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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

RESULTS HIGHLIGHTS

	Six months ended 30 June 2010 (HK$'000)	2009 (HK$'000)	Change
Revenue	687,187	606,599	+13.3%
Gross profit	546,495	481,164	+13.6%
Gross profit margin	79.5%	79.3%	+0.2% pts
Profit for the period attributable to owners of the Company	80,753	61,831	+30.6%
Net profit margin	11.8%	10.2%	+1.6% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	20.04	15.41	+30.0%
Proposed interim dividend per share	3.0	3.0	–

The board of directors (the "Board" or "Directors") of Embry Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2010 together with the unaudited comparative figures for the corresponding period in 2009 and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Notes	Six months ended 30 June 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
REVENUE	2	687,187	606,599
Cost of sales		(140,692)	(125,435)
Gross profit		546,495	481,164
Other income and gains, net	3	4,778	1,717
Selling and distribution expenses		(367,936)	(327,719)
Administrative expenses		(65,367)	(63,745)
PROFIT BEFORE TAX	4	117,970	91,417
Income tax expense	5	(37,217)	(29,586)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		80,753	61,831
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	6		
- Basic (HK cents)		20.04	15.41
- Diluted (HK cents)		19.60	15.27

Details of the dividends are disclosed in note 7 to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	80,753	61,831
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	(1,224)	1,046
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	79,529	62,877

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2010

	Notes	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	204,101	203,519
Investment property		34,000	32,000
Prepaid land lease payments		10,940	3,781
Deferred tax asset		4,629	2,609
Deposits and other assets	9	369,773	238,078
Total non-current assets		623,443	479,987
CURRENT ASSETS			
Inventories		331,044	345,556
Trade receivables	10	74,712	48,228
Prepayments, deposits and other receivables		28,165	23,546
Cash and cash equivalents		294,275	288,957
Total current assets		728,196	706,287
CURRENT LIABILITIES			
Trade and bills payables	11	34,425	36,823
Interest-bearing bank borrowings	12	20,000	-
Tax payable		16,360	17,996
Other payables and accruals		109,653	97,126
Total current liabilities		180,438	151,945
NET CURRENT ASSETS		547,758	554,342
TOTAL ASSETS LESS CURRENT LIABILITIES		1,171,201	1,034,329
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	75,000	-
Deferred liabilities		4,261	4,155
Deferred tax liabilities		20,632	14,801
Other payables		21,136	21,136
Total non-current liabilities		121,029	40,092
NET ASSETS		1,050,172	994,237
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Issued capital		4,044	4,021
Reserves		1,046,128	990,216
TOTAL EQUITY		1,050,172	994,237

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standards ("HKAS") 34: Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the investment property that are measured at fair value, as appropriate. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below. In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2010.

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 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
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 adoption of the new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

2. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

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.

3. OTHER INCOME AND GAINS, NET

	Six months ended 30 June 2010 HK$'000 (unaudited)	Six months ended 30 June 2009 HK$'000 (unaudited)
Other income		
Bank interest income	1,245	1,134
Gross rental income	1,058	1,117
Others	741	1,930
	3,044	4,181
Gains		
Changes in fair value of an investment property	2,000	(1,000)
Gain on disposal of items of property, plant and equipment	28	14
Fair value gains on financial assets at fair value though profit or loss	-	135
Foreign exchange differences, net	(294)	(1,613)
	1,734	(2,464)
	4,778	1,717

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June 2010 HK$'000 (unaudited)	Six months ended 30 June 2009 HK$'000 (unaudited)
Cost of inventories sold	140,692	125,435
Depreciation	11,057	10,959
Amortisation of prepaid land lease payments	93	41
Minimum lease payments under operating leases in respect of:		
Land and buildings	25,424	24,965
Contingent rents of retail outlets in department stores	170,419	148,442
Advertising and counter decoration expenses	33,583	29,584
Research and development expenditure	521	1,368
Finance cost:		
Total interest on bank loan wholly repayable within five years	393	-
Less: Interest capitalised	(393)	-
	-	-

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Pursuant to the Enterprise Income Tax Law (the "New PRC Tax Law") of the People's Republic of China (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, 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.

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Group:		
Current - Hong Kong	238	602
Current - Mainland China	33,168	23,971
Deferred	3,811	5,013
Total tax charge for the period	37,217	29,586

6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (unaudited profit for the period attributable to owners of the Company)	80,753	61,831
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	402,914	401,184
Effect of diluted share options	9,149	3,790
Weighted average number of ordinary shares for the purpose of diluted earnings per share	412,063	404,974

7. DIVIDENDS

	Six months ended 30 June 2010 HK$'000 (unaudited)	Six months ended 30 June 2009 HK$'000 (unaudited)
Dividends paid during the period		
Final and special in respect of the financial year ended 31 December 2009 - HK5.0 cents and HK2.0 cents, respectively, per ordinary share (2009: final and special in respect of the financial year ended 31 December 2008 - HK3.0 cents and HK3.0 cents, respectively, per ordinary share)	28,300	24,068
Proposed interim dividend		
Interim – HK3.0 cents (2009: HK3.0 cents) per ordinary share	12,135	12,051

The interim dividend will be paid to the shareholders whose names appear in the register of members on 16 September 2010. The interim dividend was declared after the period ended 30 June 2010, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

8. PROPERTY, PLANT AND EQUIPMENT

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
At beginning of period/year, net of accumulated depreciation	203,519	205,200
Additions	11,728	21,163
Disposals	(89)	(905)
Depreciation provided during the period/year	(11,057)	(21,939)
At end of period/year, net of accumulated depreciation	204,101	203,519

9. DEPOSITS AND OTHER ASSETS

	Notes	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
Deposits paid for acquisition of property in Shanghai	(i)	346,035	216,271
Deposits paid for land use rights in Shandong	(ii)	21,068	21,068
Deposits for acquisition of items of property, plant and equipment		1,992	739
Others		678	-
		369,773	238,078

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 RMB304,511,000 (approximately HK$346,035,000).

(ii) The deposit paid for the land use rights is the total consideration for the 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, the PRC.

10. 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.

10. TRADE RECEIVABLES (continued)

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:

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
Within 90 days	72,812	46,270
91 to 180 days	1,900	1,958
181 to 360 days	475	39
Over 360 days	140	74
	75,327	48,341
Less: Impairment allowance	(615)	(113)
	74,712	48,228

11. 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:

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
Within 90 days	30,421	33,759
91 to 180 days	2,275	1,787
181 to 360 days	414	312
Over 360 days	1,315	965
	34,425	36,823

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

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
Bank loan repayable:		
Within one year	20,000	-
In the second year	20,000	-
In the third to fifth years, inclusive	55,000	-
	95,000	-
Less: amount repayable within one year and classified as current portion	(20,000)	-
Amount classified as non-current portion	75,000	-

During the period, the Group obtained a bank loan in the amount of HK$100,000,000 (2009: Nil) and made repayment in the amount of HK$5,000,000 (2009: Nil). The bank loan is secured by a corporate guarantee given by the Company, bears interest rate at 1.08% above Hong Kong Interbank Offered Rate per annum and is repayable by 20 quarterly instalments.

13. COMMITMENTS

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

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
Contracted for capital commitments in respect of its wholly-owned investment in the PRC	56,000	293,000
Contracted for commitments in respect of		
- the acquisition of property, plant and equipment	99,416	223,022
- the land lease payments in the PRC	-	7,599
	99,416	230,621
Authorised, but not contracted for commitments in respect of investment in the Shandong Factory Phase 2 development	117,743	117,743

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

In the first half of 2010, benefiting from a series of measures implemented by the Chinese government in response to the international financial crisis, which proactively pushed forward the transformation of economic development and the adjustment of economic structure, China's economic growth sustained its good momentum. According to the preliminary estimation made by the National Bureau of Statistics of China in July 2010, the Gross Domestic Product of China amounted to RMB17,284 billion for the first half of 2010, a year-on-year increase of 11.1% , which was 3.7 percentage points higher than that of the same period last year.

For the six months ended 30 June 2010 (the "Current Period"), the Group reported satisfactory business performance with revenue growth of 13.3% to HK$687,187,000 from that of the six months ended 30 June 2009 (the "Prior Period"). Profit attributable to owners of the Company was HK$80,753,000, representing a remarkable growth of 30.6% as compared to the same period last year. Basic earnings per share was HK20.04 cents (2009: HK15.41 cents), increasing by 30.0%. The Board has resolved to declare an interim dividend of HK3.0 cents per share (2009: HK3.0 cents).

During the Current Period, the Group launched various promotional initiatives in celebration of its 35th anniversary. Such activities complemented other regular marketing promotions to further enhance brand awareness. Meanwhile, the Group strategically expanded its retail network and enhanced operational efficiency so as to further strengthen its foundation for delivering positive contribution to its business performance.

Brand management

As a brand operator, the Group attaches great importance to brand management. During the period under review, the Group adhered to its multi-brand strategy, taking into account the different customer needs. With "Beauty Engineering" as its core value, the Group meticulously planned its marketing and promotional activities to enhance brand equity.

During the period, the Group launched a series of promotional activities, such as the "EMBRY FORM SHARE THE MOMENT Photo Shoot Exhibition" (「安莉芳 SHARE THE MOMENT 沙龍展」), the "FANDECIE Dazzling Tour" (「芬狄詩炫秀巡禮活動」) and "EMBRY FORM & FANDECIE GREEN BRA GREEN LIFE Green Trendy Lingerie and Green Healthy Lifestyle" (「安芬 GREEN BRA GREEN LIFE 綠色時尚內衣綠色健康生活」), all of which achieved a great success. These activities not only improved the reputation and popularity of ***EMBRY FORM*** and ***FANDECIE***, but also strengthened the Group's business relationship with the shopping mall operators and distributors. Meanwhile, to celebrate its 35th anniversary, the Group also held "EMBRY Show Time" roadshow in various major cities with satisfactory market response.

In May 2010, the Group appointed a renowned fashion model to feature in the Group's new series of print advertisements and promotional videos for the Hong Kong market. The model featured a series of patented products, including those utilizing the 3D Contour Support and Intelligent Straps patents, in the "Jocelyn@Embry Style" advertisements which received positive market response.

Store image and design is considered as one of the essential marketing and promotion tools of the Group. As such, the Group continued to invest in store renovation and decoration.

Sales network

During the Current Period, the Group continued to optimize and expand the retail network and extended its geographical reach strategically in China's first- and second-tier cities as well as coastal regions by adding retail outlets. The Group had a net increase of 32 retail outlets during the Current Period. As at 30 June 2010, the Group operated a total of 1,712 retail outlets, which comprised 1,575 concessionary counters and 137 retail shops.

BUSINESS AND OPERATION REVIEW (continued)

Product design and development
Following closely market trends and fads, the Group continued to allocate resources to the design and research and development of new products. The Group also gathers customer opinion on product improvements, seeking to design products that cater for market needs and customer tastes. In the Current Period, the Group launched a series of new collections. Among them, the most popular new product series were the "Charismatic Collection", the "Sexy Collection" and the "Classic Lace" of ***EMBRY FORM***; and the "Caramel Macchiato" and the "Country Sweetie" collections of ***FANDECIE***, according to a sales report.

As at 30 June 2010, the Group had 22 applications patents and 13 appearance design patents registered in China and other parts of the world. The Group continued to allocate resources to develop patented products and more extensive patent applications. In particular, the Group's 3D Contour Support patent has enjoyed tremendous popularity in the market, while many other patented products are also welcomed by consumers.

Production capacity
The Group currently has three production bases, located in Shenzhen, Shandong and Changzhou respectively. As at 30 June 2010, the aggregate annual production capacity of the Group amounted to 16,600,000 standard product units. Expansion of the Shandong production plant increased the Group's production capacity to meet the growing market demand.

Human resources
During the Current Period, the robust labour market in China had led to an increase in wages and workers turnover. As the Shandong production plant expanded and the number of retail outlets increased, the Group's number of employees increased to approximately 7,700. The Group's total staff costs (including wages and basic salaries, commission, bonus and retirement benefits scheme contribution) amounted to HK$163,937,000 (2009: HK$145,184,000).

Remuneration of employees is determined with reference to the prevailing market rates, individual performance and working experience. Apart from basic salaries, the Group also provides, depending on the results of the Group and individual performance, discretionary bonuses in order to motivate quality employees. Certain staff members are entitled to commissions and share options.

In addition to offering competitive remuneration packages, the Group also put great emphasis on the investment in human resources. The Group organized 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

In the Current Period, the Group continued to achieve revenue growth. The Group's revenue was HK$687,187,000, representing a growth of 13.3% as compared to the Prior Period. The growth was mainly attributable to the expanded sales network and the positive feedbacks from the promotional activities, which resulted in an increase in sales volume, as well as the rise in average selling prices of all the brands in response to the market demand.

Retail sales amounted to HK$600,932,000 in the Current Period, accounting for 87.4% of the Group's revenue and representing an increase of 13.0% from the Prior Period. Wholesale business increased by 34.4% from HK$59,329,000 to HK$79,715,000 in the Current Period. Revenue from the ODM business decreased by 58.1% from HK$15,626,000 to HK$6,540,000 as the Group had decided to focus on producing products of its own brands thus declining orders for ODM products.

Mainland China remained as the Group's core market, followed by the Hong Kong market. During the Current Period, revenue from Mainland China was HK$635,321,000, accounting for 92.5% of the Group's revenue and representing an increase of 17.0% over the Prior Period. The Group's revenue from the Hong Kong market decreased by 5.7% to HK$45,326,000.

By brand and product line

The Group adopts a multi-brand strategy, aiming to capture customers from different consumer segments and broaden the Group's business foundation. Currently, the Group operates the following brands: ***EMBRY FORM***, ***FANDECIE*** *and* ***COMFIT***, which target customers of different age groups and purchasing power. For the first half of the year, the Group recorded revenue growth across all the three brands. ***COMFIT***, which emphasizes functionality and quality, gradually gained recognition and enjoyed a remarkable growth, increasing by 21.9% to HK$43,421,000. ***FANDECIE*** continued to be another growth driver, with its sales rising by 19.9% to HK$252,639,000. The Group's flagship brand ***EMBRY FORM*** continued its rising trend in sales and increased by 11.2% to HK$383,152,000 during the Current Period.

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. During the Current Period, sales of lingerie were HK$612,137,000, accounting for 89.1% of the Group's revenue and representing an increase of 13.9% over the Prior Period. Sleepwear delivered a substantial growth of 39.9% while swimwear recorded an increase of 17.0%. Sales of sleepwear and swimwear were HK$34,496,000 and HK$31,460,000 respectively, accounting for 5.0% and 4.6% respectively of the Group's revenue in the Current Period. These two product lines help complement the product range that the Group offers to consumers.

Cost of sales and gross profit margin

During the Current Period, the Group's cost of sales amounted to HK$140,692,000, increasing by 12.2%, which is in line with the revenue growth. As the revenue and cost of sales grew at a similar pace, gross profit margin remained relatively stable and stood at 79.5% for the Current Period. The Group's gross profit was HK$546,495,000, representing a growth of 13.6% as compared to the Prior Period.

Operating expenses

During the Current Period, the selling and distribution expenses increased by 12.3% to HK$367,936,000, accounting for 53.5% of the Group's revenue, compared to 54.0% in the Prior Period. The percentage of distribution expenses to revenue is relatively stable as compared with the Prior Period.

FINANCIAL REVIEW (continued)

Operating expenses (continued)
Administration expenses increased by 2.5% to HK$65,367,000 which accounted for 9.5% (2009: 10.5%) of the Group's revenue. The percentage of administration expenses to the Group's revenue decreased, which was mainly due to the enhanced economies of the scale that the Group has achieved.

Net profit
During the Current Period, profit attributable to owners of the Company was HK$80,753,000, representing an increase of 30.6% over the Prior Period. This increase was mainly due to the steady growth in revenue and enhanced operational efficiency. Net profit margin increased by 1.6 percentage points to 11.8% in the Current Period from 10.2% in the Prior Period.

Liquidity and financial resources
The Group generally finances its operations with internally generated cash flows and the financial position of the Group remained sound and healthy during the Current Period. As at 30 June 2010, the Group had cash and cash equivalents of HK$294,275,000 (31 December 2009: HK$288,957,000). The Group's bank borrowings amounted to HK$95,000,000 (31 December 2009: Nil). Gearing ratio was approximately 9.0% as at 30 June 2010 (31 December 2009: Nil).

Capital structure
As at 30 June 2010, the total issued share capital of the Company was approximately HK$4,044,000 (31 December 2009: HK$4,021,000), comprising 404,391,500 ordinary shares (31 December 2009: 402,148,000) of HK$0.01 each. The increase in the number of issued shares resulted from the exercise of share options granted under the pre-initial public offering share option scheme and the share option scheme by certain Directors and employees of the Group.

Significant investment held, material acquisitions and disposal of subsidiaries and associated companies
During the Current Period, the Group was neither involved in any significant investment nor any material acquisitions or disposals of any subsidiaries or associated companies.

Capital expenditure
The total capital expenditure of the Group during the Current Period amounted to HK$11,728,000 (2009: HK$13,495,000).

Charges on the Group's assets
As at 30 June 2010, the Group did not have any assets pledged.

Foreign currency exposure
The Group carries on its trading transactions mainly in Hong Kong dollars and Renminbi. As the Group's foreign currency risks generated from the sales and purchases can be largely offset by one another, the foreign currency risk is considered minimal to the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency. The Group does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of business.

Contingent liabilities
As at 30 June 2010, the Group had no significant contingent liabilities or any litigation or arbitration of material importance.

PROSPECT

China is developing into one of the world's largest lingerie markets. In view of this opportunity for market expansion, overseas and domestic lingerie brand operators will continue to focus their business on this part of the world. Being one of the lingerie brand owners in the territory, the Group will continue to develop its brands. It will continue to promote its brand equity, improve and expand its retail network to reach a broader consumer base in order to capture the huge market potential and boost the Group's business growth.

In view of the current economic environment and the progress of its business development, the Group remains prudently optimistic about the outlook of the second half of the year. The Group will continue to identify prime locations nationwide for opening new outlets, aiming to fulfil its target of opening over 100 retail outlets in 2010. The Group will open a flagship store in Shanghai by the beginning of next year and preparation work is on schedule. In addition, to complement the celebration of its 35^{th} anniversary, the Group planned to launch another round of marketing activities in the second half of the year to increase brand awareness and stimulate sales performance.

In view of the immense market potential in China's second- and third-tier cities, the Group has decided to launch a new brand, ***E-BRA***, in the fourth quarter. ***E-BRA*** will be positioned as a mass-market brand with prices relatively lower than those of the Group's other brands. The Group plans to sell these products mainly through wholesale channels. The launch of ***E-BRA*** will further broaden the Group's customer base, thus providing a new momentum for growth.

Capitalizing on the Group's brand reputation and continuous improvement of its retail network and products, the Group is confident to deliver satisfactory returns to its shareholders in the second half of 2010.

OTHER INFORMATION

INTERIM DIVIDEND

On 31 August 2010, the Board has resolved to declare the payment of an interim dividend of HK3.0 cents per ordinary share in respect of the six months ended 30 June 2010 (the "Interim Period") to shareholders registered on the register of members on Thursday, 16 September 2010, resulting in an appropriation of approximately HK$12,135,000. The above-mentioned interim dividend will be payable on or before 30 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for two days from Wednesday, 15 September 2010 to Thursday, 16 September 2010. During such period, no transfer of shares will be registered. In order to qualify for the interim dividend, all 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 Tuesday, 14 September 2010.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the Interim Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors of the Company confirmed that they had complied with the required standard as set out in the Model Code during the Interim Period.

PUBLICATION OF 2010 INTERIM REPORT

The 2010 interim 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 August 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.