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 2013

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2013	**2012**	**Change**
	(HK$'000)	*(HK$'000)*	
Revenue	1,135,463	1,024,167	+10.87%
Gross profit	911,674	831,568	+9.63%
Gross profit margin	80.29%	81.19%	-0.90% pts
Profit for the period attributable to owners of the Company	123,953	113,363	+9.34%
Net profit margin	10.92%	11.07%	-0.15% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	29.75	27.51	+8.14%
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 2013 together with the unaudited comparative figures for the corresponding period in 2012 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 2013

	Notes	Six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
REVENUE	2	1,135,463	1,024,167
Cost of sales		(223,789)	(192,599)
Gross profit		911,674	831,568
Other income and gains	3	37,927	26,684
Selling and distribution expenses		(668,976)	(592,704)
Administrative expenses		(103,306)	(97,138)
Finance costs	4	(1,505)	(2,061)
PROFIT BEFORE TAX	5	175,814	166,349
Income tax expense	6	(51,861)	(52,986)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		123,953	113,363
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		
- Basic (HK cents)		29.75	27.51
- Diluted (HK cents)		29.75	27.31

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 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	123,953	113,363
Other comprehensive income:		
Items that may be reclassified subsequently to the income statement:		
Exchange differences arising on translation of foreign operations	13,571	10,829
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	137,524	124,192

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2013

	Notes	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	557,283	502,435
Investment properties		301,375	296,321
Prepaid land lease payments		39,845	39,784
Deferred tax assets		30,923	27,512
Deposits		8,007	5,869
Total non-current assets		937,433	871,921
CURRENT ASSETS			
Inventories		499,417	522,172
Trade receivables	10	113,592	79,898
Prepayments, deposits and other receivables		52,164	44,608
Cash and cash equivalents		414,267	382,796
Total current assets		1,079,440	1,029,474
CURRENT LIABILITIES			
Trade and bills payables	11	59,757	39,019
Interest-bearing bank borrowings	12	56,750	56,750
Tax payable		25,639	13,398
Other payables and accruals		185,085	175,009
Total current liabilities		327,231	284,176
NET CURRENT ASSETS		752,209	745,298
TOTAL ASSETS LESS CURRENT LIABILITIES		1,689,642	1,617,219
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	93,375	121,750
Deferred liabilities		4,427	4,037
Deferred tax liabilities		27,826	31,233
Other payables		23,250	22,963
Total non-current liabilities		148,878	179,983
NET ASSETS		1,540,764	1,437,236
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Issued capital		4,166	4,166
Reserves		1,536,598	1,433,070
TOTAL EQUITY		1,540,764	1,437,236

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 2012 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 2013.

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

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

	Six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Other income		
Subsidy income*	25,203	15,178
Gross rental income	3,565	3,108
Bank interest income	1,527	1,001
Royalty income	127	134
Others	469	936
	30,891	20,357
Gains		
Foreign exchange differences, net	5,046	6,856
Changes in fair value of an investment property	2,000	-
Loss on disposal/write-off of items of property, plant and equipment	(10)	(529)
	7,036	6,327
	37,927	26,684

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

4. FINANCE COSTS

	Six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Total interest on bank loans wholly repayable within five years	1,505	2,061

5. PROFIT BEFORE TAX

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

	Six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Cost of inventories sold	223,789	192,599
Depreciation	17,858	19,367
Amortisation of prepaid land lease payments	432	395
Minimum lease payments under operating leases in respect of:		
Land and buildings	36,850	33,833
Contingent rents of retail outlets in department stores	284,006	256,557
Advertising and counter decoration expenses	61,766	56,172
Research and development expenditure	1,263	1,091

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China ("PRC") being effective on 1 January 2008 (the "New PRC Tax Law"), the PRC income tax rate is unified to 25% for all enterprises. Under an implementation guidance note of the New PRC Tax Law, enterprises established before the publication of the New PRC Tax Law were entitled to preferential treatments of a reduced corporate income tax rate (the"CIT rate") granted by the relevant tax authorities. The new CIT rate has been increased from the preferential rate to 25% within five years after the effective date of the New PRC Tax Law on 1 January 2008.

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 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Group:		
Current - Hong Kong	322	271
Current - Mainland China	50,663	44,651
Deferred	876	8,064
Total tax charge for the period	51,861	52,986

7. 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:

	Six months ended 30 June 2013 HK$'000 (unaudited)	Six months ended 30 June 2012 HK$'000 (unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (unaudited profit for the period attributable to owners of the Company)	123,953	113,363
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	416,661	412,032
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the period *	-	3,040
Weighted average number of ordinary shares for the purpose of diluted earnings per share	416,661	415,072

* No adjustments have been made to basic earnings per share for the current period as the share options in issue during the period ended 30 June 2013 has no dilutive effect.

8. DIVIDENDS

	Six months ended 30 June 2013 HK$'000 (unaudited)	Six months ended 30 June 2012 HK$'000 (unaudited)
Dividends paid during the period		
Final and special in respect of the financial year ended 31 December 2012 – HK7.0 cents and HK2.0 cents, respectively, per ordinary share (2012: final and special in respect of the financial year ended 31 December 2011 - HK7.0 cents and HK2.0 cents, respectively, per ordinary share)	37,499	37,240
Proposed interim dividend		
Interim – HK4.0 cents (2012: HK4.0 cents) per ordinary share	16,666	16,560

The interim dividend will be paid to the shareholders whose names appear in the register of members on 13 September 2013. The interim dividend was declared after the period ended 30 June 2013, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
At beginning of period/year, net of accumulated depreciation	502,435	541,260
Additions	66,736	25,613
Disposals/write-off	(31)	(663)
Depreciation provided during the period/year	(17,858)	(38,338)
Transfer to investment properties	-	(31,710)
Exchange realignment	6,001	6,273
At end of period/year, net of accumulated depreciation	557,283	502,435

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 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Within 90 days	109,134	77,514
91 to 180 days	4,458	2,384
181 to 360 days	219	383
Over 360 days	204	136
	114,015	80,417
Less: Impairment allowance	(423)	(519)
	113,592	79,898

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 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Within 90 days	53,798	37,252
91 to 180 days	4,391	1,409
181 to 360 days	1,288	255
Over 360 days	280	103
	59,757	39,019

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

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2013			31 December 2012		
	Effective interest rate %	Maturity	HK$'000 (unaudited)	Effective interest rate %	Maturity	HK$'000 (audited)
Current						
Bank loans -unsecured	HIBOR+1.08 to HIBOR+2.25	2013-2014	56,750	HIBOR+1.08 to HIBOR+2.25	2013	56,750
Non-current						
Bank loans -unsecured	HIBOR+1.08 to HIBOR+2.25	2014-2016	93,375	HIBOR+1.08 to HIBOR+2.25	2014-2016	121,750
Total			150,125			178,500

12. INTEREST-BEARING BANK BORROWINGS (continued)

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Analysed into:		
Bank loans repayable:		
Within one year	56,750	56,750
In the second year	56,750	56,750
In the third to fifth years, inclusive	36,625	65,000
	150,125	178,500
Less: Amount repayable within one year and classified as current portion	(56,750)	(56,750)
Amount classified as non-current portion	93,375	121,750

The above bank loans are denominated in Hong Kong dollars. The bank loans are supported by corporate guarantees given by the Company, bear interest at rates ranging from 1.08% to 2.25% (31 December 2012: 1.08% to 2.25%) above the Hong Kong Interbank Offered Rate ("HIBOR") per annum.

13. COMMITMENTS

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

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Contracted for capital commitments in respect of its wholly-owned investment in the PRC	-	46,560
Contracted for commitments in respect of the acquisition of property, plant and equipment	99,430	30,016
Authorised, but not contracted for commitments in respect of		
- investment in Shandong Factory Phase II development	-	100,571
- investment in Changzhou Factory development	38,515	43,931
	38,515	144,502

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS REVIEW

The economic growth of China continued to slow down in the first half of 2013, and statistics from China's National Bureau of Statistics showed that the country's Gross Domestic Product (GDP) for the first half of 2013 amounted to RMB24,800.9 billion, representing a year-on-year increase of 7.6%. The growth rate was 0.2 percentage point slower than that for the same period last year. The increasingly cautious consumer sentiment amid the uncertain economic environment led to slower growth in the retail market. Total retail sales of social consumer goods for the first half of 2013 rose by 12.7% year-on-year to RMB11,076.4 billion. The growth rate declined by 1.7 percentage points year-on-year. Statistics from China National Commercial Information Centre (CNCIC) also indicated that retail sales of apparel goods from the 100 major retailers nationwide recorded a year-on-year increase of 6.9%, which was 2.9 percentage points less than the growth rate for the same period last year.

To mitigate the negative impact of the uncertain business environment, the Group focused on promoting the sustainable development of business by implementing appropriate and cautious business development policy, adopting a flexible multi-brand strategy and fully capitalising on the optimised sales network.

For the six months ended 30 June 2013 (the "Current Period"), the Group's revenue grew by 10.87% over that for the six months ended 30 June 2012 (the "Prior Period") to HK$1,135,463,000. Profit attributable to owners of the Company increased by 9.34% to HK$123,953,000. Earnings per share rose by 8.14% to HK29.75 cents (2012: HK27.51 cents). The Board of Directors of the Company has resolved to declare an interim dividend of HK4.00 cents per share (2012: HK4.00 cents) for the Current Period.

Brand management

In the first half of 2013, consumers became more cautious in spending, and more sensitive to product prices. The Group's multi-brand strategy manifested its competitiveness amid the challenging market environment. During the Current Period, the Group continued to flexibly reallocating internal resources and focusing on promoting high-potential brands with low penetration rates, such as ***COMFIT*** and ***E-BRA***, so as to meet the market demand for diversified products.

Meanwhile, the Group continued to invest resources in enhancing its brand portfolio and establishing a solid foundation for its healthy development in the long run. To capture the opportunities arising from the stronger purchasing power in the second- and third-tier markets, the Group launched a new brand ***IADORE*** at the end of 2012. ***IADORE*** products present a fresh and fashionable image and have gained positive market response since product launch.

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 organised "The Green and Environmental Friendly Trip to Shandong" (「山東綠色生態環保之旅」) to help our honorable customers gain further insight into the concept of environmental protection and raise the customers' loyalty to our brands and products. The Group also participated in the Shenzhen International Brand Underwear Fair and showcased to the industry its quality products with a fashion show themed "Elegant Style for the Perfect Love" (「風範臻愛」). In recognition of the Group's contribution to the industry, three major titles, namely "Annual Achievement Award of China's Underwear Industry" (「中國內衣行業年度成就大獎」), "Annual Public Service Award of China's Underwear Industry" (「中國內衣行業年度公益大獎」) and "Annual Promotion Award of China's Underwear Industry" (「中國內衣行業年度推動大獎」), were granted to the Group.

BUSINESS AND OPERATIONS REVIEW (continued)

Sales network
Despite the complex business environment, the Group was cautiously optimistic about the potential growth of the retail market. The Group continued to efficiently expand and optimise its sales network, so as to offset the negative impact of the uncertain economic environment in retail market. During the Current Period, the number of retail outlets of the Group registered a net increase of 86 to 2,207 outlets as at 30 June 2013. Among them were 2,026 and 181 concessionary counters and stores respectively.

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

During the Current Period, the Group launched a variety of well-received new collections, including ***EMBRY FORM***'s "Romantic Spring Series"(「浪漫之春系列」), "New Elegance Series" (「新雅致系列」) and "The Wonderful Beauty of Oz Series" (「綠野芳蹤系列」); ***FANDECIE***'s "Dazzling Colours Seamless 2 Series" (「炫彩無痕 2 系列」), "Ballet Fairy Series" (「芭蕾精靈系列」) and "Simple Dots Series" (「簡約波點系列」); ***COMFIT***'s "Seamless Tightness Series" (「緊緻無痕系列」), "Invisible Push Up Series" (「高側收.隱形系列」) and "Super Skin Comfort Series" (「超舒膚.潤無痕系列」); ***E-BRA***'s "Shining Wild-Leopard Series" (「瀲灩光紋─豹紋系列」), "Shining Wild-Zebra Series" (「瀲灩光紋─斑馬紋系列」) and "Joyful Colour Series" (「亮彩心情系列」) and others.

As at 30 June 2013, the Group had 4 invention patents, 29 utility model patents, and 13 appearance design patents, which were registered in China and/or other parts of the world.

Production capacity
Currently, the Group has three production bases located in Shenzhen, Jinan and Changzhou respectively. The Group closely monitors the changes in the demand of the consumer market. Through regular review of capacity allocation and flexible deployment of workshop manpower and machine capacity, the Group promptly responded to the impact of the volatile global economy situation, in order to achieve better operation efficiency.

Human resources
Tense labour supply together with implementation of the minimum wage policy in China have resulted in a continuous rise in wage pressure. The Group endeavored to retain an outstanding work force. Through measures such as organising training courses, improving employee benefits and enhancing staff loyalty, the Group has improved its overall operation efficiency to enhance its development strategy. The number of employees of the Group was increased to approximately 9,000 (31 December 2012: approximately 8,430). Total staff costs (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and equity-settled share option expense) for the Current Period was HK$307,707,000 (2012: HK$272,376,000).

FINANCIAL REVIEW

Revenue

By sales channel and region

During the Current Period, revenue was HK$1,135,463,000, representing a year-on-year increase of 10.87%. The growth in revenue was mainly attributable to the success of the Group's multi-brand strategy and the steady growth in overall customer demand amid volatile market conditions.

During the Current Period, revenue from the retail sales was HK$957,931,000, accounting for 84.36% of the Group's total revenue and representing an increase of 8.65% over the Prior Period. Due to the popularity of products among wholesalers, revenue of the wholesale business increased by 10.82% from HK$125,750,000 to HK$139,353,000, accounting for 12.27% of the total revenue. In addition, revenue from the Group's direct online sales channels increased by 146.17% year-on-year to HK$34,348,000. This reflected the Group's better utilisation of online sales channels. During the Current Period, the export business accounted for an insignificant proportion of the Group's total revenue. Revenue was HK$3,831,000, accounting for 0.34% 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 grew by 11.10% year-on-year to HK$1,078,777,000, and accounting for 95.01% of the Group's total revenue.

By brand and product line

The Group currently operates six brands, namely ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***E-BRA***, ***IADORE*** and ***LIZA CHENG***, serving customers of different age groups and purchasing power. During the Current Period, each of the six brands attained sales growth. ***EMBRY FORM***, our signature brand, is the main source of income for the Group with a sales increase of 6.13% to HK$565,626,000, accounting for 49.81% of the total revenue for the Current Period. The revenue of ***FANDECIE*** increased by 6.30% over the Prior Period to HK$358,898,000, accounting for 31.61% of the total revenue for the Current Period. ***COMFIT*** achieved outstanding performance as its revenue grew by 31.55% over the Prior Period to HK$96,854,000, accounting for 8.53% of the total revenue for the Current Period. ***E-BRA*** recorded a revenue growth of 32.27% over the Prior Period to HK$95,312,000, accounting for 8.39% of the total revenue for the Current Period. ***LIZA CHENG***'s revenue for the Current Period increased by 119.27% to HK$11,198,000. ***IADORE*** achieved satisfactory results and recorded a revenue of HK$3,621,000 for the Current Period. Since ***IADORE*** was in its start-up stage, its contribution to the Group's total sales was insignificant. The brands' respective proportions in the revenue mainly reflected their change of business focus in response to market development.

Lingerie has always been the core product line of the Group. During the Current Period, sales of lingerie were HK$1,026,505,000, accounting for 90.40% of the Group's revenue and representing an increase of 10.97% over the Prior Period. The sales of sleepwear remained stable and recorded a growth of 4.19%, whereas sales of swimwear performed well and recorded an increase of 12.31%. Sales of sleepwear and swimwear for the Current Period were HK$46,077,000 and HK$56,019,000 respectively, accounting for 4.06% and 4.93% of the Group's revenue respectively. The above two product lines enrich the diversification of the Group's products.

FINANCIAL REVIEW (continued)

Gross profit
During the Current Period, the Group recorded a gross profit of approximately HK$911,674,000, representing an increase of approximately 9.63% over the Prior Period. Gross profit margin was approximately 80.29%, down slightly from that for the Prior Period. Although rising labour costs led to increasing pressure on operating costs, the Group's business expansion brought about better economy of scale and enhanced brand equity. As a result, the Group's gross profit margin remained relatively stable at a high level.

Other income and gains
Other income increased by 42.13% to HK$37,927,000 in the Current Period. Subsidy Income for the Current Period was approximately HK$25,203,000. This income represented the subsidies received by the Group from the local municipal government. Exchange gain amounting to HK$5,046,000 was also recorded for the Current Period. It was derived from the appreciation of Renminbi arising from business operations in the Mainland China. In addition, rising real estate prices in Hong Kong brought about HK$2,000,000 of gain from value appreciation of its investment property. The Group's interest income increased by 52.55% to HK$1,527,000, due to an increase in cash balances at banks arising from the operating income for the Current Period.

Operating expenses
During the Current Period, selling and distribution expenses increased by 12.87% to HK$668,976,000 (2012: HK$592,704,000), accounting for 58.92% (2012: 57.87%) of the Group's revenue.

Selling and distribution expenses generally increased at the same pace as revenue, and the ongoing increases in contingent rents of the retail outlets and staff costs as well as increasing expenses incurred from counter decoration continued to exert upward pressure on operating costs. Contingent rents of the retail outlets rose by 10.70% to HK$284,006,000, accounting for 25.01% (2012: 25.05%) of the Group's revenue.

Administrative expenses increased by 6.35% to HK$103,306,000, accounting for 9.10% of the Group's revenue, compared with 9.48% in the Prior Period.

Net profit
Profit attributable to owners of the Company was HK$123,953,000 in the Current Period, representing a year-on-year increase of 9.34%. Increase in profit attributable to owners of the Company was mainly attributable to the sustained growth in revenue, which was partially offset by the increased operating costs. Net profit margin decreased slightly from 11.07% in the Prior Period to 10.92%.

Liquidity and financial resources
The Group generally finances its operations with internally generated cash flows. Financial position of the Group remained sound and healthy during the Current Period. As at 30 June 2013, the Group's cash and cash equivalents amounted to approximately HK$414,267,000 (31 December 2012: HK$382,796,000). As at 30 June 2013, the Group's borrowings amounted to HK$150,125,000 (31 December 2012: HK$178,500,000). During the Current Period, the Group did not pledge any assets to secure bank loans. As at 30 June 2013, gearing ratio of the Group was approximately 9.74% (31 December 2012: 12.42%).

FINANCIAL REVIEW (continued)

Capital structure
As at 30 June 2013, the total issued share capital of the Company was HK$4,166,000 (31 December 2012: HK$4,166,000), comprising 416,661,000 (31 December 2012: 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.

Capital expenditure
The capital expenditure of the Group during the Current Period amounted to HK$66,736,000 (2012: HK$13,334,000).

Charge on the Group's assets
As at 30 June 2013, the Group did not pledge any assets.

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

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

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

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

On 13 July 2013, the Group entered into a supplemental agreement with the Contractor, pursuant to which the Group agreed to pay an additional RMB10,500,000 (equivalent to approximately HK$13,125,000) to the Contractor for carrying out additional construction work for factory premises and ancillary facilities. Hence, the aggregate consideration of the construction contract and the supplemental agreement amounted to RMB93,500,000 (equivalent to approximately HK$116,875,000).

PROSPECT

In the second half of 2013, as the global economy remains uncertain and China's economy is undergoing a structural transformation, the economic growth still faces downside risks. This economic outlook will continue to affect the retail sector and consumer sentiment. However, national income and living standards improve with the acceleration of China's urbanisation. These shall in turn drive consumer spending in the long run, thereby establishing a foundation for the country's consumer market.

As the market leader in the lingerie industry in China, the Group will adopt a cautiously optimistic approach to upcoming market challenges. Specifically, it will closely monitor the market conditions while adopting flexible and prudent development strategies. The Group will continue to capitalise on opportunities arising from its multi-brand strategy. It will continue to enhance the competitiveness of its core brands and, at the same time, foster new brands. In addition, the Group is planning to launch men's underwear brand ***IVU*** in the second half of the year, which will enrich its product portfolio and give new momentum to its business diversification.

The sales network serves a vital role in the retail sector. After evaluating the market environment and efficiency of establishing stores, the Group will continue to fulfill the target of a net increase of 150 retail outlets for the year. The Group will also continue to optimise its sales network, and fuel its business growth with the better efficiency of its stores for the year. Furthermore, the Group will continue to enhance its production efficiency in line with its business expansion and development of new brands. The first stage development of the second phase construction of the Shandong plant is expected to be completed by the end of this year and start trial production in 2014. The relocation of the Changzhou production plant is scheduled to commence in 2014.

Although the business environment is ever changing, the Group believes that potential demand in China's underwear market remains enormous. The Group will continue to utilise its flexible and powerful multi-brand strategy, adopt a sound and pragmatic approach to its development, optimise its sales network and enrich its product portfolio through innovation. These measures will reinforce the Group's leading position in the retail market, foster its long-term and steady business growth and create satisfactory returns for its shareholders.

OTHER INFORMATION

AUDIT COMMITTEE

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.

INTERIM DIVIDEND

On 26 August 2013, the Board resolved to declare the payment of an interim dividend of HK4.00 cents per ordinary share in respect of the Current Period to shareholders registered on the register of members on Friday, 13 September 2013, resulting in an appropriation of approximately HK$16,666,000. The above-mentioned interim dividend will be payable on or before 3 October 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 13 September 2013. 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 Thursday, 12 September 2013.

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 2013 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 2013 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
Cheng Man Tai
Chairman

Hong Kong, 26 August 2013

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