



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 2007**

INTERIM RESULTS HIGHLIGHTS

- Revenue increased by 17.5% to HK\$369.1 million (corresponding period of 2006: HK\$314.1 million)
- Gross profit rose by 18.0% to HK\$285.5 million (corresponding period of 2006: HK\$241.9 million)
- Profit attributable to equity holders of the Company grew by 38.0% to HK\$55.6 million (corresponding period of 2006: HK\$40.3 million)
- Basic earnings per share amounted to HK13.90 cents (corresponding period of 2006: HK13.44 cents), representing an increase of 3.4%
- Total number of retail outlets net increased by 117 to 1,230 as of 30 June 2007

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 2007 together with the comparative figures for the corresponding period in 2006 and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the Company's independent auditors, Ernst & Young, and the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2007 HK\$'000 (unaudited)	2006 HK\$'000 (audited)
REVENUE		369,091	314,108
Cost of sales		<u>(83,572)</u>	<u>(72,228)</u>
Gross profit		285,519	241,880
Other income and gain	3	10,211	1,823
Selling and distribution expenses		(193,327)	(164,832)
Administrative expenses		(34,617)	(25,717)
Other expenses		(10)	(191)
Finance costs	4	<u>(118)</u>	<u>(792)</u>
PROFIT BEFORE TAX	5	67,658	52,171
Tax	6	<u>(12,041)</u>	<u>(10,355)</u>
PROFIT FOR THE PERIOD		<u>55,617</u>	<u>41,816</u>
Attributable to:			
Equity holders of the Company		55,617	40,316
Minority interests		<u>-</u>	<u>1,500</u>
		<u>55,617</u>	<u>41,816</u>
DIVIDENDS	7	<u>8,000</u>	<u>-</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
- Basic (HK cents)		<u>13.90</u>	<u>13.44</u>
- Diluted (HK cents)		<u>13.74</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2007 HK\$'000 (unaudited)	31 December 2006 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		108,699	79,518
Investment property		30,000	27,700
Prepaid land lease payments		5,882	5,741
Other long term deposits		14,817	13,132
Total non-current assets		<u>159,398</u>	<u>126,091</u>
CURRENT ASSETS			
Inventories		242,520	227,969
Trade receivables	9	35,646	34,967
Prepayments, deposits and other receivables		16,567	14,046
Cash and bank balances		404,681	431,225
Total current assets		<u>699,414</u>	<u>708,207</u>
CURRENT LIABILITIES			
Trade and bills payables	10	30,191	25,283
Tax payable		6,544	4,212
Other payables and accruals		48,618	50,851
Interest-bearing bank loans, secured		-	4,242
Total current liabilities		<u>85,353</u>	<u>84,588</u>
NET CURRENT ASSETS		<u>614,061</u>	<u>623,619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		773,459	749,710
NON-CURRENT LIABILITIES			
Interest-bearing bank loans, secured		-	20,228
Deferred liabilities		3,950	3,395
Deferred tax liabilities		2,304	1,850
Total non-current liabilities		<u>6,254</u>	<u>25,473</u>
Net assets		<u>767,205</u>	<u>724,237</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		4,000	4,000
Reserves		755,205	696,237
Proposed dividends		8,000	24,000
Total equity		<u>767,205</u>	<u>724,237</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The condensed consolidated financial statements are 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 annual financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which also include HKASs and Interpretations, that affect the Group and are adopted for the first time for the current period's condensed consolidated financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of these new and revised 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.

The condensed consolidated financial statements for the six months ended 30 June 2006 had been audited by the Company's independent auditors.

2. SEGMENT INFORMATION

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

3. OTHER INCOME AND GAIN

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(audited)
<u>Other income</u>		
Bank interest income	6,304	219
Gross rental income	997	1,053
Subsidy income from the People's Republic of China (the "PRC") government in respect of rewards as a superbrand in the PRC *	-	288
Others	610	263
	<u>7,911</u>	<u>1,823</u>
<u>Gain</u>		
Changes in fair value of an investment property	<u>2,300</u>	<u>-</u>
	<u>10,211</u>	<u>1,823</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Interest on:		
Bank loans and overdrafts repayable within five years	118	14
Bank loans repayable over five years	<u>-</u>	<u>778</u>
Total interest	<u>118</u>	<u>792</u>

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Cost of inventories sold	83,572	72,228
Depreciation	4,845	4,457
Amortisation of prepaid land lease payments	31	29
Minimum lease payments under operating leases in respect of:		
Land and buildings	12,318	10,183
Contingent rents of retail outlets in department stores	91,005	80,314
Advertising and counter decoration expenses	<u>21,387</u>	<u>17,095</u>

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Pursuant to relevant laws and regulations in the PRC, the Company's subsidiaries, Embry (China) Garments Ltd. and Embry (Changzhou) Garments Ltd. are entitled to use of tax rates of 15% and 27%, being the applicable tax rates for foreign invested enterprises in the area of Shenzhen Special Economic Zone and Changzhou, respectively. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. TAX (continued)

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Group:		
Current - Hong Kong	200	160
Current - Mainland China	11,387	10,195
Deferred	454	-
	<u> </u>	<u> </u>
Total tax charge for the period	<u>12,041</u>	<u>10,355</u>

7. DIVIDENDS

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Proposed interim - HK2.0 cents (2006: nil) per ordinary share	<u>8,000</u>	<u>-</u>

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

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

The calculation of basic earnings per share for the six months period ended 30 June 2006 is based on the audited profit attributable to equity holders of the Company of HK\$40,316,000 and on the assumption that 300,000,000 shares had been in issue during the period, comprising the 20,000,000 shares in issue and 280,000,000 shares issued pursuant to the capitalisation issue under the group reorganisation in the preparation of the listing of the Company in 2006, as described more fully in the prospectus of the Company dated 5 December 2006 (the "Prospectus").

The calculation of diluted earnings per share for the six months period ended 30 June 2007 is based on the unaudited profit attributable to equity holders of the Company of HK\$55,617,000. The weighted average number of ordinary shares used in the calculation is the 400,000,000 ordinary shares as used in the basic earnings per share calculation, and the weighted average of 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.

There was no potential dilutive ordinary share in existence for the six months period ended 30 June 2006 and, accordingly, no diluted earnings per share amount has been presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. 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 2007 HK\$'000 (unaudited)	31 December 2006 HK\$'000 (audited)
Within 90 days	34,448	33,214
91 to 180 days	1,288	1,765
181 to 360 days	530	662
Over 360 days	<u>1,434</u>	<u>1,320</u>
	37,700	36,961
Less: Impairment allowance	<u>(2,054)</u>	<u>(1,994)</u>
	<u><u>35,646</u></u>	<u><u>34,967</u></u>

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

10. 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 2007 HK\$'000 (unaudited)	31 December 2006 HK\$'000 (audited)
Within 90 days	27,108	21,040
91 to 180 days	1,480	2,066
181 to 360 days	264	826
Over 360 days	<u>1,339</u>	<u>1,351</u>
	30,191	25,283
	<u><u>30,191</u></u>	<u><u>25,283</u></u>

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 2007 (the "Interim Period"), the Group's revenue amounted to approximately HK\$369.1 million (2006: HK\$314.1 million), representing an increase of 17.5%. Profit before tax of approximately HK\$67.7 million was achieved (2006: HK\$52.2 million), representing a growth rate of approximately 29.7%. The profit attributable to equity holders of the Company for the Interim Period was approximately HK\$55.6 million (2006: HK\$40.3 million), representing an increase of 38.0% over the corresponding period of 2006 (the "last period"). Earnings per share of the Company was HK13.90 cents per share (2006: HK13.44 cents) based on the weighted average number of 400,000,000 shares (2006: 300,000,000 shares) in issue during the Interim Period, representing an increase of 3.4% comparing to the last period.

REVIEW OF OPERATIONS

The Group's gross profit of HK\$285.5 million for the Interim Period (2006: HK\$241.9 million) represented a growth of approximately 18.0% as compared to the last period. Benefited from the economic booming, increasing demand for lingerie products and the appreciation of Renminbi in the PRC, the Group successfully generated a growth in revenue by 17.5% during the Interim Period. Further, the Group continued to enjoy economies of scale and increase the sales of patented products which improved the profit margin generated during the Interim Period. In addition, the Group's younger brand, **COMFIT**, which was launched in 2006 and is targeting on functional and premiere lingerie markets, successfully diversified the Group's product line and produced additional revenue which accounted for 5.9% of the Group's total revenue. As a result, the Group recorded a new peak of revenue and gross profit as compared to the last period.

Revenue

Retail business continued to be the major source of revenue of the Group, contributing approximately 88.9% of the Group's total revenue during the Interim Period. The Group's products are currently sold through the retail outlets in the PRC and Hong Kong under the Group's own brand names of **EMBRY FORM**, **FANDECIE**, **COMFIT** and **LC**. In order to capture the booming market demand for lingerie products, the Group strategically opened more new retail outlets. During the Interim Period, in order to improve and obtain more outstanding sales performance, apart from opening new retail outlets, the Group also shut down less profitable and unsatisfactory retail outlets and re-allocated resources to new locations with improving sales revenue resulted. The Group had a net increase of 117 retail outlets during the Interim Period (opened and/or contracted: 149; closed: 32) and totally operated 1,230 retail outlets as at 30 June 2007, in which a new flagship store was also opened in Shenzhen, the PRC in June 2007. Moreover, the Group may strategically and prudently adjust the timing and locations for the opening of retail outlets and flagship stores. The Directors are of the opinion that an instant response to the market conditions is essential which will enhance the Group's effectiveness in utilising resources and will maximise sales revenue generated from each retail outlet.

The Group also ran its wholesale business and original equipment manufacturer ("OEM") business, which contributed 5.8% and 5.3% respectively of the total revenue of the Group during the Interim Period. Limited by the existing production capacity, the Group may accept new OEM business only when the acceptance of which could generate reasonable profit margins or deliver other benefits such as skill, technique, design or idea to the Group, and in times of spare capacity.

Brand management

The Group's products are principally sold under its self-owned brand names **EMBRY FORM**, **FANDECIE** and **COMFIT**. Revenue generated from **EMBRY FORM** and **FANDECIE** accounted for 62.1% and 26.7% 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 5.9% of the Group's total revenue. The Directors are optimistic that **COMFIT** will become a significant source of the Group's revenue and growth driver for the future.

REVIEW OF OPERATIONS (continued)

Production capacity

For the Interim Period, the aggregate annual production capacity of the Group accounted for 11.8 million standard product units. As stated in the Prospectus, in order to cope with the expansion of the Group's business, the Group is now constructing a new factory in Zhangqiu City, Shandong Province, the PRC (the "Shandong Factory"), further details of which are discussed in section headed "Significant investment held, material acquisitions and disposal of subsidiaries and associated companies" below.

Product development

During the Interim Period, the sales of lingerie, sleepwear, swimwear, OEM products and other products accounted for approximately 83.7%, 5.5%, 3.7%, 5.3% and 1.8% 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 to be vital for the Group to maintain its competitive advantages. 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 2007, the Group had 39 patent registrations and 16 outlook design registrations.

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 established the Shandong Factory in Zhangqiu City, Shandong Province, the PRC. At the date of this announcement, construction of the Shandong Factory was substantially completed. Renovation work and installation of all production facilities will commence soon and it is expected that the aforementioned work will be completed in early 2008 or sooner. Trial production can be started as early as in the first quarter of 2008. According to current construction plan, the Shandong Factory will commence commercial production in mid 2008 and this will complete the Phase I of the Shandong Factory project. Certain construction works of Phase II have commenced which are deemed necessary in order to take advantages of future cost savings in construction and to meet the overall construction plan of the Shandong Factory project.

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

Look ahead, 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 the same strategy on expanding its sales network. On one hand, the Group will continue opening more retail outlets in the PRC and Hong Kong in order to capture the market share and to strengthen the Group's market presence and on the other hand, less profitable retail outlets will be closed down in these areas so as to improve the overall stores performance. Because of this, the Group has revised its original target of increasing the number of retail outlets from 300 as mentioned in the Prospectus to 230 by the end of 2007. This will bring the total retail outlets to more than 1,300 as at 31 December 2007 which span across the entire Greater China. In the year to come, the Group will concentrate on improving store image with better visual display and will strive to improve the comparable-store-sales growth.

The Group will also continue to formulate innovative and cost effective marketing campaigns and programs to promote its existing brands so as to strengthen its market position in the PRC and to raise brand image.

PROSPECTS (continued)

The Shandong Factory which will commence production in mid 2008 will bring extra production capacity to the Group and will help the Group to meet the continuous rising demand. This extra 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 by shifting the mode of operation from OEM to original design manufacturer. The Group believes all these measures will boost its operating profit margin.

In the long run, the Group's objective is to become a reputable ladies' lingerie retailer in the Greater China, which offers a wide range of products to fit the needs of customers of different age groups, having different perceptions and purchasing power.

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 Friday, 12 October 2007, resulting in an appropriation of HK\$8.0 million. The above mentioned interim dividend will be payable on or before 22 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 October 2007 to Friday, 12 October 2007, 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 Tuesday, 9 October 2007.

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 as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Interim Period.

OTHER INFORMATION (continued)

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.

PUBLICATION OF 2007 INTERIM REPORT

The 2007 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 website of Hong Kong Exchanges and Clearing Limited at <http://www.hkex.com.hk> in due course.

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

Hong Kong, 18 September 2007

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..