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 2011

RESULTS HIGHLIGHTS

	Six months ended 30 June 2011 (HK$'000)	Six months ended 30 June 2010 (HK$'000)	Change
Revenue	841,283	687,187	+22.42%
Gross profit	685,326	546,495	+25.40%
Gross profit margin	81.46%	79.53%	+1.93% pts
Profit for the period attributable to owners of the Company	91,285	80,753	+13.04%
Net profit margin	10.85%	11.75%	-0.90% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	22.35	20.04	+11.53%
Proposed interim dividend per share	3.00	3.00	-

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 2011 together with the unaudited comparative figures for the corresponding period in 2010 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 2011

	Notes	Six months ended 30 June 2011 HK$'000 (unaudited)	Six months ended 30 June 2010 HK$'000 (unaudited)
REVENUE	2	841,283	687,187
Cost of sales		(155,957)	(140,692)
Gross profit		685,326	546,495
Other income and gains	3	20,245	4,778
Selling and distribution expenses		(482,682)	(367,936)
Administrative expenses		(91,233)	(65,367)
Finance costs	4	(1,022)	-
PROFIT BEFORE TAX	5	130,634	117,970
Income tax expense	6	(39,349)	(37,217)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		91,285	80,753
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		
- Basic (HK cents)		22.35	20.04
- Diluted (HK cents)		21.97	19.60

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 2011

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	91,285	80,753
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	6,994	(1,224)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	98,279	79,529

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2011

	Notes	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	529,179	518,923
Investment properties		238,876	217,224
Prepaid land lease payments		35,056	35,020
Deferred tax assets		12,691	11,197
Deposits		7,420	5,497
Total non-current assets		823,222	787,861
CURRENT ASSETS			
Inventories		540,141	441,617
Trade receivables	10	83,771	64,838
Prepayments, deposits and other receivables		64,564	49,839
Cash and cash equivalents		134,152	195,090
Total current assets		822,628	751,384
CURRENT LIABILITIES			
Trade and bills payables	11	90,266	63,955
Interest-bearing bank borrowing	12	38,000	20,000
Tax payable		18,938	11,105
Other payables and accruals		138,456	223,306
Total current liabilities		285,660	318,366
NET CURRENT ASSETS		536,968	433,018
TOTAL ASSETS LESS CURRENT LIABILITIES		1,360,190	1,220,879
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing	12	122,500	65,000
Deferred liabilities		3,549	3,471
Deferred tax liabilities		28,310	20,854
Other payables		22,143	21,882
Total non-current liabilities		176,502	111,207
NET ASSETS		1,183,688	1,109,672
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Issued capital		4,101	4,067
Reserves		1,179,587	1,105,605
TOTAL EQUITY		1,183,688	1,109,672

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the investment properties that are measured at fair value, as appropriate. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except as described by below. In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2011.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Right Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)- Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs

The adoption of the new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

2. REVENUE AND SEGMENT INFORMATION

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

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

3. OTHER INCOME AND GAINS

	Six months ended 30 June 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Other income		
Subsidy income*	3,168	-
Gross rental income	1,903	1,058
Bank interest income	437	1,245
Royalty income	235	-
Others	1,444	741
	7,187	3,044
Gains		
Foreign exchange differences, net	8,180	(294)
Changes in fair value of an investment property	4,875	2,000
Gain on disposal of items of property, plant and equipment	3	28
	13,058	1,734
	20,245	4,778

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

4. FINANCE COSTS

	Six months ended 30 June 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Total interest on bank loan wholly repayable within five years	1,022	393
Less: Interest capitalised	-	(393)
Interest expenses charged to the income statement	1,022	-

5. PROFIT BEFORE TAX

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

	Six months ended 30 June 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Cost of inventories sold	155,957	140,692
Depreciation	16,467	11,057
Amortisation of prepaid land lease payments	381	93
Minimum lease payments under operating leases in respect of:		
Land and buildings	30,400	25,424
Contingent rents of retail outlets in department stores	207,101	170,419
Advertising and counter decoration expenses	46,802	33,583
Research and development expenditure	1,587	521

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Pursuant to the Enterprise Income Tax Law (the "New PRC Tax Law") of the PRC being effective on 1 January 2008, the PRC income tax rate is unified to 25% for all enterprises. Under an implementation guidance note of the New PRC Tax Law, enterprises established before the publication of the New PRC Tax Law were entitled to preferential treatments of a reduced corporate income tax rate (the "CIT rate") granted by the relevant tax authorities. The new CIT rate would be gradually increased from the preferential rate to 25% within five years after the effective date of the New PRC Tax Law on 1 January 2008. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

In addition, taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Six months ended 30 June 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Group:		
Current - Hong Kong	295	238
Current - Mainland China	33,092	33,168
Deferred	5,962	3,811
Total tax charge for the period	39,349	37,217

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	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (unaudited profit for the period attributable to owners of the Company)	91,285	80,753
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	408,451	402,914
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the period	7,029	9,149
Weighted average number of ordinary shares for the purpose of diluted earnings per share	415,480	412,063

8. DIVIDENDS

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends paid during the period		
Final and special in respect of the financial year ended 31 December 2010 – HK5.0 cents and HK3.0 cents, respectively, per ordinary share (2010: final and special in respect of the financial year ended 31 December 2009 - HK5.0 cents and HK2.0 cents, respectively, per ordinary share)	32,803	28,300
Proposed interim dividend		
Interim – HK3.0 cents (2010: HK3.0 cents) per ordinary share	12,302	12,135

The interim dividend will be paid to the shareholders whose names appear in the register of members on 16 September 2011. The interim dividend was declared after the period ended 30 June 2011, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
At beginning of period/year, net of accumulated depreciation	518,923	203,519
Additions	20,783	327,892
Disposals/write-off	(2)	(401)
Depreciation provided during the period/year	(16,467)	(24,152)
Exchange realignment	5,942	12,065
At end of period/year, net of accumulated depreciation	529,179	518,923

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 end of the reporting period, based on the invoice date, is as follows:

	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
Within 90 days	78,981	62,291
91 to 180 days	4,790	2,547
181 to 360 days	694	239
Over 360 days	159	11
	84,624	65,088
Less: Impairment allowance	(853)	(250)
	83,771	64,838

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 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
Within 90 days	83,884	57,979
91 to 180 days	4,431	4,704
181 to 360 days	1,362	741
Over 360 days	589	531
	90,266	63,955

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

12. INTEREST-BEARING BANK BORROWING

	30 June 2011			31 December 2010		
	Effective interest rate %	Maturity	HK$'000 (unaudited)	Effective interest rate %	Maturity	HK$'000 (audited)
Current						
Bank loan-unsecured	HIBOR+1.08	2011-2012	38,000	HIBOR+1.08	2011	20,000
Non-current						
Bank loan-unsecured	HIBOR+1.08	2013-2016	122,500	HIBOR+1.08	2012-2015	65,000
Total			160,500			85,000

	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
Analysed into:		
Bank loan repayable:		
Within one year	38,000	20,000
In the second year	38,000	20,000
In the third to fifth years, inclusive	84,500	45,000
	160,500	85,000
Less: Amount repayable within one year and classified as current portion	(38,000)	(20,000)
Amount classified as non-current portion	122,500	65,000

The above bank loan is denominated in Hong Kong dollars. The bank loan is supported by a corporate guarantee given by the Company, bears interest rate at 1.08% above the Hong Kong Interbank Offered Rate per annum.

13. COMMITMENTS

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

	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
Contracted for capital commitments in respect of its wholly-owned investment in the PRC	58,667	57,976
Contracted for commitments in respect of the acquisition of property, plant and equipment	15,146	12,334
Authorised, but not contracted for commitments in respect of investment in the Shandong Factory Phase 2 development	123,350	121,898

BUSINESS AND OPERATION REVIEW

During the first half of the year 2011, the continuing rapid growth of China's economy presented a sharp contrast against the uncertainties in the international market. The accelerating pace of urbanisation underpinned the growth in China's domestic income and established a favourable environment for the country's growth in its consumer market. According to the statistics from the National Bureau of Statistics of China, the country's Gross Domestic Product amounted to RMB20,445.9 billion in the first half of the year, representing a year-on-year growth of 9.6%, while the total retail sales of consumer products grew by 16.8% year on year to RMB8,583.3 billion. The consumption on daily necessities like garments recorded a stable growth.

The steady domestic economic development and increased consumption power of nationals drove the expansion of the lingerie market in China which favoured the demand for branded lingerie products. To capture the immense potential of the lingerie market in China, industry participants strengthened their promotion efforts which led to increasingly intense competition within the sector. Despite rising commodity prices and inflation in China, high quality lingerie brands had still been able to sustain healthy development as consumers' demand for quality brands remained strong.

During the period, Embry applied its multi-brand strategy, continued to optimise its brand image and enhanced its product quality so as to grasp development opportunities in the rapidly changing market and boost its business growth. At the same time, the Group expanded its sales network to strengthen its foundation to deliver positive contribution to its businesses.

For the six months ended 30 June 2011 (the "Current Period"), the Group reported satisfactory business performance with a revenue growth of 22.42% to HK$841,283,000 when compared with that of the six months ended 30 June 2010 (the "Prior Period"). Adopting a faster pace in opening more new shops during the period has led to an increase of 31.19% in selling and distribution expenses of the Group. Profit attributable to owners of the Company was HK$91,285,000, representing an increase of 13.04% when compared with the corresponding period of last year. Basic earnings per share HK22.35 cents (2010: HK20.04 cents), representing an increase of 11.53%. The Board has resolved to declare an interim dividend of HK3.00 cents per share (2010: HK3.00 cents) for the Current Period.

Brand Management

The strong presence of its brands constitutes one of the most important competitive edges of the Group. Having established a renowned brand name in the market over the years, the Group has secured its leading position in the high-quality lingerie market. The Group operates five brands namely, ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***LC*** and ***E-BRA***, which strategically target at different market segments to meet the diverse demand of different customer groups.

The fifth brand of the Group, ***E-BRA***, was launched in the fourth quarter of last year. It is positioned as a mass-market brand at affordable prices for consumer markets in second- and third-tier cities. During the period, the Group improved the brand image of two signature brands, ***EMBRY FORM*** and ***FANDECIE***, and optimised their product portfolios to better accommodate different needs in the market. These efforts were well received by the markets.

BUSINESS AND OPERATION REVIEW (continued)

Brand Management (continued)
The Group effectively integrated its resources and actively hosted branding and product marketing and advertising activities via different channels to enhance its brand equity. During the Current Period, the Group continued to maintain close relationships with its distributors and customers by hosting an array of marketing and promotional activities including "Glamorous & Gorgeous EMBRY FORM Press Conference & Fashion Salon" ("魅力綻放安莉芳新品發佈秀暨新女性時尚沙龍"), "FANDECIE Dazzling Tour" ("芬狄詩炫秀巡禮") and "E-BRA Exhibition of the China International Underwear Culture Week" ("中國國際內衣文化週之E-BRA品牌展") in order to penetrate further and expand their share in the market.

Sales Network
The surging domestic income in China stimulated the country's consumer demand and growth of its retail sector. The Group strategically expanded its sales network to cover first-tier cities as well as the rapidly-developing second- and third-tier cities, to achieve better coverage of its retail point of sales. The Group adjusted its annual target of shop opening to a net increase of around 250 retail outlets to accommodate strong market demand. During the Current Period, the Group achieved a net addition of 131 retail outlets. As at 30 June 2011, the Group operated a total of 2,012 retail outlets, comprising 1,823 concessionary counters and 189 retail shops.

Product Design, Research and Development
As the living standard in China continues to rise, both urban and rural residents saw their income increase steadily, their purchasing power improving and consumption behaviour becoming more sophisticated. Consequently, the Group continued to allocate resources to the design, research and development of new products to satisfy the market demand and to stay on the cutting edge of the lingerie product trends.

During the Current Period, the Group launched a number of new product lines, of which ***EMBRY FORM***'s "Simple Chic Series", "Air Bra Print Series" and "Elegant Series"; ***FANDECIE***'s "Candy Girl Series", "Colour Party Series" and "Navy Badge Series"; ***E-BRA***'s "Zebra Print Series", "Cotton Rose Series", "Exquisite Lotus Series" and "Large & Small Leopard Print Series" were particularly well-received by customers.

As at 30 June 2011, the Group had 29 applications patents and 13 appearance design patents that were registered in China and/or other parts of the world.

Production Capacity
The Group currently has three production bases located in Shenzhen, Jinan and Changzhou respectively. As at 30 June 2011, the aggregate annual production capacity of the Group's production bases reached 21,200,000 standard product units. In view of the volatility noted recently in the world's economy and the effect of inflationary pressure on the consumer market, the Group will continue to closely monitor the retail market demand and manage its production capacity to fulfill market demand while enhancing its efficiency and effectiveness.

BUSINESS AND OPERATION REVIEW (continued)

Human Resources

The buoyant labour market in China inflicted mounting pressure on wages. High quality human resources constituted a major driving force of the Group. The Group enacted multiple measures to enhance staff loyalty including the provision of training courses and cultural activities, better employee benefits and generous bonuses. During the Current Period, the Group's number of employees grew to approximately 9,600 (2010: 7,700) due to the increased number of retail outlets and the expanded production capacity. As a result, total staff costs (including wages and basic salaries, commissions, bonuses and retirement benefits scheme contributions) during the Current Period increased to HK$235,841,000 (2010: HK$163,937,000).

FINANCIAL REVIEW

Revenue

By sales channel and location

During the Current Period, the Group's revenue was HK$841,283,000, representing an increase of 22.42% when compared with the corresponding period of last year. The increase primarily reflected the growth and expansion of retail sales network in China and increased customer demand as a whole. Higher average selling prices resulting from wider applications of patents also contributed to the increase in revenue.

Retail sales amounted to HK$707,199,000 in the Current Period, accounting for 84.06% of the Group's total revenue and representing an increase of 17.68% from the Prior Period. The revenue of wholesale business increased by 45.80% from HK$79,715,000 to HK$116,224,000. The contribution to the Group's total revenue from ODM business was insignificant and amounted to HK$9,111,000 during the Current Period, representing an increase of 39.31% from the corresponding period of last year. In addition, the Group has started its online direct sales during the Current Period and used the Internet as a sales platform for selling products under the different brands of the Group. This business contributed a revenue of HK$8,749,000.

Mainland China remained as the Group's core market. During the Current Period, revenue from Mainland China was HK$787,536,000, accounting for 93.61% of the Group's total revenue and representing an increase of 23.96% over that of the Prior Period.

By brand and product line

At the moment, the Group manages five brands: ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***LC*** and ***E-BRA***, targeting at customers in different age and income brackets. The flagship brand ***EMBRY FORM***, from which the Group derived most of its income, maintained its growth momentum and saw its revenue increase by 15.84% to HK$443,826,000. ***FANDECIE*** was another major growth driver of the Group, with its revenue rose by 14.82% to HK$290,068,000 from that of the Prior Period. ***E-BRA***, launched in the fourth quarter last year, was well-received by the market. This brand endeavoured to expand sales channels for the Group and recorded a revenue of HK$53,685,000. With regards to ***LC***, which is positioned as a higher end brand, saw its revenue increase by 91.15% to HK$2,743,000 for the Current Period. ***COMFIT***, which emphasises functionality and quality, saw its revenue decline by 3.62% to HK$41,850,000 when compared with the corresponding period of last year.

Lingerie products have always been the Group's core product offering, reflecting the Group's unparalleled edges in the research and development, and production technology in this area. During the Current Period, sales of lingerie amounted to HK$744,492,000, accounting for 88.50% of the Group's revenue and representing an increase of 21.62% from the Prior Period. Swimwear delivered a satisfactory growth of 48.68% in revenue while sleepwear recorded an increase of 7.79% in sales. Sales revenues of swimwear and sleepwear were HK$46,776,000 and HK$37,184,000 respectively, accounting for 5.56% and 4.42% respectively of the Group's revenue for the Current Period. These two product lines help diversify the product range of the Group.

FINANCIAL REVIEW (continued)

Gross Profit
The Group's gross profit was approximately HK$685,326,000 for the Current Period, representing a growth of approximately 25.40% from that of the Prior Period. The overall gross profit margin was approximately 81.46%, representing an improvement from the corresponding period of last year. Despite the rise in raw material prices and wages, which inflicted pressure on costs, the Group had still been able to maintain a stable gross profit margin through better economies of scale from business expansion, effective cost control measures, enhanced brand equity and higher selling prices from patented products.

Other Income and Gains
Other income increased by 323.71% to HK$20,245,000 in the Current Period. During the Current Period, there was an exchange gain of HK$8,180,000 derived from the business operations in Mainland China as a result of the appreciation of Renminbi against the Hong Kong dollar. As Renminbi exchange rate during the Prior Period had been relatively stable. The Group had not recorded a significant difference in foreign exchange. In addition, rising real estate prices in Hong Kong brought about HK$4,875,000 of gain from value appreciation of its investment property, up HK$2,875,000 from the corresponding period of last year. Furthermore, the Group's interest income declined by 64.90% to HK$437,000 due to persisting low interest rates both in China and Hong Kong and deployment of part of the cash balance to settle payment of the consideration for the acquisition of Embry Tower in Shanghai.

Operating Expenses
Selling and distribution expenses increased by 31.19% to HK$482,682,000 (2010: HK$367,936,000) in the Current Period, being 57.37% (2010: 53.54%) of the Group's revenue.

Increase in the above expenses was partly attributable to the net increase of 131 retail outlets, including both concessionary counters and retail stores, during the first half of the year. Therefore, advertising and counter decoration expenses increased by 39.36% to HK$46,802,000, being 5.56% (2010: 4.89%) of the Group's revenue.

Administrative expenses increased by 39.57% to HK$91,233,000, accounting for 10.84% of the Group's revenue, when compared with 9.51% of the Prior Period. The increase was mainly due to the rising costs.

As disclosed in the announcement of the Company dated 18 May 2011, on 18 May 2011, options to subscribe for a total of 20,355,000 shares of the Company (the "2011 Options") were granted pursuant to the share options scheme of the Company. During the Current Period, the Company recognised in the income statement a total share option expense of approximately HK$3,285,000 (2010: HK$1,168,000), of which share option expense of approximately HK$2,906,000 was recognised for the 2011 Options granted. It is expected that further share option expense of approximately HK$12,150,000 will be recognised in the second half of the year ending 31 December 2011 for the 2011 Options granted, which the Company expects will have an impact on the operating expenses of the Group for the year ending 31 December 2011.

Net Profit
During the Current Period, profit attributable to owners of the Company was HK$91,285,000, representing an increase of 13.04% from the corresponding period of last year. This increase was mainly due to the growth in revenue, enhanced gross profit margin and the increase in other income. Net profit margin narrowed from 11.75% in the Prior Period to 10.85% in the Current Period due to increases in the aforesaid expenses.

FINANCIAL REVIEW (continued)

Liquidity and Financial Resources
The Group generally finances its operations with internally generated cash flows and its financial position remained sound and healthy during the Current Period. As at 30 June 2011, the Group had cash and cash equivalents of approximately HK$134,152,000 (31 December 2010: HK$195,090,000). As at 30 June 2011, the Group's indebtedness amounted to HK$160,500,000 (31 December 2010: HK$85,000,000). During the Current Period, the Group did not pledge any of its assets to secure bank borrowing. Its gearing ratio was approximately 13.56% as at 30 June 2011 (31 December 2010: 7.66%).

Capital Structure
As at 30 June 2011, the total issued share capital of the Company was approximately HK$4,101,000 (31 December 2010: HK$4,067,000), comprising 410,051,500 ordinary shares (31 December 2010: 406,698,500 ordinary shares) of HK$0.01 each. The increase in the number of issued shares resulted from the exercise of share options granted under the pre-initial public offering share option scheme and the share option scheme by certain Directors and employees of the Group.

In addition, on 18 May 2011, the Company granted 20,355,000 share options to certain Directors and employees of the Group under the share option scheme, to subscribe for a total of 20,355,000 ordinary shares of HK$0.01 each in the share capital of the Company.

Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies
During the Current Period, the Group did not involve in any significant investment, nor any material acquisitions or disposals of any subsidiaries and associated companies.

Capital Expenditure
The capital expenditure of the Group during the Current Period amounted to HK$20,783,000 (2010: HK$11,728,000).

Charges on the Group's Assets
As at 30 June 2011, the Group did not pledge any of its assets.

Foreign Currency Exposure
The Group conducts the majority of its business transactions in Hong Kong dollars and Renminbi. As the Group's foreign currency risk generated from sales and purchases can be largely offset with one another, the foreign currency risk is considered insignificant to the Group. It is the policy of the Group to continue to maintain the balance of its sales and purchases in the same currency. The Group does not use any derivative financial instruments to hedge against volatility associated with foreign currency transactions and other financial assets and liabilities created during the ordinary course of business.

Contingent Liabilities
As at 30 June 2011, the Group had no significant contingent liabilities or any litigation or arbitration of material importance.

PROSPECT

The outlook of the second half of the year 2011 poses both opportunities and threats. The rising per capita income in China driven by the accelerating economic restructuring continue to bring in great potential for market demand. Faced with changes and challenges in the domestic and international markets, the Central Government strives to reinforce and improve its macro-economic control measures by implementing the "Twelfth Five-Year" Plan, so as to consolidate and intensify its efforts in response to the impact from the global financial crisis, and at the same time proactively speeds up urbanisation to boost domestic consumer demand in order to maintain steady social and economic growth.

On the other hand, volatility of the international economy and escalating inflation introduced uncertainties to economic development. In view of this, being one of the market leaders in the lingerie industry in China, the Group remains an optimistic yet prudent stance and adopts sustainable development strategies in response to changes in the social environment.

The Group will continue to leverage the edges of its multi-brand strategy and capitalise on the substantial growth in the second- and third-tier cities in China. The introduction of a new brand, ***E-BRA***, has successfully attracted diversified customer groups, covered a niche in the market and expanded its overall market coverage. As ***E-BRA*** achieved satisfactory results in the first half of the year, the Group plans to continue to open retail outlets and create a unique brand image in order to establish a solid foundation for its future development.

Given the strong market demand, the Group has adjusted its annual target of shop opening to a net increase of around 250 retail outlets, aiming at further optimising and expanding its sales network. On production, the Group will closely monitor market demand and manage its production capacity to satisfy market demand in a more efficient and effective manner. The Group has started planning for Phase II development of the Shandong Factory to prepare for its production needs over the next five years.

In view of the rapid income growth among urban and rural residents in China and the optimisation of the overall economic and consumption structure in China, the Group strives to grow its business steadily by fully leveraging the competitive edges of its multi-brand strategy and utilising every opportunity that arises from the changing market. The Group is confident that this growth momentum will be sustainable and bring about a satisfactory return to shareholders during the second half of 2011.

OTHER INFORMATION

INTERIM DIVIDEND

On 29 August 2011, the Board has resolved to declare the payment of an interim dividend of HK3.0 cents per ordinary share in respect of the six months ended 30 June 2011 (the "Interim Period") to shareholders registered on the register of members on Friday, 16 September 2011, resulting in an appropriation of approximately HK$12,302,000. The above-mentioned interim dividend will be payable on or before 30 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for two days from Thursday, 15 September 2011 to Friday, 16 September 2011. 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 Wednesday, 14 September 2011.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PUBLICATION OF 2011 INTERIM REPORT

The 2011 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and will also be published on the website of the Company at http://www.embryform.com and the "HKExnews" website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk in due course.

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

Hong Kong, 29 August 2011

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.