EMBRY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1388)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

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 2008 together with the unaudited comparative figures for the corresponding period in 2007 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

	Notes	Six months ended 30 June 2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
REVENUE		489,166	369,091
Cost of sales		(113,275)	(83,572)
Gross profit		375,891	285,519
Other income and gains	3	15,621	13,810
Selling and distribution expenses		(279,549)	(193,327)
Administrative expenses		(59,460)	(38,216)
Other expenses	4	(2,565)	(10)
Finance costs	5	(2)	(118)
PROFIT BEFORE TAX	6	49,936	67,658
Tax	7	(10,305)	(12,041)
PROFIT FOR THE PERIOD		39,631	55,617
DIVIDEND	8	8,023	8,000
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
- Basic (HK cents)		9.89	13.90
- Diluted (HK cents)		9.82	13.74

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2008 HK$'000 (unaudited)	31 December 2007 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		206,344	164,294
Investment property		32,500	31,000
Prepaid land lease payments		3,908	3,730
Deferred tax assets		1,794	-
Other deposits		1,371	1,988
Total non-current assets		245,917	201,012
CURRENT ASSETS			
Inventories		327,775	295,959
Trade receivables	10	44,760	31,912
Prepayments, deposits and other receivables		20,566	33,948
Due from a related company		-	22,400
Cash and cash equivalents		354,384	349,247
Total current assets		747,485	733,466
CURRENT LIABILITIES			
Trade and bills payables	11	26,269	32,842
Tax payable		4,769	3,604
Other payables and accruals		73,710	52,652
Total current liabilities		104,748	89,098
NET CURRENT ASSETS		642,737	644,368
TOTAL ASSETS LESS CURRENT LIABILITIES		888,654	845,380
NON-CURRENT LIABILITIES			
Deferred liabilities		3,388	3,388
Deferred tax liabilities		2,703	2,532
Total non-current liabilities		6,091	5,920
Net assets		882,563	839,460
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		4,011	4,003
Reserves		870,529	811,457
Proposed dividends		8,023	24,000
Total equity		882,563	839,460

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 Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 December 2007, except for the adoption of new Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) that are adopted for the first time for the current period's condensed consolidated financial statements:

HK(IFRIC) - Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new standards and interpretations has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements.

2. SEGMENT INFORMATION

The Group's primary business segment is the manufacture and sale of ladies' brassieres, panties, swimwear and sleepwear. Since this is the only business segment of the Group, no further analysis thereof is presented.

3. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2008	2007
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Other income		
Bank interest income	2,999	6,304
Other interest income	281	-
Gross rental income	1,102	997
Others	632	610
	5,014	7,911
Gains		
Changes in fair value of an investment property	1,500	2,300
Foreign exchange differences, net	9,107	3,599
	10,607	5,899
	15,621	13,810

4. OTHER EXPENSES

	Six months ended 30 June 2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Charitable donation	2,542	-
Loss on write-off of items of property, plant and equipment	23	10
	2,565	10

5. FINANCE COSTS

	Six months ended 30 June 2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Interests on bank loans and overdrafts repayable within five years	2	118

6. PROFIT BEFORE TAX

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

	Six months ended 30 June 2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Cost of inventories sold	113,275	83,572
Depreciation	12,988	4,845
Amortisation of prepaid land lease payments	20	31
Minimum lease payments under operating leases in respect of:		
Land and buildings	19,442	12,318
Contingent rents of retail outlets in department stores	119,889	91,005
Advertising and counter decoration expenses	48,224	21,387

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. The decreased Hong Kong profits tax rate became effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole of the period ended 30 June 2008.

7. TAX (continued)

Pursuant to the Corporate 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 (the "Implementation Guidance"), enterprises established before the publication of the New PRC Tax Law were entitled to preferential treatments of a reduced corporate income tax rate ("CIT rate") granted by 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, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Group:		
Current - Hong Kong	1,532	200
Current - Mainland China	10,396	11,387
Deferred	(1,623)	454
Total tax charge for the period	10,305	12,041

8. DIVIDEND

	Six months ended 30 June	
	2008 HK$'000 (unaudited)	2007 HK$'000 (unaudited)
Proposed interim - HK2.0 cents (2007: HK2.0 cents) per ordinary share	8,023	8,000

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the six months ended 30 June 2008 is based on the unaudited profit attributable to equity holders of the Company of HK$39,631,000 (2007: HK$55,617,000) and the weighted average of 400,847,000 (2007: 400,000,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2008 is based on the unaudited profit attributable to equity holders of the Company of HK$39,631,000 (2007: HK$55,617,000). The weighted average number of ordinary shares used in the calculation is the 400,847,000 (2007: 400,000,000) ordinary shares as used in the basic earnings per share calculation, and the weighted average of 2,752,000 (2007: 4,730,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the period.

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.

An aged analysis of the Group's trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 HK$'000 (unaudited)	31 December 2007 HK$'000 (audited)
Within 90 days	43,792	31,023
91 to 180 days	968	892
181 to 360 days	272	649
Over 360 days	1,155	1,026
	46,187	33,590
Less: Impairment allowance	(1,427)	(1,678)
	44,760	31,912

The carrying amounts of trade receivables approximate to their fair values.

11. TRADE AND BILLS PAYABLES

An aged analysis of the Group's trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 HK$'000 (unaudited)	31 December 2007 HK$'000 (audited)
Within 90 days	21,249	28,403
91 to 180 days	1,568	2,601
181 to 360 days	1,796	746
Over 360 days	1,656	1,092
	26,269	32,842

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days' terms. The carrying amounts of trade and bills payables approximate to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2008 (the "Interim Period"), the Group's revenue amounted to approximately HK$489.2 million (2007: HK$369.1 million), representing an increase of 32.5%. The increase was mainly due to the opening of new stores and increase of same-store-sales growth in Mainland China by approximately 17.7%. Profit before tax of approximately HK$49.9 million was achieved (2007: HK$67.7 million), representing a decrease of approximately 26.3%. The profit attributable to equity holders of the Company for the Interim Period was approximately HK$39.6 million (2007: HK$55.6 million), representing a decrease of 28.8% comparing to the last period. Earnings per share of the Company was HK9.89 cents per share (2007: HK13.90 cents) based on the weighted average number of 400,847,000 shares (2007: 400,000,000 shares) in issue during the Interim Period, representing a decrease of 28.8% comparing to the last period.

REVIEW OF OPERATIONS

Benefited from strong economic growth and increased retail consumption in the People's Republic of China (the "PRC"), which includes Hong Kong and Macau, and the appreciation of Renminbi ("RMB"), the Group successfully generated a growth in revenue by 32.5% during the Interim Period. Further, the Group continued to enjoy economies of scale and increase the sales of patented products. In addition, the Group's younger brand, ***COMFIT***, which was first launched in 2006 and is targeting on the functional lingerie market, continued to perform well and its sales accounted for 6.2% (2007: 5.9%) of the Group's total revenue.

Revenue

Retail business continued to be the major source of revenue of the Group, contributing approximately 88.3% of the Group's total revenue during the Interim Period. The Group's products are currently sold through the retail outlets in Mainland China and Hong Kong under the Group's own brand names of ***EMBRY FORM***, ***FANDECIE***, ***COMFIT*** and ***LC***. Same as previous years, the Group continued the same strategy on expanding its sales network and strengthening its sales efforts during the Interim Period. On one hand, the Group continued opening more retail outlets in Mainland China and Hong Kong in order to capture the market share and to strengthen the Group's market presence and on the other hand, more effort was placed to improve the store performance.

In order to capture the growing market demand for lingerie products, the Group strategically opened more new retail outlets. The Group had a net increase of 140 retail outlets during the Interim Period and totally operated 1,492 retail outlets, all are self-managed, as at 30 June 2008 as compared to 1,230 retail outlets as at 30 June 2007. There was no new flagship store opened during the Interim Period as good location for flagship store in Mainland China is difficult to find and it also normally demands a much higher rental.

Wholesale business grew by 107.9% to HK$44.9 million (2007: HK$21.6 million). This encouraging performance was a result of the new policy specially tailored for the wholesale business. Export business made a revenue of HK$12.5 million (2007: HK$19.6 million), a decrease of 36.2%. The amount represented 2.6% of the Group's total revenue. Limited by the existing production capacity and maximized the return on its export business, the Group gradually changed its focus from original equipment manufacturer ("OEM") to original design manufacturer ("ODM") during the Interim Period when compared to the last period.

REVIEW OF OPERATIONS (continued)

Gross profit

The Group's gross profit of HK$375.9 million for the Interim Period (2007: HK$285.5 million) represented a growth of approximately 31.7% as compared to the last period. Although labour costs increased significantly due to a high inflation rate and the new labour law requirements in the PRC, nonetheless, the Group was able to raise the average selling price of its products and emphasised on improving the labour efficiency to protect the profit margin. Hence, the gross profit margin decreased slightly to 76.8% from 77.4% in the last period.

Operating expenses

Overall, total operating expenses, excluding other income and gains, increased 47.4% to HK$341.6 million (2007: HK$231.7 million). Other income and gains included mainly the foreign exchange gains arising from the RMB's appreciation of HK$9.1 million (2007: HK$3.6 million), and bank interest income of HK$3.0 million (2007: HK$6.3 million).

Selling and distribution expenses increased to HK$279.5 million (2007: HK$193.3 million), representing an increase of 44.6%. These expenses primarily consist of concessionaire fees and rental expenses of HK$137.3 million (2007: HK$102.5 million), sales personnel salaries and commissions of HK$67.6 million (2007: HK$45.9 million), advertising and counter decoration expenses of HK$48.2 million (2007: HK$21.4 million). As a result of increased expenses in these operating areas, the ratio of selling and distribution expenses to revenue increased to 57.1% in 2008 from 52.4% in 2007.

Administrative expenses in 2008 totalled approximately HK$59.5 million (2007: HK$38.2 million), representing an increase of 55.8%. These expenses primarily consist of management and administrative personnel salaries, including directors' emoluments, and other staff costs of HK$29.2 million (2007: HK$18.1 million), and depreciation expenses of HK$7.4 million (2007: HK$3.1 million). Hence, the ratio of administrative expenses to revenue increased to 12.2% in 2008 from 10.4% in 2007.

Net profit

The profit attributable to equity holders of the Company for the Interim Period was approximately HK$39.6 million (2007: HK$55.6 million), decreased by approximately HK$16.0 million which represented a decrease of 28.8%. The decrease was resulted from the increase in cost of sales and operating expenses in a significantly greater rate as compared to that of the increase in revenue.

Brand management

The Group's products are principally sold under its self-owned brand names ***EMBRY FORM***, ***FANDECIE*** , ***COMFIT*** and ***LC***. The four brands were separately managed, each having its own distinctive target customer groups. The multi-brand strategies had kept bringing competitive edge and synergy effects on the brand building and generate market potential in the PRC's retail market.

Revenue generated from ***EMBRY FORM*** and ***FANDECIE*** accounted for 61.3% and 29.9% respectively of the Group's revenue for the Interim Period. ***COMFIT*** successfully diversified the Group's product line and sales of ***COMFIT*** series products accounted for 6.2% of the Group's total revenue whereas sales of ***LC*** were minimal. The Directors are optimistic that ***COMFIT*** will become a significant source of the Group's revenue and growth driver for the future. With respect to ***LC***, the Directors believe that 2008 is still not the appropriate time to put too much resources in promoting the brand based on the current consumers' spending pattern in the PRC.

REVIEW OF OPERATIONS (continued)

Brand management (continued)

During the Interim Period, the Group had been active in organising promotional activities in department stores or shopping malls to promote its patented products and increase the brand awareness. Increased exposure of the three brands could also be seen in magazines and at public transport stations in Hong Kong and major cities in Mainland China. The Directors believe that the increase of promotion and advertising expenditure is for the long term benefit of the Group, mainly in strengthening the brand image and maintaining the long term relationships with loyal customers. The Group also increased its inventory level to cope with stores' expansion and to ensure that sufficient stocks were kept at each retail outlet.

Appropriate training was also provided to the frontline sales and management staff regularly to enhance their product knowledge and selling skills.

Production capacity

During the Interim Period under review, the aggregate annual production capacity of the Group amounted to 14.8 million standard product units.

Product development

During the Interim Period, the sales of lingerie, sleepwear, swimwear, ODM/OEM products and other products accounted for approximately 87.3%, 5.4%, 4.3%, 2.6% and 0.4% respectively of the Group's total revenue. Sales of lingerie remained the key contributor to the Group's revenue and profit.

The Directors consider product development and excellent product quality to be vital for the Group to maintain its competitive advantages and improve the market potential of its products. The Group's research and development team focuses on practical areas that are closely related to the functionalities and features of the Group's products. As at 30 June 2008, the Group had 48 patent registrations and 20 outlook design registrations registered in various countries.

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

In order to strengthen the production operation and further expand the production capacity, the Group has established a new factory in Zhangqiu City, Shandong Province, the PRC (the "Shandong Factory"). At the date of this report, the first-phase construction of the Shandong Factory was completed. Renovation work and installation of all production facilities was substantially completed. Trial production started in the first quarter of 2008 and commercial production commenced in the second quarter of 2008. As at 30 June 2008, the Group had utilised HK$111.3 million for the establishment of the Shandong Factory.

Save as disclosed above, there was no other significant investment held, material acquisitions and disposal of subsidiaries and associated companies during the Interim Period.

PROSPECTS

Although the Group will face more challenges caused by the global inflation, the Directors are optimistic about the growth potential in the lingerie industry and the future market demand for lingerie products.

In the second half of the year, the Group will continue to maintain a pragmatic expansion strategy with strong emphasis on profitability and efficiency.

The Shandong Factory which commenced production in mid 2008 will bring additional production capacity to the Group and will help the Group to meet the continuously rising demand. This additional capacity will not only enable the Group to produce more of its existing brands' products which in turn permits the Group to open more retail outlets carrying sufficient product range and assortment and also allows the Group to crop more margin from the export business. The Group believes all these measures will boost its operating profit margin.

Based on our understanding of the development of the consumer market for the lingerie industry and the future market demand for lingerie products in the PRC, we believe the consumer market for lingerie will continue to grow over the next couple of years. The Group will strive to maintain its continuous leading position in the industry in the PRC.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK2.0 cents per ordinary share in respect of the Interim Period, to shareholders on the register of members on Tuesday, 14 October 2008, resulting in an appropriation of approximately HK$8.0 million. The above-mentioned interim dividend will be payable on or before 22 October 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 10 October 2008 to Tuesday, 14 October 2008, both dates inclusive. 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, 9 October 2008.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules throughout the interim period save for the deviations from code provisions A.1.7, A.2.1 and D.1.2.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (continued)

Under code provision A.1.7 of the CG Code, there should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the issuer. In order to ensure full compliance with this code provision, a written "Procedure for Seeking Independent Professional Advice by Directors" has been formulated in writing and endorsed by the Board.

Under the second part of code provision A.2.1 of the CG Code, the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. In order to ensure full compliance with this code provision, the division of the responsibilities between the chairman and the chief executive officer of the Company has been formulated in writing and endorsed by the Board.

Under the first part of code provision D.1.2 of the CG Code, an issuer should formalise the functions reserved to the board and those delegated to management. In order to ensure full compliance with this code provision, the division of the functions between the Board and the Group's management has been formulated in writing and endorsed by the Board.

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 have complied with the required standard as set out in the Model Code during the Interim Period.

By Order of the Board
Embry Holdings Limited
Cheng Man Tai
Chairman

Hong Kong, 17 September 2008

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..