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 2016

RESULTS HIGHLIGHTS

	Six months ended 30 June		
	2016	**2015**	**Change**
	(HK$'000)	*(HK$'000)*	
Revenue	1,175,139	1,391,784	-15.57%
Gross profit	934,831	1,144,837	-18.34%
Gross profit margin	79.55%	82.26%	-2.71% pts
Profit for the period attributable to owners of the Company	89,348	145,217	-38.47%
Net profit margin	7.60%	10.43%	-2.83% pts
	(HK cents)	*(HK cents)*	
Basic earnings per share	21.44	34.85	-38.48%
Proposed interim dividend per share	2.50	4.00	-37.50%

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 2016 together with the unaudited comparative figures for the corresponding period in 2015 and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee and the external auditors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Six months ended 30 June 2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited)
REVENUE	2	1,175,139	1,391,784
Cost of sales		(240,308)	(246,947)
Gross profit		934,831	1,144,837
Other income and gains, net	3	27,462	19,559
Selling and distribution expenses		(694,945)	(812,802)
Administrative expenses		(124,525)	(138,709)
Other expenses		(10)	(267)
Finance costs	4	(3,958)	(2,856)
PROFIT BEFORE TAX	5	138,855	209,762
Income tax expense	6	(49,507)	(64,545)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		89,348	145,217
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		
- Basic (HK cents)		21.44	34.85
- Diluted (HK cents)		21.44	34.85

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	89,348	145,217
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive expense to be reclassified to the income statement in subsequent periods:		
Exchange differences arising on translation of foreign operations	(20,567)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	68,781	145,217

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2016

	Notes	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,075,297	977,465
Investment properties		316,932	311,121
Prepaid land lease payments		36,460	37,363
Deferred tax assets		74,486	73,781
Deposits		12,594	12,414
Total non-current assets		1,515,769	1,412,144
CURRENT ASSETS			
Inventories		680,577	716,853
Trade receivables	10	104,839	90,486
Prepayments, deposits and other receivables		54,364	56,335
Cash and cash equivalents		193,231	233,017
Total current assets		1,033,011	1,096,691
CURRENT LIABILITIES			
Trade payables	11	61,889	68,206
Interest-bearing bank borrowings	12	141,937	124,878
Tax payable		31,734	71,806
Other payables and accruals		230,024	230,033
Total current liabilities		465,584	494,923
NET CURRENT ASSETS		567,427	601,768
TOTAL ASSETS LESS CURRENT LIABILITIES		2,083,196	2,013,912
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	221,444	183,333
Deferred liabilities		2,720	3,083
Deferred tax liabilities		41,094	36,673
Total non-current liabilities		265,258	223,089
NET ASSETS		1,817,938	1,790,823
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,166	4,166
Reserves		1,813,772	1,786,657
TOTAL EQUITY		1,817,938	1,790,823

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 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 financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015 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 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	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.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

3. OTHER INCOME AND GAINS, NET

	Six months ended 30 June 2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited)
Other income		
Subsidy income*	11,049	2,920
Gross rental income	7,048	7,543
Contingent rents receivable in respective of operating lease	400	406
Bank interest income	766	836
Royalty income	143	44
Others	3,629	1,190
	23,035	12,939
Gains, net		
Foreign exchange differences, net	(4,446)	929
Changes in fair value of investment properties	8,810	6,000
Gain/(loss) on disposal/write-off of items of property, plant and equipment, net	63	(309)
	4,427	6,620
	27,462	19,559

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

4. FINANCE COSTS

	Six months ended 30 June 2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited)
Interest on bank loans	3,958	2,856

5. PROFIT BEFORE TAX

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

	Six months ended 30 June 2016 HK$'000 (unaudited)	Six months ended 30 June 2015 HK$'000 (unaudited)
Cost of inventories sold	240,308	246,947
Depreciation	26,224	23,351
Amortisation of prepaid land lease payments	470	499
Minimum lease payments under operating leases in respect of:		
Land and buildings	39,931	43,950
Contingent rents of retail outlets in department stores	294,175	353,063
Advertising and counter decoration expenses	46,977	64,700

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the regions in which the Group operates.

	Six months ended 30 June 2016 HK$'000 (unaudited)	Six months ended 30 June 2015 HK$'000 (unaudited)
Group:		
Current - Hong Kong	388	360
Current - Mainland China	45,459	62,510
Deferred	3,660	1,675
Total tax charge for the period	49,507	64,545

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to owners of the Company of HK$89,348,000 (2015: HK$145,217,000) and 416,661,000 (2015: 416,661,000) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2016 and 2015.

8. DIVIDENDS

	Six months ended 30 June	
	2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited)
Dividends paid during the period		
Final and special in respect of the financial year ended 31 December 2015 – HK9.0 cents and HK1.0 cent, respectively, per ordinary share (2015: 31 December 2014 – HK8.0 cents and HK2.0 cents, respectively, per ordinary share)	41,666	41,666
Proposed interim dividend		
Interim – HK2.5 cents (2015: HK4.0 cents) per ordinary share	10,417	16,666

The interim dividend will be paid to the shareholders whose names appear in the register of members on 14 September 2016. The interim dividend was declared after the period ended 30 June 2016, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
At beginning of period/year, net of accumulated depreciation	977,465	911,289
Additions	136,624	173,591
Disposals/write-off	(26)	(540)
Depreciation provided during the period/year	(26,224)	(49,533)
Exchange realignment	(12,542)	(57,342)
At end of period/year, net of accumulated depreciation	1,075,297	977,465

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 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
Within 90 days	98,755	86,886
91 to 180 days	6,084	3,600
181 to 360 days	1,355	1,017
Over 360 days	873	658
	107,067	92,161
Less: Impairment allowance	(2,228)	(1,675)
	104,839	90,486

11. TRADE PAYABLES

An aged analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
Within 90 days	55,921	60,837
91 to 180 days	2,871	3,424
181 to 360 days	1,943	1,207
Over 360 days	1,154	2,738
	61,889	68,206

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

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2016			31 December 2015		
	Effective interest rate %	Maturity	HK$'000 (unaudited)	Effective interest rate %	Maturity	HK$'000 (audited)
Current						
Bank loans -unsecured	Hong Kong Interbank Offered Rate ("HIBOR") +1.75 to HIBOR +2.25	2016-2017	106,878	HIBOR +1.08 to HIBOR +2.25	2016	124,878
	0.9 to 1.05 times of The People's Bank of China Benchmark Loan Interest Rate	2016	35,059	-	-	-
			141,937			124,878
Non-current						
Bank loans -unsecured	HIBOR +1.85 to HIBOR +1.95	2017-2021	221,444	HIBOR +1.85 to HIBOR +2.25	2017-2020	183,333

12. INTEREST-BEARING BANK BORROWINGS (continued)

	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
Analysed into:		
Bank loans repayable:		
Within one year	141,937	124,878
In the second year	49,778	37,778
In the third to fifth years, inclusive	171,666	145,555
	363,381	308,211
Less: Amount repayable within one year and classified as current portion	(141,937)	(124,878)
Amount classified as non-current portion	221,444	183,333

The above bank loans are denominated in Hong Kong dollars and Renminbi, amounted to HK$328,322,000 (31 December 2015: HK$308,211,000) and HK$35,059,000 (31 December 2015: Nil), respectively, and bear interest at rates ranging from 1.75% to 2.25% above HIBOR per annum (31 December 2015: 1.08% to 2.25% above HIBOR per annum) and 0.9 to 1.05 times of the People's Bank of China Benchmark Loan Interest Rate (31 December 2015: Nil), respectively.

13. COMMITMENTS

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

	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	92,706	170,854

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS REVIEW

In the first half of 2016, uncertainties surrounding the political and economic environment prevailed in many parts of the world. The economic recovery in the US lagged behind market expectations, and the low interest rate policy continued. The European economies also encountered many uncertainties with weak growth rate. In addition, China's economic growth decelerated. According to the National Bureau of Statistics of China, the country's gross domestic product for the first half of 2016 increased by 6.7% year-on-year, 0.3 percentage point lower than the previous year, to RMB34,063.7 billion.

Faced with unstable external environment, consumers became more cautious in spending. They were more price-conscious and tended to seek options with lower prices. Weak consumer sentiment has prompted retailers to respond with more active promotions and the industry competition was intensified. Against the backdrop of a weak retail market, the Group recorded a decrease in the overall sales in the first half of 2016.

For the six months ended 30 June 2016 (the "Current Period"), the Group's revenue dropped by 15.57% to HK$1,175,139,000 over that for the six months ended 30 June 2015 (the "Prior Period"). Gross profit margin decreased by 2.71 percentage points to 79.55%. Profit attributable to owners of the Company decreased by 38.47% to HK$89,348,000 over that for the Prior Period. Earnings per share was HK21.44 cents (2015: HK34.85 cents). The Board of Directors of the Company has resolved to declare an interim dividend of HK2.50 cents per share (2015: HK4.00 cents) for the Current Period.

Brand management

The Group responded to challenges from the external environment by adopting a pragmatic approach and continued to implement its multi-brand strategy. With flexible allocation of internal resources, the Group focused on cultivating and promoting its new brands, namely ***IADORE*** and ***IVU***, in order to achieve higher market shares in the respective target markets of the two brands. Both brands achieved sales growth amid difficult business environment. On the other hand, as mid- and high-end priced products encountered greater challenge, there was a decline in sales of its two major brands ***EMBRY FORM*** and ***FANDECIE*** during the Current Period.

The Group promoted and advertised its brands and products actively to enhance brand equity. During the Current Period, the Group participated in the 11th China (Shenzhen) International Brand Underwear Fair. Through a series of activities in the underwear fair, including the fashion trend show "EMBRY FORM Fashion Inside Out", the Group showcased the products of its five major brands, namely ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***IVU*** and ***LIZA CHENG***, which enhanced the overall image of the Group's brands and strengthened the influence of the brands. ***FANDECIE***, the Group's young and energetic underwear brand, also reached the consumers through a more diversified form, which laid a better foundation for the long-term brand influence.

As online shopping became increasingly popular, the Group constantly focused on enhancing and maintaining the image of its various brands on the internet with a view to raising brand awareness during the Current Period. The Group continued its brand building for different brands on online platforms and launched a series of joint activities online. In terms of online sales, the Group continued to adopt conservative strategies by concentrating on sales of promotional products and online-only products. The Group also closely monitored the change of customer needs and market trends, to develop the e-commerce market prudently.

BUSINESS AND OPERATIONS REVIEW (continued)

Sales network
In face of the weak consumer market during the Current Period, the Group focused on enhancing operating efficiency and actively reviewed and adjusted its sales network, thereby appropriately adjusted the distribution of its retail outlets by closing or relocating stores with lower efficiency so as to enhance the overall efficiency of its sales network. As at 30 June 2016, the Group had 2,186 retail outlets in total, including 2,011 concessionary counters and 175 stores. During the Current Period, there was a net decrease of 30 retail outlets of the Group. Meanwhile, the Group's products were also available for sale through different online platforms so as to reach out to more potential customers on the internet.

Product design, research and development
Faced with increasingly fierce market competition, the Group continued to devote resources to the design, research and development of new products. The constant improvement in patented designs enriched the value of its products which catered for consumer needs at various levels.

During the Current Period, the Group launched a variety of well-received new collections, including: ***EMBRY FORM***'s "Soft Breathing Series" (「沁裸呼吸系列」) and "Premium Elegant Series" (「質美優雅系列」); ***FANDECIE***'s "Northern Europe Garden Series" (「北歐莊園系列」) and "Flower Stories Series" (「花期物語系列」); ***COMFIT***'s "360° Shaping Series" (「360°調整系列」) and "Curved X Series" (「曲線美X系列」); ***E-BRA***'s "Elegant Pattern Series" (「華紋雅致系列」) and "Glamorous Leisure Series" (「光彩悠然系列」); ***IADORE***'s "Cotton Lace Series" (「棉質蕾絲系列」) and "Mix-and-Match Glossy Series" (「百搭光面系列」); ***LIZA CHENG***'s "Ink Orchid Series" (「水墨幽蘭系列」) and "Prague Series" (「布拉格系列」); ***IVU***'s "Three-dimensional Series"(「立體系列」) and "Cotton Flax Home Series" (「棉麻家居系列」).

As at 30 June 2016, the Group had 8 invention patents, 36 utility model patents, and 3 appearance design patents registered in China and/or other parts of the world.

Production capacity
The Group currently has three production bases located respectively in Shenzhen, Jinan and Changzhou. The Group has continued to examine the changes in consumer demands as well as regularly reviewing capacity allocation and flexibly deploying manpower and machine capacity to achieve better operating efficiency.

To enhance its operational performance, the Group is building an automated supply chain logistics facility which comprises an intelligent warehouse at the production base in Jinan, Shandong. The construction of the facility started in November 2015 and is scheduled to complete by the end of 2016.

Human resources
Tense labour supply and implementation of the minimum wage policy in China have resulted in continuous wage increase. The Group endeavoured to retain an outstanding work force and enhance staff loyalty through measures such as organising training courses and improving employee benefits in order to improve its overall operational efficiency to support the Group's development plan. The number of employees of the Group decreased to approximately 8,660 (31 December 2015: approximately 8,830). Total staff costs (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and excluding directors' and chief executive's remunerations) for the Current Period was HK$346,057,000 (2015: HK$398,914,000).

FINANCIAL REVIEW

Revenue

By sales channel and region

During the Current Period, revenue was HK$1,175,139,000, representing a year-on-year decrease of 15.57%. The decrease was mainly attributable to prudent consumer sentiment and a weak retail environment.

During the Current Period, revenue from retail sales was HK$984,732,000, accounting for 83.80% of the Group's total revenue and representing a decrease of 16.99% from the Prior Period. As sales orders from wholesalers were affected by the economic environment, revenue from the wholesale business decreased by 10.73% from HK$149,854,000 to HK$133,775,000, accounting for 11.39% of the total revenue. Revenue from direct online sales channels slightly decreased by 0.12% from HK$53,000,000 to HK$52,936,000, accounting for 4.50% of the total revenue.

The Mainland China market is the main source of income for the Group. During the Current Period, revenue from the Mainland China market was HK$1,128,167,000, accounting for 96.01% of the Group's total revenue and representing a decrease of 15.55% from the Prior Period.

By brand and product line

The Group currently operates seven brands, namely ***EMBRY FORM***, ***FANDECIE***, ***COMFIT***, ***E-BRA***, ***IADORE***, ***IVU*** and ***LIZA CHENG***, serving customers with different needs and varying degrees of purchasing power.

EMBRY FORM, the signature brand, is the main source of income for the Group and its revenue decreased by 16.67% to HK$550,993,000, accounting for 46.89% of the total revenue for the Current Period. Revenue of ***FANDECIE*** was HK$312,081,000, which decreased by 20.27% from the Prior Period and accounted for 26.56% of the total revenue for the Current Period. Revenue of ***COMFIT*** grew by 1.90% over the Prior Period to HK$105,493,000, accounting for 8.98% of the total revenue for the Current Period. Revenue of ***E-BRA*** decreased by 22.77% from the Prior Period to HK$120,677,000, accounting for 10.27% of the total revenue for the Current Period. Revenue of ***LIZA CHENG*** for the Current Period slightly decreased by 2.16% to HK$19,580,000. Revenue of ***IADORE*** increased by 3.93% over the Prior Period to HK$29,195,000, accounting for 2.48% of the total revenue for the Current Period. Revenue of ***IVU*** increased by 16.59% over the Prior Period to HK$33,424,000, accounting for 2.84% of the total revenue for the Current Period. The brands' respective proportion in revenue mainly reflected the Group's alignment of its business focus to market development.

Lingerie has always been the core product line of the Group. During the Current Period, sales of underwear were HK$1,042,400,000, accounting for 88.71% of the Group's revenue and representing a decrease of 16.01% from the Prior Period. Sales of sleepwear improved by 2.42% to HK$63,261,000, accounting for 5.38% of the Group's revenue. Sales of swimwear decreased by 23.39% to HK$61,438,000, accounting for 5.23% of the Group's revenue.

FINANCIAL REVIEW (continued)

Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK$934,831,000, representing a decrease of approximately 18.34% from the Prior Period. Gross profit margin was approximately 79.55%, recording a drop from that of the Prior Period. The decrease in gross profit margin was mainly due to the Group's enhanced effort in promotional activities in response to a weak retail environment resulted from prudent consumer sentiment.

Other income and gains

Other income rose by 40.41% to HK$27,462,000 for the Current Period, mainly attributable to the gain of approximately HK$8,810,000 on investment properties revaluation during the Current Period and the increase in subsidy income of HK$8,129,000 over the Prior Period. Nevertheless, those gains were partly offset by the foreign exchange losses of approximately HK$4,446,000 due to the depreciation of Renminbi.

Operating expenses

During the Current Period, selling and distribution expenses decreased by 14.50% to HK$694,945,000 (2015: HK$812,802,000), accounting for 59.14% (2015: 58.40%) of the Group's revenue.

The decrease in selling and distribution expenses mainly reflected the Group's endeavour to control costs under the current business environment. The increase in rents of the retail outlets and staff costs continued to exert pressure on operating costs. In 2016, to mitigate rising cost pressure, the Group will continue to close retail outlets with lower profitability so as to enhance its efficiency. During the Current Period, contingent rents of the retail outlets decreased by 16.68% to HK$294,175,000, accounting for 25.03% (2015: 25.37%) of the Group's revenue.

Administrative expenses decreased by 10.23% to HK$124,525,000, accounting for 10.60% of the Group's revenue, compared with 9.97% for the Prior Period.

Net profit

Profit attributable to owners of the Company was HK$89,348,000 for the Current Period, representing a year-on-year decrease of 38.47%. Net profit margin decreased from 10.43% for the Prior Period to 7.60%. The decrease in net profit was due to a weak retail environment resulting from prudent consumer sentiment during the Current Period as well as the increase in the percentage of overall operating expenses to revenue and the depreciation of Renminbi.

Liquidity and financial resources

The Group finances its operations mainly with internally generated cash flows. Financial position of the Group remained sound and healthy during the Current Period. As at 30 June 2016, the Group's cash and bank balances amounted to approximately HK$193,231,000 (31 December 2015: HK$233,017,000). As at 30 June 2016, the Group's interest-bearing bank borrowings amounted to HK$363,381,000 (31 December 2015: HK$308,211,000). As at 30 June 2016, equity attributable to owners of the Company was HK$1,817,938,000 (31 December 2015: HK$1,790,823,000). Accordingly, the gearing ratio of the Group was approximately 19.99% (31 December 2015: 17.21%).

FINANCIAL REVIEW (continued)

Capital expenditure

During the Current Period, the capital expenditure of the Group amounted to HK$136,624,000 (2015: HK$116,235,000), which was mainly used for the establishment of an automated supply chain logistics facility comprising an intelligent warehouse at the production base in Jinan, Shandong. As at 30 June 2016, the capital commitments of the Group amounted to HK$92,706,000 (31 December 2015: HK$170,854,000), which were contracted but not provided for in the financial statements.

Charge on the Group's assets

As at 30 June 2016, the Group did not pledge any assets.

Capital structure

As at 30 June 2016, the total issued share capital of the Company was HK$4,166,000 (31 December 2015: HK$4,166,000), comprising 416,661,000 (31 December 2015: 416,661,000) ordinary shares of HK$0.01 each.

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

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

Foreign currency exposure

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

Contingent liabilities

As at 30 June 2016, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK$2,196,000 (31 December 2015: HK$2,196,000).

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

PROSPECT

In the second half of 2016, global political instabilities and increasing uncertainties after Brexit Referendum which clouded the macro-economic outlook, coupled with the sluggish export markets and decelerated economic growth in China will affect the overall market sentiment and consumer confidence. It is expected that consumer sentiment will remain cautious in the short term, placing challenges to the retail industry. In the long run, the national income and living standards will improve on the back of China's accelerating urbanisation. Retail consumption will remain one of the pillars supporting future economic development.

As a major brand operator in the lingerie industry in China, the Group remains cautious in its business outlook while closely monitoring the market conditions and adopting flexible and prudent development strategies to address the upcoming challenges in the market.

In view of uncertainties in the market, strategic planning for sales network and tight control over cost have become increasingly important. The Group will remain prudent in evaluating both the market environment and sales network, closing underperforming retail outlets. The Group expects a reduction in the number of retail outlets for the full year of 2016. Despite the decrease in the number of net retail outlets, the structure of the sales network is believed to be more optimal and the overall operational efficiency will be improved. On the other hand, along with the scheduled completion of the intelligent warehouse by the end of 2016, the Group is expected to achieve better overall operational efficiency and thereby enhance the competitiveness of the Group.

In the meantime, the Group will continue to devote resources to product design and development as well as innovation capabilities in order to meet the diverse consumer needs for product design, functionality and materials. As China's economy becomes more developed, consumers will pay more attention to the materials and safety of products. In this regard, the Group will continue to reinforce its strengths in tailoring and design to meet the market demand by offering pleasing and healthy products.

Consumers' tastes are becoming more sophisticated with rising expectations towards the brand. The Group will optimise the sales network through innovation, utilise its strong multi-brand advantage as well as innovative and diversified product portfolio flexibly to consolidate consumers' support towards the Group. In the future half year, despite the challenging economic environment ahead, the Group will continue to implement effective business strategies to strengthen its brand equity, foster long-term business growth and generate satisfactory returns to its shareholders.

OTHER INFORMATION

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, the unaudited condensed consolidated financial statements of the Group for the Current Period and discussed risk management, internal controls and financial reporting matters.

The external auditors of the Company have reviewed the condensed consolidated financial statements for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

INTERIM DIVIDEND

On 25 August 2016, the Board resolved to declare the payment of an interim dividend of HK2.50 cents per ordinary share in respect of the Current Period to shareholders registered on the register of members on Wednesday, 14 September 2016, resulting in an appropriation of approximately HK$10,417,000. The above-mentioned interim dividend will be payable on 6 October 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Wednesday, 14 September 2016, on which no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 13 September 2016.

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

Neither the Company, nor any of its subsidiaries 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, save for the following deviation:

The code provision E.1.2 stipulates that the chairman of the board of directors should attend the annual general meeting. Madam Ngok Ming Chu, the Chairman of the Board, was unable to attend the Company's annual general meeting held on 20 May 2016 due to other engagement. In view of her absence, Madam Ngok had arranged for other directors and management, who are well-versed in the Company's business and affairs, to attend the meeting and communicate with shareholders of the Company.

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 2016 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 2016 interim report of the Group containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 25 August 2016

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