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 2014

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2014	**2013**	**Change**
	(HK$'000)	*(HK$'000)*	
Revenue	1,238,479	1,135,463	+9.07%
Gross profit	1,016,272	911,674	+11.47%
Gross profit margin	82.06%	80.29%	+1.77% pts
Profit for the period attributable to owners of the Company	124,583	123,953	+0.51%
Profit for the period attributable to owners of the Company (excluding the impact of foreign exchange differences)	131,507	118,907	+10.60%
Net profit margin	10.06%	10.92%	-0.86% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	29.90	29.75	+0.50%
Proposed interim dividend per share	4.00	4.00	N/A

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 2014 together with the unaudited comparative figures for the corresponding period in 2013 and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee and the external auditors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	Six months ended 30 June 2014 HK$'000 (unaudited)	2013 HK$'000 (unaudited)
REVENUE	2	1,238,479	1,135,463
Cost of sales		(222,207)	(223,789)
Gross profit		1,016,272	911,674
Other income and gains, net	3	18,603	37,927
Selling and distribution expenses		(741,283)	(668,976)
Administrative expenses		(115,745)	(103,306)
Finance costs	4	(987)	(1,505)
PROFIT BEFORE TAX	5	176,860	175,814
Income tax expense	6	(52,277)	(51,861)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		124,583	123,953
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		
- Basic (HK cents)		29.90	29.75
- Diluted (HK cents)		29.90	29.75

Details of the dividends are disclosed in note 8 to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June 2014 HK$'000 (unaudited)	Six months ended 30 June 2013 HK$'000 (unaudited)
PROFIT FOR THE PERIOD	124,583	123,953
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to the income statement in subsequent periods:		
Exchange differences arising on translation of foreign operations	(17,527)	13,571
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	107,056	137,524

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2014

	Notes	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	790,854	677,473
Investment properties		317,699	321,054
Prepaid land lease payments		39,948	40,407
Deferred tax assets		55,817	47,111
Deposits		12,816	9,787
Total non-current assets		1,217,134	1,095,832
CURRENT ASSETS			
Inventories		622,547	567,448
Trade receivables	10	101,623	87,076
Prepayments, deposits and other receivables		57,399	54,797
Cash and cash equivalents		186,095	346,327
Total current assets		967,664	1,055,648
CURRENT LIABILITIES			
Trade and bills payables	11	103,072	89,145
Interest-bearing bank borrowings	12	51,750	56,750
Tax payable		45,090	44,298
Other payables and accruals		215,930	210,126
Total current liabilities		415,842	400,319
NET CURRENT ASSETS		551,822	655,329
TOTAL ASSETS LESS CURRENT LIABILITIES		1,768,956	1,751,161
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	41,625	65,000
Deferred liabilities		4,393	3,879
Deferred tax liabilities		28,548	30,190
Other payables		-	23,846
Total non-current liabilities		74,566	122,915
NET ASSETS		1,694,390	1,628,246
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Issued capital		4,166	4,166
Reserves		1,690,224	1,624,080
TOTAL EQUITY		1,694,390	1,628,246

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 (the "HKICPA").

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the investment properties that are measured at fair value. 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 2013 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 the HKICPA which are effective for the Group's financial year beginning on 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

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.

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 2014 HK$'000 (unaudited)	2013 HK$'000 (unaudited)
Other income		
Subsidy income*	18,028	25,203
Gross rental income	6,212	3,565
Bank interest income	1,098	1,527
Royalty income	81	127
Others	234	469
	25,653	30,891
Gains		
Foreign exchange differences, net	(6,924)	5,046
Changes in fair value of an investment property	-	2,000
Loss on disposal/write-off of items of property, plant and equipment	(126)	(10)
	(7,050)	7,036
	18,603	37,927

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

4. FINANCE COSTS

	Six months ended 30 June 2014 HK$'000 (unaudited)	2013 HK$'000 (unaudited)
Total interest on bank loans wholly repayable within five years	987	1,505

5. PROFIT BEFORE TAX

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

	Six months ended 30 June 2014 HK$'000 (unaudited)	Six months ended 30 June 2013 HK$'000 (unaudited)
Cost of inventories sold	222,207	223,789
Depreciation	17,009	17,858
Amortisation of prepaid land lease payments	459	432
Minimum lease payments under operating leases in respect of:		
Land and buildings	41,168	36,850
Contingent rents of retail outlets in department stores	311,677	284,006
Advertising and counter decoration expenses	69,944	61,766

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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 2014 HK$'000 (unaudited)	Six months ended 30 June 2013 HK$'000 (unaudited)
Group:		
Current - Hong Kong	366	322
Current - Mainland China	53,853	50,663
Deferred	(1,942)	876
Total tax charge for the period	52,277	51,861

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to equity holders of the Company of HK$124,583,000 (2013: HK$123,953,000) and the 416,661,000 (2013: 416,661,000) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2014 and 2013.

8. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends paid during the period		
Final and special in respect of the financial year ended 31 December 2013 – HK8.0 cents and HK2.0 cents, respectively, per ordinary share (2013: final and special in respect of the financial year ended 31 December 2012 - HK7.0 cents and HK2.0 cents, respectively, per ordinary share)	41,666	37,499
Proposed interim dividend		
Interim – HK4.0 cents (2013: HK4.0 cents) per ordinary share	16,666	16,666

The interim dividend will be paid to the shareholders whose names appear in the register of members on 12 September 2014. The interim dividend was declared after the period ended 30 June 2014, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
At beginning of period/year, net of accumulated depreciation	677,473	502,435
Additions	140,573	199,399
Disposals/write-off	(270)	(313)
Depreciation provided during the period/year	(17,009)	(33,313)
Transfer to investment properties	-	(11,193)
Exchange realignment	(9,913)	20,458
At end of period/year, net of accumulated depreciation	790,854	677,473

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 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:

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
Within 90 days	99,214	83,830
91 to 180 days	2,409	3,246
181 to 360 days	861	457
Over 360 days	65	15
	102,549	87,548
Less: Impairment allowance	(926)	(472)
	101,623	87,076

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 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
Within 90 days	92,550	77,213
91 to 180 days	4,784	7,051
181 to 360 days	4,373	4,098
Over 360 days	1,365	783
	103,072	89,145

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

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2014			31 December 2013		
	Effective interest rate %	Maturity	HK$'000 (unaudited)	Effective interest rate %	Maturity	HK$'000 (audited)
Current						
Bank loans -unsecured	Hong Kong Interbank Offered Rate ("HIBOR") +1.08 to HIBOR +2.25	2014-2015	51,750	HIBOR +1.08 to HIBOR +2.25	2014	56,750
Non-current						
Bank loans -unsecured	HIBOR +1.08 to HIBOR +2.25	2015-2016	41,625	HIBOR +1.08 to HIBOR +2.25	2015-2016	65,000
Total			93,375			121,750

12. INTEREST-BEARING BANK BORROWINGS (continued)

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
Analysed into:		
Bank loans repayable:		
Within one year	51,750	56,750
In the second year	32,250	41,750
In the third to fifth years, inclusive	9,375	23,250
	93,375	121,750
Less: Amount repayable within one year and classified as current portion	(51,750)	(56,750)
Amount classified as non-current portion	41,625	65,000

The above bank loans are denominated in Hong Kong dollars. The bank loans are supported by corporate guarantees given by the Company, and bear interest at rates ranging from 1.08% to 2.25% (31 December 2013: 1.08% to 2.25%) above the HIBOR per annum.

13. COMMITMENTS

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

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	146,173	266,392

BUSINESS AND OPERATIONS REVIEW

In the first half of 2014, China maintained steady economic growth on the back of the smooth progress in the restructuring of its economy, and its retail market was recovering. According to China's National Bureau of Statistics, the country's Gross Domestic Product (GDP) for the first half of 2014 increased by 7.4% to RMB26,904.4 billion as compared to the same period of last year. The government's policies of pursuing stable growth yielded results as the country's consumption increased month on month consistently during the period. Total retail sales of social consumer goods for the first half of 2014 grew by 12.1% year-on-year to RMB12,419.9 billion.

The US Federal Reserve began tapering its quantitative easing policy since the end of last year. Funds began flowing out of emerging markets which led to a depreciation of Renminbi against the US dollars during the first half of the year. This has impact on the overall economy. Although the Group continues to prudently cope with these changes in the market environment, intense competition, as well as to sustain business growth by implementing a cautious business development policy, adopting a flexible multi-brand strategy and fully capitalising on its optimised sales network, the Group's results were still affected by the short-term foreign exchange volatility.

For the six months ended 30 June 2014 (the "Current Period"), the Group's revenue grew by 9.07% to HK$1,238,479,000 over that for the six months ended 30 June 2013 (the "Prior Period"). Profit attributable to owners of the Company slightly increased by 0.51% to HK$124,583,000 over that for the Prior Period. Earnings per share slightly increased by 0.50% to HK29.90 cents (2013: HK29.75 cents). Excluding the impact of foreign exchange differences, the Group's net profit increased by 10.60% to HK$131,507,000 over that for the Prior Period. The Board of Directors of the Company has resolved to declare an interim dividend of HK4.00 cents per share (2013: HK4.00 cents) for the Current Period.

Brand management

In the first half of 2014, consumers became more cautious in spending and more price-sensitive. The Group implemented multi-brand strategy and continued to allocate internal resources flexibly to focus on promoting potential brands which have lower market penetration, such as ***E-BRA***. Meanwhile, it also invested resources in cultivating its new brands, namely ***IADORE*** and ***IVU***. In the second half of 2013, the Group launched its first men's underwear brand, ***IVU***, on a trial basis. The brand was well received by the market and had successfully made its way into many high-end department stores in Mainland China.

Apart from improving brand portfolio, the Group also promoted and advertised its brands and products more actively to enhance brand equity. During the Current Period, the Group participated in the Ninth Shenzhen International Brand Underwear Fair and 2014 China International Intimate Apparel Culture Week, where it was granted the title of "Annual Public Service Award of China's Underwear Industry" (「中國內衣行業年度公益大獎」). Moreover, ***EMBRY FORM*** was awarded the "Annual Achievement Award of China's Underwear Industry" (「中國內衣行業年度成就大獎」), while ***FANDECIE*** and ***E-BRA*** were respectively granted the "Annual Top Ten Brands Award of China's Underwear Industry" (「中國內衣行業年度十大品牌獎」) and the "Annual Fashion Brands Award of China's Underwear Industry" (「中國內衣行業年度時尚品牌獎」). In addition, the Group organised a number of marketing and promotional campaigns, including "Embry's Underwear Experience Week" (「安莉芳內衣體驗週」) at a fashion landmark, Jiuguang Department Store (久光百貨), in Shanghai. The activity integrated art appreciation, shows, salon activities, an exhibition and promotion with an aim of manifesting the character of the brand.

In view of the increasing popularity of online shopping, the Group continued to maintain the image and presence of its various brands on the internet during the Current Period and to ensure the consistency of the Group's image online and offline.

BUSINESS AND OPERATIONS REVIEW (continued)

Sales network
The Group is cautiously optimistic about the market's potential growth, and continues to efficiently expand and optimise its sales network with a view to achieving steady business development. As at 30 June 2014, the Group had a total of 2,282 retail outlets, including 2,093 concessionary counters and 189 stores. During the Current Period, there was a net increase of 10 retail outlets for the Group. The Group also sold its products through different online platforms.

Product design and research and development
The Group has invested resources in the design, research and development of new products. The improvement in patented designs enhanced the value of its products which catered for consumer needs at various levels.

During the Current Period, the Group launched a variety of well-received new collections, including: ***EMBRY FORM***'s "Inside Fragrance Series" (「鳥語芳香系列」), "Superb Impression Series" (「華美印象系列」) and "Romantic Lace Series" (「浪漫蕾絲系列」); ***FANDECIE***'s "London Pastoral Wind Series" (「英倫田園風系列」), "Lace Cotton Series" (「蕾絲棉織系列」) and "Firefly Spring Series" (「螢光之春系列」); ***COMFIT***'s " FIT Series" (「FIT系列」), "Compact Series" (「高側收緊緻系列」) and "WELLENSS Series" (「WELLENSS系列」); ***E-BRA***'s "Elegant Lace Series" (「優雅蕾絲系列」), "Pastoral Walkers Series" (「田園漫步系列」) and "Shining Lace Series" (「炫彩蕾絲系列」); ***IADORE***'s "Happy Summer Series" (「歡樂夏日系列」), "Fresh Garden Series" (「Fresh花園系列」) and "Eyelash Lace Series" (「睫毛LACE系列」); ***LIZA CHENG***'s "Wing of Oz Series" (「羽翼芳蹤系列」) and "Rose Lace Series" (「薔薇蕾絲系列」); and ***IVU***'s "City Elite Series" (「都市精英系列」) and "Breathing Series" (「呼吸系列」).

As at 30 June 2014, the Group had a total of 5 invention patents, 23 utility model patents, and 11 appearance design patents registered in China and/or other parts of the world.

Production capacity
Currently, the Group has three production bases which are respectively located in Shenzhen, Jinan and Changzhou. To satisfy the development needs, the second phase of the Shandong Jinan plant was duly put into trial production in the first quarter of 2014, and the production efficiency is slated to improve in the second quarter of 2014. The relocation of the Changzhou production plant was progressing on schedule, and construction of a new production plant commenced at the end of 2013 and is expected to be completed by the first quarter of 2015.

The Group closely monitors the changes in consumer demands. Through regular review of capacity allocation and flexible deployment of manpower and machine capacity, the Group is committed to achieving better operational effectiveness.

Human resources
Tense labour supply and implementation of the minimum wage policy in China have resulted in a continuous increase in wages. The Group endeavored to retain an outstanding work force by adopting such measures as organising training courses, improving employee benefits and enhancing staff loyalty, and has thus improved its overall operational efficiency and has enhanced its development strategy. The number of employees of the Group increased to approximately 9,730 (31 December 2013: approximately 9,120). Total staff costs (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and equity-settled share option expense and excluding directors' and chief executive's remunerations) for the Current Period were HK$360,506,000 (2013: HK$307,707,000).

FINANCIAL REVIEW

Revenue

By sales channel and region

During the Current Period, revenue was HK$1,238,479,000, representing a 9.07% increase over the Prior Period. Such growth was mainly attributable to the Group's multi-brand strategy, which enables the steady growth in overall customer demand amid a volatile market.

During the Current Period, revenue from the retail sales was HK$1,046,590,000, accounting for 84.51% of the Group's total revenue and representing an increase of 9.26% over the Prior Period. Due to the popularity of products among wholesalers, revenue of the wholesale business increased by 12.41% from HK$139,353,000 to HK$156,641,000, accounting for 12.65% of the total revenue. Revenue from the Group's direct online sales channels decreased from HK$34,348,000 to HK$31,622,000, representing a decrease of 7.94% over the Prior Period. During the Current Period, the export business accounted for an insignificant proportion of the Group's total revenue. Revenue from the export business was HK$3,626,000, accounting for 0.29% of the Group's total revenue.

The Mainland China market is the main source of income for the Group. During the Current Period, revenue from the Mainland China market was HK$1,180,107,000, accounting for 95.29% of the Group's total revenue and representing a 9.39% increase over the Prior Period.

By brand and product line

The Group currently operates seven brands, namely ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***E-BRA***, ***IADORE***, ***IVU*** and ***LIZA CHENG***, serving different customer groups with varying degrees of purchasing power. During the Current Period, the labour supply remained tense and the production plant in Shangdong has yet to reach optimum efficiency, during its trial production. ***EMBRY FORM***, our signature brand and the main source of income for the Group, and its revenue increased by 6.59% to HK$602,894,000, accounting for 48.68% of the total revenue for the Current Period. The revenue of ***FANDECIE*** increased by 9.13% over the Prior Period to HK$391,672,000, accounting for 31.63% of the total revenue for the Current Period. The revenue of ***COMFIT*** was HK$96,806,000, which was similar to that of the Prior Period, and accounted for 7.82% of the total revenue for the Current Period. ***E-BRA***'s revenue grew by 20.21% over the Prior Period to HK$114,579,000, accounting for 9.25% of the total revenue for the Current Period. ***LIZA CHENG***'s revenue for the Current Period increased by 35.29% to HK$15,150,000. New brands ***IADORE*** and ***IVU***, which were still in the start-up stage, received positive market feedbacks, and recorded revenues of HK$7,814,000 and HK$5,938,000 respectively during the Current Period. The brands' respective proportions in the revenue mainly reflected the Group's move to align its business focus with the market development.

Lingerie has always been the core product line of the Group. During the Current Period, sales of lingerie were HK$1,099,742,000, accounting for 88.80% of the Group's revenue and representing an increase of 7.13% over the Prior Period. The sales of sleepwear achieved better performance and increased by 24.57% to HK$57,396,000, accounting for 4.63% of the Group's total revenue, whereas sales of swimwear reported an outstanding performance and increased by 28.34% to HK$71,893,000, accounting for 5.80% of the Group's total revenue. The above two product lines enrich the Group's product mix.

FINANCIAL REVIEW (continued)

Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK$1,016,272,000, representing an increase of approximately 11.47% over the Prior Period. Gross profit margin was approximately 82.06%, up from that of the Prior Period. The increase in gross profit margin mainly reflected the change in product portfolio which resulted in increase in the average selling price. Although rising labour costs led to an increase in operating costs, the Group still achieved better economy of scale through business expansion, and improved production efficiency and brand equity by enhancing production automation. As a result, the Group's gross profit margin remained stable.

Other income and gains

Other income decreased by 50.95% to HK$18,603,000 in the Current Period, mainly due to the exchange loss recorded by the Group, which was attributable to the depreciation of the earnings in Renminbi from the Group's business operations in Mainland China, and the decrease in subsidy income for the Current Period.

Operating expenses

During the Current Period, selling and distribution expenses increased by 10.81% to HK$741,283,000 (2013: HK$668,976,000), accounting for 59.85% (2013: 58.92%) of the Group's revenue.

Selling and distribution expenses generally increased at the same pace as revenue. Increase in contingent rents of the retail outlets, staff costs and expenses, which were incurred because of counter decoration, continued to exert upward pressure on operating costs. Contingent rents of the retail outlets rose by 9.74% to HK$311,677,000, accounting for 25.17% (2013: 25.01%) of the Group's revenue.

Administrative expenses increased by 12.04% to HK$115,745,000, accounting for 9.35% of the Group's revenue, compared with 9.10% in the Prior Period.

Net profit

Profit attributable to owners of the Company was HK$124,583,000 in the Current Period, representing a year-on-year slightly increase of 0.51%. Increase in profit attributable to owners of the Company was mainly attributable to the sustained growth in revenue. Nevertheless, the growth in revenue was offset by the increased operating costs and decreased other income and gains. Net profit margin decreased slightly from 10.92% in the Prior Period to 10.06%. Excluding the impact of foreign exchange differences, the Group's net profit increased by 10.60% to HK$131,507,000 over that for the Prior Period, with a net profit margin excluding foreign exchange differences of 10.62%.

Liquidity and financial resources

The Group finances its operations mainly with internally generated cash flows. Financial position of the Group remained sound and healthy during the Current Period. As at 30 June 2014, the Group's cash and cash equivalents amounted to approximately HK$186,095,000 (31 December 2013: HK$346,327,000). Major reason for the decrease was because of the increase in capital expenditure for the Current Period. As at 30 June 2014, the Group's borrowings amounted to HK$93,375,000 (31 December 2013: HK$121,750,000). Equity attributable to owners of the Company as at 30 June 2014 was HK$1,694,390,000 (31 December 2013: HK$1,628,246,000). Accordingly, the gearing ratio of the Group was approximately 5.51% (31 December 2013: 7.48%). During the Current Period, the Group did not pledge any assets to secure bank loans.

FINANCIAL REVIEW (continued)

Capital expenditure
The capital expenditure of the Group during the Current Period amounted to HK$140,573,000 (2013: HK$66,736,000), after offsetting the subsidy received from the People's Government of Jinan, Shandong Province, the PRC, for the construction cost of basic infrastructure incurred by the Group ("Shandong Factory Phase II Development"), amounted to approximately HK$23,846,000. As at 30 June 2014, the capital commitments of the Group amounted to HK$146,173,000, which were contracted but not provided for in the financial statements (31 December 2013: HK$266,392,000).

Charge on the Group's assets
As at 30 June 2014, the Group did not pledge any assets.

Capital structure
As at 30 June 2014, the total issued share capital of the Company was HK$4,166,000 (31 December 2013: HK$4,166,000), comprising 416,661,000 (31 December 2013: 416,661,000) ordinary shares of HK$0.01 each.

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

Foreign currency exposure
The Group carries out its transactions mainly in Hong Kong dollars and Renminbi. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of the business.

Contingent liabilities
As at 30 June 2014, the Group had no significant contingent liabilities or any litigation or arbitration of material importance.

PROSPECT

In the second half of 2014, the world's political and economic environment remains uncertain, and its impact on the economy is difficult to predict. Meanwhile, the downside risks to China's economy still exist, bringing instability to the development of the consumer industry in the near future. Nevertheless, the Directors believe that the national income and living standards will improve as China's urbanisation accelerates. These will in turn drive consumer spending in the long run, thereby laying the foundation for further development of the country's consumer market.

As the market leader in the lingerie industry in China, the Group will adopt a cautiously optimistic approach to upcoming market challenges. Specifically, it will closely monitor the market conditions while adopting flexible and prudent development strategies. The Group will continuously strengthen its product design and innovation capabilities to meet the diverse consumer needs. Moreover, the Group will continue to capture business opportunities with its multi-brand strategy and enhance the competitiveness of its core brands. In the second half of the year, the Group will mainly focus on the development of its brand of ***E-BRA*** and allocate more resources for fostering its new brands ***IADORE*** and ***IVU***, so as to realise a more ideal business development.

The sales network serves a vital role in the retail sector. Therefore, the Group will take a more prudent approach when evaluating the market environment and the efficiency of establishing retail outlets, and suitably adjusting its retail network in order to improve its efficiency against the uncertain prospect of the market in the near future. In the second half of the year, the Group maintains the target of a net increase of approximately 50 retail outlets for the year with an aim of boosting business growth. With the advent of online shopping, the Group will closely monitor the market development, adjust the resources flexibly and conduct internet-based promotion to facilitate the development of online shopping business.

The Group will continue to enhance its production efficiency, modernise its production and make its business expansion harmonise with the development of its new brands with an aim of boosting sales growth. The second phase of the Shandong Jinan plant started trial production in the first quarter of 2014 as scheduled. As its production efficiency is being improved gradually, it is expected that the overall production capacity of Shandong Jinan plant will be enhanced. The construction of the new Changzhou production plant commenced at the end of 2013 and is expected to be completed by the first quarter of 2015. The plant is expected to start trial production in the second quarter of 2015.

Although the operating environment remains challenging in the near future, the Group believes that the potential demand in China's underwear market is still enormous. The Group will flexibly capitalise on its multi-brand advantages, adopt a sound and pragmatic approach to its development, continuously optimise its sales network, and enrich its product portfolio through innovation, so as to reinforce the Group's leading position in the retail market. The Group is committed to sustaining its long-term and steady business growth to generate satisfactory returns to shareholders.

OTHER INFORMATION

REVIEW OF INTERIM FINANCIAL STATEMENTS
The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, the unaudited condensed consolidated interim financial information of the Group for the Current Period and discussed internal controls and financial reporting matters.

The external auditors of the Company have reviewed the interim financial information for the six months ended 30 June 2014 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

INTERIM DIVIDEND
On 25 August 2014, the Board resolved to declare the payment of an interim dividend of HK4.0 cents per ordinary share in respect of the Current Period to shareholders registered on the register of members on Friday, 12 September 2014, resulting in an appropriation of approximately HK$16,666,000. The above-mentioned interim dividend will be payable on 3 October 2014.

CLOSURE OF REGISTER OF MEMBERS
The register of members of the Company will be closed on Friday, 12 September 2014, on which 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 11 September 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES
Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Current Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE
In the opinion of the Directors, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Current Period.

MODEL CODE FOR SECURITIES TRANSACTIONS
The Company has adopted a code of conduct regarding Directors' and employees' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "Securities Dealing Code"). Having made specific enquiries of all Directors and members of the senior management, they have confirmed that they had complied with the required standard as set out in the Securities Dealing Code during the Current Period.

PUBLICATION OF 2014 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT
This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and the Company at http://www.embrygroup.com respectively. The 2014 interim report of the Group containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
Embry Holdings Limited
Ngok Ming Chu
Chairman

Hong Kong, 25 August 2014

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