly instalments. The bank loan is supported by corporate guarantees given by the Company. The bank loan was utilised to the extent of HK$100,000,000 at 31 March 2010.

BUSINESS AND OPERATION REVIEW

China recorded steady growth in 2009 against the backdrop of global economic recession. Thanks to the effective economic stimulus measures implemented by the Central Government, the domestic market saw impressive growth momentum. The Group adhered to its cautious business approach with a modest expansion of sales network, while carrying out effective marketing strategies, thereby maintaining its strong growth in profitability, the Group's profitability continued to be strong. For the year ended 31 December 2009 (the "Current Year"), the Group posted revenue of HK$1,176.1 million, representing a year-on-year growth of 20.8%. Profit attributable to owners of the Company surged by 58.6% to HK$114.2 million as compared to the year ended 31 December 2008 (the "Prior Year"). Basic earnings per share of the Company grew substantially by 58.4% to HK28.44 cents (2008: HK17.95 cents) per share. The Board of Directors of the Company has resolved to declare a final dividend of HK5.0 cents (2008: HK3.0 cents) and a special dividend of HK2.0 cents (2008: HK3.0 cents) per share for the Current Year.

The younger brand, ***FANDECIE***, continued to be one of the key growth drivers of the Group in the Current Year, and attracted most of the young customers with its competitive pricing strategy and rising brand awareness. The Group also organised a series of promotional campaigns for ***FANDECIE*** during the Current Year in order to strengthen the brand.

Brand management
The Group continued to promote and consolidate its three major brands, namely ***EMBRY FORM***, ***FANDECIE*** and ***COMFIT*** in an effort of maintaining the long-term growth momentum.

During the Current Year, the Group sought to increase the brand awareness, refine the image of its brands and enhance brand equity by organising various promotional campaigns in department stores or shopping malls. Aside from participating in regular lingerie trade fairs, the Group also carried out various promotional-oriented activities for its brands during the Current Year, including "Embry Form Lingerie Roadshow" (安莉芳舒適之旅巡展) in Beijing, Tianjin, Guangzhou and Hangzhou for ***EMBRY FORM***, its signature brand. Furthermore, "Embry Form Show in Wuxi – Sharing the Secrets of Beauty" ("安莉芳無錫沙龍　分享內外兼修的美麗秘笈") also received positive feedback from customers. The response to the marketing event, called "Q-Sexy Night", for the younger brand ***FANDECIE*** was also overwhelming, which attracted more than 200 senior management representatives from various department stores nationwide to participate. In order to fuel the frenzy of "Q-Sexy" fads and deepen customer's perception of the ***FANDECIE*** brand, the Group organised "Fandecie Lingerie Show in Shanghai" ("芬狄詩炫秀巡禮上海站") in the Current Year, which also successfully attracted many customers. Various marketing events received excellent response, which enabled the Group to maintain its growth momentum in the long run.

Sales network
In light of the changes in overall economic conditions and pace of development, the Group continued to adopt a cautious but effective approach in enhancing its sales network and sought to expand the network coverage by strategically increasing the number of retail outlets during the Current Year. The Group had a net increase of 123 retail outlets nationwide during the Current Year. As at 31 December 2009, the Group operated a total number of 1,680 retail outlets, which comprised 1,534 concessionary counters and 146 retail shops.

BUSINESS AND OPERATION REVIEW (continued)

Product design and development

Always striving for excellence, the Group continued to devote resources to the design, research and development of quality products that meet market needs. By fulfilling the ever-growing consumer demand, the Group has been able to create value and generate returns. During the Current Year, the Group has launched various product collections with its unique and patented designs such as Heart Space Design, 3D Contour Support, Supportflex, Breathable Cup, Invisible Cup, Intelligent Straps, Seamless Back and Self-lock Antiskid Adjusting Buckle in response to market trends and customer preferences. All these products with patented designs were widely popular among customers.

As at 31 December 2009, the Group had 21 applications patents and 13 appearance design patents registered in China and/or elsewhere in the world.

Production capacity

With the additional production capacity brought by the Group's new factory in Jinan City, Shandong Province (the "Shandong Factory"), the Group will be able to achieve economies of scale and better efficiency, while catering for the rising market demand. As at 31 December 2009, the annual production capacity of the Group's production bases remained at 14.8 million standard product units in aggregate.

Awards

For the Current Year, ***EMBRY FORM*** was named "***The Best-selling Lingerie Products in the Industry in China in terms of Volume, Sales and Market Share*** " for fourteen consecutive years by the China Industrial Information Issuing Centre (中國行業企業信息發佈中心) (the "Issuing Centre") in China. The Group's younger brand ***FANDECIE*** was also accredited with the "***Top 10 Best Sellers in the Industry in China***" award for four consecutive years by the Issuing Centre. In addition, the Group was granted the "***Superbrands***" status by Superbrands Hong Kong from 2005-2009 and accredited as the "***Hong Kong Top Brand***" by the Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong for three consecutive years. All these accolades speak volumes for the Group's excellent reputation and leading market position.

Human resources

As at 31 December 2009, the Group had approximately 6,900 employees (2008: 6,800). The Group's total staff costs (including wages and basic salaries, commission, bonus, retirement benefits scheme contributions) amounted to approximately HK$285.2 million in the Current Year (2008: HK$232.1 million).

Remuneration of employees is determined with reference to the prevailing market levels, individual performance and working experience, and certain staff members are entitled to commissions and share options. In addition to the basic salaries, the Group also provides, depending on the results of the Group and individual performance, discretionary bonuses in order to motivate quality employees. In addition to offering competitive remuneration packages, the Group also put great emphasis on the investment in human resources. The Group organised various staff training courses regularly, with a view to enhancing the skills and knowledge of its employees.

FINANCIAL REVIEW

Revenue

By sales channel and location

For the Current Year, the Group's revenue was HK$1,176.1 million, representing a 20.8% increase from HK$973.3 million recorded in the Prior Year. The increase was mainly attributable to stable growth achieved in same-store sales, coupled with a steady network expansion nationwide. Retail sales were HK$1,026.9 million in the Current Year, accounting for 87.3% of the Group's revenue and representing an increase of 19.7% over the Prior Year. Wholesale business was HK$122.0 million in the Current Year, representing an increase of 36.7% over the Prior Year and accounting for 10.4% of the Group's revenue.

Mainland China remained to be the Group's core market. Revenue in Mainland China was HK$1,049.5 million in the Current Year, accounting for 89.2% of the Group's revenue and representing an increase of 22.6% over the Prior Year. Although Hong Kong is a relatively mature market, the Group was able to deliver a growth in revenue of 9.6% in the Hong Kong market with sales amounting to HK$99.5 million in the Current Year.

By brand and product line

As for brands, the Group's multi-brand strategy continues to generate synergy effects and enhances its competitive edges to capture growing market potential. While ***EMBRY FORM***, its signature brand, delivered a stable growth of 13.7% in revenue to HK$665.4 million, ***FANDECIE***, its younger brand with competitive pricing, continued to register robust sales growth and achieved a remarkable growth of 35.7% in revenue to HK$416.2 million. ***COMFIT*** was also able to attract those consumers in the market who have been pursuing good functionality and quality of products. Its revenue grew by 23.2% to HK$67.0 million.

Lingerie has always been the Group's core product line reflecting the core competencies of the Group in the research and development, and production of lingerie. Sales of lingerie were HK$1,033.6 million in the Current Year, accounting for 87.9% of the Group's revenue and representing an increase of 22.5% over the Prior Year. Sleepwear and swimwear also delivered modest growth of 8.2% and 11.8% respectively in the Current Year. Sales of sleepwear and swimwear were HK$56.0 million and HK$53.0 million respectively, accounting for 4.8% and 4.5% respectively of the Group's revenue in the Current Year. These two product lines help complement the product range that the Group offers to consumers.

Gross profit

The Group's gross profit was HK$941.2 million in the Current Year, representing a growth of approximately 23.0% over the Prior Year. Benefiting from the economies of scale, effective management of supply chain and cost control measures, the Group managed to maintain its cost of sales at a reasonable level. As a result of the above favourable factors, the overall gross profit margin improved by 140 basis points from 78.6% in the Prior Year to 80.0% in the Current Year.

FINANCIAL REVIEW (continued)

Other income and gains
Other income decreased by 50.5% to HK$9.3 million in the Current Year. In the Prior Year, there was an exchange gain of HK$6.7 million resulting from the appreciation of Renminbi derived from the business operations in Mainland China . As the exchange rate in Renminbi remained at approximately the same level, the Group did not have a similar exchange gain during the Current Year. In addition, the Group's interest income has decreased by more than 50% to HK$2.6 million due to continuously low interest rates both in China and Hong Kong.

Selling and distribution expenses
Selling and distribution expenses were HK$654.6 million in the Current Year, representing an increase of 14.9% over the Prior Year and accounting for 55.7% of the Group's revenue in the Current Year compared to 58.5% in the Prior Year. The reduction in selling and distribution expenses as a percentage of the Group's revenue was partly due to effective cost control measures. The decrease in decoration expenses resulted from the reduction in the number of the Group's new shops opened during the Current Year. As a result, advertising and counter decoration expenses decreased significantly by 19.3% to HK$67.0 million, accounting for 5.7% (2008: 8.5%) of the Group's revenue.

Administrative expenses
Administrative expenses were HK$125.1 million in the Current Year, representing an increase of 7.5% over the Prior Year and accounting for 10.6% of the Group's revenue in the Current Year compared to 12.0% in the Prior Year. The reduction in the administrative expenses as a percentage of the Group's revenue was mainly attributable to the Group's economies of scale. Despite the increase in all items of expenditure during the year, benefiting from the stable improvement of China's economy, the Group posted impressive growth in net profit resulting from higher growth rate of overall revenue than that of expenses.

Tax
The Group's effective tax rate was 31.9% in the Current Year, compared to 24.3% in the Prior Year. The increase in effective tax rate was mainly due to an increase of deferred tax to HK$9.0 million (2008: HK$0.6 million) and the changes in tax law in China. For instance, the Group's principal subsidiary in Shenzhen was subject to corporate income tax at a rate of 20.0% in the Current Year as opposed to 18.0% in the Prior Year.

Net profit
The profit attributable to owners of the Company was HK$114.2 million in the Current Year, representing an increase of 58.6% over the Prior Year. The increase was due to constant growth in revenue and improvement in gross profit margin and operation efficiency. The net profit margin increased by 230 basis points to 9.7% in the Current Year from 7.4% in the Prior Year.

Liquidity and financial resources
The Group generally finances its operations with internally generated cash flow. The financial position of the Group remained sound and healthy during the Current Year. As at 31 December 2009, the Group had cash and cash equivalents of approximately HK$289.0 million (2008: HK$336.5 million). The Group did not have any interest-bearing bank borrowings during the Current Year. As at 31 December 2009 and 31 December 2008, the gearing ratio, being total interest-bearing bank loans divided by total assets, was nil.

FINANCIAL REVIEW (continued)

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

Pursuant to the Agreement between a subsidiary of the Company and an independent third party on 15 October 2009, the Group has agreed to acquire the property located in Shanghai, PRC at a consideration of approximately RMB380,638,000 (approximately HK$433,927,000), which is for office and commercial use with 14 floors with an estimated construction area of approximately 11,430 square metres. During the Current Year, the deposit amounting to approximately RMB190,319,000 (approximately HK$216,271,000), which represents 50% of the total consideration, was paid on schedule. Subsequent to the reporting period, the property is still under construction and the vendor undertakes to hand over the completed property to the Group on or before 30 September 2010.

During the Current Year, the deposit amounting to HK$21.1 million was paid for the land use rights, which is the total consideration for land with area of 123,350 square metres in adjacent to the land of the Group's factory located in Jinan City, Shandong Province, the PRC.

Save for the above disclosure, during the year, the Group was neither involved in other significant investment nor any material acquisition or disposal of subsidiaries and associated companies.

Capital expenditure

In the Current Year, the Group's capital expenditure amounted to HK$21.2 million (2008: HK$55.3 million).

PROSPECT

Looking ahead, the economic stabilisation measures implemented by the PRC government will further strengthen China's economy and domestic consumption, thereby improving the overall market condition in 2010 continually. It is expected that there will be modest inflation in China with a slight rise in the consumer price index, which will boost the same-store sales growth of the retail industry. While maintaining a cautiously optimistic outlook, the Group, as the best seller of lingerie products in China, will continue to adopt a sustainable business growth strategy to take advantage of the steady economic growth ahead.

The Group will continue to improve and expand its sales network cautiously in 2010. At present, the Group has established a number of strategic presence in the first- and second-tier cities of China. In 2010, the Group will continue to develop its sales network in key cities of China and increase retail outlets in the second- and third-tier cities in an effort to achieve its target of opening 100 retail outlets across the country.

On the other hand, the Group will step up its efforts in promoting its brands and continue to improve product design and development capability in order to develop top quality products for its brands, with a view to satisfying the needs of consumers and enhancing brand equity.

PROSPECT (continued)

On the production front, the Shandong Factory has commenced production since the Prior Year. The Group expected that the production capacity of the factory would be further established by recruiting and training more staff members. Meanwhile, the factory features energy-saving and energy-efficient environmental designs with the state-of-the-arts technology of geothermal energy to supply air-conditioning and heating, which effectively reduces pollutants as well as operating costs. The Group believes that its overall production capacity could achieve better economies of scale and boost operating efficiency.

Leveraging its enhanced brand equity and strengthened market leading position, the Group will continue to promote healthy business growth by reinforcing its research and development capabilities to meet different needs of customers. It will also be carrying out various advertising and promotional campaigns to increase brand awareness among customers. The Group is confident that the growth momentum can be sustained in 2010 and endeavours to deliver satisfactory returns to its shareholders.

OTHER INFORMATION

FINAL AND SPECIAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK5.0 cents and a special dividend of HK2.0 cents per ordinary share in respect of the year, to shareholders on the register of members of the Company on 24 May 2010, resulting in an appropriation of approximately HK$28.2 million.

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 expected to be held on 24 May 2010. The proposed final and special dividends will be payable on or about 1 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 18 May 2010 to Monday, 24 May 2010, both dates inclusive. During such period, no transfer of shares will be registered. In order to qualify for the proposed final and special dividends, all completed share transfer documents 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, 17 May 2010.

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 CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the applicable code provisions as set out in the Code on Corporate Governance Practices 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 2009 annual report.

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 (the "Model Code") as its own code of conduct for securities transactions. Having made specific enquiry of all the Directors, all the Directors confirmed that they complied with the required standard set out in the Model Code during the year.

The Company has also complied with the requirement of the Listing Rules relating to the appointment of at least three independent non-executive directors and one of whom must have appropriate professional qualifications or accounting or related financial management expertise.

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 2009, 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, 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 2009 ANNUAL REPORT

The 2009 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.embryform.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, 31 March 2010

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