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09 Interim Report

Embry Holdings Limited
安莉芳控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 1388

Website: www.embryform.com

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CORPORATE INFORMATION

Directors and Board Committees

Directors

Executive Directors

CHENG Man Tai (*Chairman*)
CHENG Pik Ho Liza (*Chief Executive Officer*)
NGOK Ming Chu
HUNG Hin Kit

Independent Non-executive Directors

LAU Siu Ki (alias, Kevin Lau)
LEE Kwan Hung
LEE T. S. (alias, Lee Tien-sheng)

Board Committees

Audit Committee

LAU Siu Ki (alias, Kevin Lau) (*Chairman*)
LEE Kwan Hung
LEE T. S. (alias, Lee Tien-sheng)

Remuneration Committee

CHENG Pik Ho Liza (*Chairman*)
LAU Siu Ki (alias, Kevin Lau)
LEE Kwan Hung
LEE T. S. (alias, Lee Tien-sheng)

Nomination Committee

CHENG Pik Ho Liza (*Chairman*)
LAU Siu Ki (alias, Kevin Lau)
LEE Kwan Hung
LEE T. S. (alias, Lee Tien-sheng)

Compliance Officer

CHENG Pik Ho Liza

Company Secretary

CHAU Kwok Ming

Registered Office

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

7th Floor, Wyler Centre II
200 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

Principal Bankers

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Nanyang Commercial Bank, Limited
Bank of China – Shenzhen Shangbu Branch
China Construction Bank – Shenzhen Tianbei
Branch
China Merchants Bank – Shenzhen Dongmen
Branch
China Merchants Bank – Shenzhen Shekou
Branch
China Construction Bank – Shenzhen Buxin
Branch

Legal Advisers

As to PRC law:

GFE Law Office

Auditors

Ernst & Young
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Share Registrars

Principal Share Registrar and Transfer Office in the Cayman Islands

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fot Street
P. O. Box 705
George Town
Grand Cayman
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Investor Relations

iPR Ogilvy Limited

Website

www.embryform.com

Stock Code

1388

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2009 together with the unaudited comparative figures for the corresponding period in 2008 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 2009

	Notes	Six months ended 30 June	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
REVENUE	3	606,599	489,166
Cost of sales		(125,435)	(113,275)
Gross profit		481,164	375,891
Other income and gains, net	4	1,717	15,621
Selling and distribution expenses		(327,719)	(279,549)
Administrative expenses		(63,745)	(59,460)
Other expenses		–	(2,565)
Finance costs	5	–	(2)
PROFIT BEFORE TAX	6	91,417	49,936
Tax	7	(29,586)	(10,305)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		61,831	39,631
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
– Basic (HK cents)		15.41	9.89
– Diluted (HK cents)		15.27	9.82

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	<u>61,831</u>	<u>39,631</u>
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	<u>1,046</u>	<u>24,531</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	<u>62,877</u>	<u>64,162</u>

Condensed Consolidated Statement of Financial Position

30 June 2009

	Notes	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	207,716	205,200
Investment property		29,000	30,000
Prepaid land lease payments		3,822	3,863
Deferred tax asset		2,718	3,361
Deposits	12	21,653	455
Total non-current assets		264,909	242,879
CURRENT ASSETS			
Inventories		330,560	360,342
Trade receivables	13	47,494	41,703
Prepayments, deposits and other receivables		27,125	24,735
Financial assets at fair value through profit or loss		–	23,014
Cash and cash equivalents		418,984	336,500
Total current assets		824,163	786,294
CURRENT LIABILITIES			
Trade and bills payables	14	28,455	33,021
Tax payable		9,537	11,425
Other payables and accruals		84,745	64,937
Total current liabilities		122,737	109,383
NET CURRENT ASSETS		701,426	676,911
TOTAL ASSETS LESS CURRENT LIABILITIES		966,335	919,790
NON-CURRENT LIABILITIES			
Deferred liabilities		4,738	4,838
Deferred tax liabilities		10,892	6,522
Total non-current liabilities		15,630	11,360
NET ASSETS		950,705	908,430

Condensed Consolidated Statement of Financial Position (continued)

30 June 2009

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
<hr/>		
EQUITY		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Issued capital	4,017	4,011
Other reserves	528,153	522,800
Retained earnings	418,535	381,619
	<hr/>	<hr/>
TOTAL EQUITY	950,705	908,430
	<hr/>	<hr/>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the Company									
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Enterprise expansion and statutory reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Goodwill reserve HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 January 2009 (audited)	4,011	331,577	122,610	2,539	11,768	50,778	(3,168)	6,696	381,619	908,430
Profit for the period	-	-	-	-	-	-	-	-	61,831	61,831
Exchange differences arising on translation of foreign operations	-	-	-	-	-	1,046	-	-	-	1,046
Total comprehensive income for the period	-	-	-	-	-	1,046	-	-	61,831	62,877
Issue of shares	6	2,073	-	-	-	-	-	(1,106)	-	973
Equity-settled share option arrangements	-	-	-	-	-	-	-	2,493	-	2,493
Final and special 2008 dividends declared and paid	-	-	-	-	-	-	-	-	(24,068)	(24,068)
Transfer from retained earnings	-	-	-	-	847	-	-	-	(847)	-
At 30 June 2009 (unaudited)	4,017	333,650*	122,610*	2,539*	12,615*	51,824*	(3,168)*	8,083*	418,535	950,705

* These reserves accounts comprise other reserves of HK\$528,153,000 in the condensed consolidated statement of financial position.

	Attributable to equity holders of the Company									
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Enterprise expansion and statutory reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Goodwill reserve HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 January 2008 (audited)	4,003	329,240	122,610	2,539	11,768	26,474	(3,168)	5,369	340,625	839,460
Profit for the period	-	-	-	-	-	-	-	-	39,631	39,631
Exchange differences arising on translation of foreign operations	-	-	-	-	-	24,531	-	-	-	24,531
Total comprehensive income for the period	-	-	-	-	-	24,531	-	-	39,631	64,162
Issue of shares	8	2,337	-	-	-	-	-	(868)	-	1,477
Equity-settled share option arrangements	-	-	-	-	-	-	-	1,464	-	1,464
Share options lapsed	-	-	-	-	-	-	-	(436)	436	-
Final 2007 dividend declared and paid	-	-	-	-	-	-	-	-	(24,000)	(24,000)
At 30 June 2008 (unaudited)	4,011	331,577	122,610	2,539	11,768	51,005	(3,168)	5,529	356,692	882,563

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<hr/>		
NET CASH INFLOW/(OUTFLOW) FROM:		
Operating activities	116,737	29,361
Investing activities	(840)	84,008
Financing activities	(23,095)	(22,525)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,802	90,844
Cash and cash equivalents at beginning of period	325,136	249,247
Effect of foreign exchange rate changes, net	1,046	14,293
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	418,984	354,384
	<hr/>	<hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	418,984	145,005
Non-pledged time deposits with original maturity of less than three months when acquired	-	209,379
	<hr/>	<hr/>
	418,984	354,384
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Statements

1. Corporate Information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 August 2006 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company is located at 7th Floor, Wyler Centre II, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

The Company is a subsidiary of Harmonious World Limited ("Harmonious World"), a company incorporated in the British Virgin Islands, which is considered by the Directors as the Company's ultimate holding company.

2. 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 certain properties and financial instruments that are measured at revalued amount or fair values, 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 2008 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 2009.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) – Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 13	Customer Loyalty Programmes
HK (IFRIC) – Int 15	Agreement for the Construction of Real Estate
HK (IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the new HKFRSs, except for HKAS 1 (Revised) as described below, 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.

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

Notes to the Condensed Consolidated Financial Statements (continued)

3. 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.

4. Other Income and Gains, Net

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Other income		
Bank interest income	1,134	2,999
Other interest income	–	281
Gross rental income	1,117	1,102
Others	1,930	632
	4,181	5,014
Gains		
Gain on disposal of financial assets at fair value through profit or loss	135	–
Gain on disposal of items of property, plant and equipment	14	–
Changes in fair value of an investment property	(1,000)	1,500
Foreign exchange differences, net	(1,613)	9,107
	(2,464)	10,607
	1,717	15,621

5. Finance Costs

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Interests on bank overdrafts repayable within five years	–	2

Notes to the Condensed Consolidated Financial Statements (continued)

6. Profit before Tax

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of inventories sold	125,435	113,275
Depreciation	10,959	12,988
Amortisation of prepaid land lease payments	41	20
Minimum lease payments under operating leases in respect of:		
Land and buildings	24,965	19,442
Contingent rents of retail outlets in department stores	148,442	119,889
Advertising and counter decoration expenses	29,584	48,224
Research and development expenditure	1,368	891

7. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Pursuant to the Corporate Income Tax Law (the "New PRC Tax Law") of the People's Republic of China (the "PRC") being effective on 1 January 2008, the PRC income tax rate is unified to 25% for all enterprises. Under an implementation guidance note of the New PRC Tax Law (the "Implementation Guidance"), enterprises established before the publication of the New PRC Tax Law were entitled to preferential treatments of a reduced corporate income tax rate (the "CIT rate") granted by the relevant tax authorities. The new CIT rate would be gradually increased from the preferential rate to 25% within 5 years after the effective date of the New PRC Tax Law on 1 January 2008. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

In addition, taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Group:		
Current – Hong Kong	602	1,532
Current – Mainland China	23,971	10,396
Deferred	5,013	(1,623)
Total tax charge for the period	29,586	10,305

Notes to the Condensed Consolidated Financial Statements (continued)

8. Related Party Transactions

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Continuing transactions			
Purchases of furniture for counters and shops from related companies	(i)	5,780	10,995
Rental expenses for a property paid to a related company	(ii)	1,227	1,193
Rental expenses for a warehouse paid to a director of the Company	(iii)	72	72
Discontinued transaction			
Interest income on promissory note received from a related company	(iv)	–	281

Notes:

- (i) The purchases of furniture for counters and shops from related companies controlled by a son of a director of the Company were made according to the terms similar to those offered by the Group's independent suppliers. The balances owing to related companies as at 30 June 2009 were HK\$5,306,000 (31 December 2008: HK\$3,715,000) and were unsecured, interest-free and repayable in accordance with normal trading terms. The amounts had been included in other payables and accruals as at the balance sheet date.
- (ii) The rental expenses which were paid to a related company controlled by a director of the Company and two sons of a director of the Company were determined with reference to the then prevailing market conditions.
- (iii) The rental expenses were determined with reference to the then prevailing market conditions.
- (iv) The promissory note issued by a related company controlled by a director of the Company and two sons of a director of the Company carried interest which was determined after considering the prevailing interest rates offered by commercial banks in Hong Kong for commercial loans. The promissory note was fully settled in March 2008.

The above continuing transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The Directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

Notes to the Condensed Consolidated Financial Statements (continued)

8. Related Party Transactions (continued)

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term employee benefits	7,112	10,500
Post-employment benefits	117	174
Equity-settled share option expenses	1,519	1,145
Total compensation paid to key management personnel	8,748	11,819

9. Earnings per Share Attributable to Equity Holders of the Company

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June	
	2009	2008
	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 equity holders of the Company)	61,831	39,631
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	401,184	400,847
Effect of dilutive share options	3,790	2,752
Weighted average number of ordinary shares for the purpose of diluted earnings per share	404,974	403,599

Notes to the Condensed Consolidated Financial Statements (continued)

10. Dividends

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividend paid during the period		
Final and special dividends of HK6.0 cents per ordinary share for the year ended 31 December 2008 (year ended 31 December 2007: HK6.0 cents)	24,068	24,000
Proposed interim dividend		
Interim dividend of HK3.0 cents (2008: HK2.0 cents) per ordinary share	12,051	8,023

The interim dividend will be paid to the shareholders whose names appear in the register of members on 29 September 2009. The interim dividend was declared after the period ended 30 June 2009, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

11. Property, Plant and Equipment

	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(audited)
At beginning of period/year, net of accumulated depreciation	205,200	164,294
Additions	13,495	55,285
Disposals	(20)	(65)
Depreciation provided during the period/year	(10,959)	(23,621)
Exchange realignment	–	9,307
At end of period/year, net of accumulated depreciation	207,716	205,200

12. Deposits

	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Deposits paid for land use rights*	21,068	–
Deposits for acquisition of items of property, plant and equipment	585	455
	21,653	455

* The deposits paid for land use rights are the total consideration for land with an area of 123,350 square metres (the "Shandong factory phase 2") in adjacent to the land of the Group's factory located in Zhangqiu City, Shandong province.

Notes to the Condensed Consolidated Financial Statements (continued)

13. 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 the 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 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Within 90 days	46,789	40,376
91 to 180 days	756	1,330
181 to 360 days	129	174
Over 360 days	161	164
	47,835	42,044
Less: Impairment allowance	(341)	(341)
	47,494	41,703

14. 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 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Within 90 days	25,202	27,517
91 to 180 days	641	1,938
181 to 360 days	817	764
Over 360 days	1,795	2,802
	28,455	33,021

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

Notes to the Condensed Consolidated Financial Statements (continued)

15. Share Option Schemes

The Company adopted a pre-initial public offering share option scheme on 25 November 2006 (the "Pre-IPO Share Option Scheme") and a share option scheme on 18 December 2006 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Details of the schemes are disclosed in the annual financial statements for the year ended 31 December 2008.

Pre-IPO Share Option Scheme

Set out below were the outstanding share options under the Pre-IPO Share Option Scheme (the "Pre-IPO Share Options") as at 30 June 2009:

Name or category of participant	Number of share options					Date of grant of share options	Exercise period of share options*	Exercise price of share options † HK\$ per share
	At 1 January 2009	Granted during the period	Cancelled or lapsed during the period	Exercised during the period	At 30 June 2009			
Executive Directors								
Cheng Man Tai	655,000	-	-	(218,500)	436,500	25 November 2006	18 December 2007 to 17 December 2011	1.81
Cheng Plk Ho Liza	375,000	-	-	(125,000)	250,000	25 November 2006	18 December 2007 to 17 December 2011	1.81
Ngok Ming Chu	580,000	-	-	(193,500)	386,500	25 November 2006	18 December 2007 to 17 December 2011	1.81
Hung Hin Kit	249,000	-	-	-	249,000	25 November 2006	18 December 2007 to 17 December 2011	1.81
Independent Non-executive Directors								
Lau Siu Ki	68,000	-	-	-	68,000	25 November 2006	18 December 2007 to 17 December 2011	1.81
Lee Kwan Hung	68,000	-	-	-	68,000	25 November 2006	18 December 2007 to 17 December 2011	1.81
Lee T. S.	68,000	-	-	-	68,000	25 November 2006	18 December 2007 to 17 December 2011	1.81
Other employees								
In aggregate	1,796,000	-	-	-	1,796,000	25 November 2006	18 December 2007 to 17 December 2011	1.81
	<u>3,859,000</u>	<u>-</u>	<u>-</u>	<u>(537,000)</u>	<u>3,322,000</u>			

Notes to the Condensed Consolidated Financial Statements (continued)

15. Share Option Schemes (continued)

Pre-IPO Share Option Scheme (continued)

The weighted average closing share price at the date of exercise for share options exercised during the period was HK\$2.30 per share.

The weighted average closing share price immediately before the date of exercise for share options exercised during the period was HK\$2.32 per share.

Notes to the reconciliation of the Pre-IPO Share Options outstanding during the period:

- * The Pre-IPO Share Options are vested to the grantees in the following manner:
 - 25% of such options were vested on 18 December 2007 with an exercise period from 18 December 2007 to 17 December 2011;
 - 25% of such options were vested on 18 December 2008 with an exercise period from 18 December 2008 to 17 December 2011;
 - 25% of such options will be vested on 18 December 2009 with an exercise period from 18 December 2009 to 17 December 2011; and
 - the remaining 25% of such options will be vested on 18 December 2010 with an exercise period from 18 December 2010 to 17 December 2011.
- # The exercise price of each of the Pre-IPO Share Options per share is 50% of the final offer price of HK\$3.62 and is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the Pre-IPO Share Options granted during the year ended 31 December 2006 was estimated at approximately HK\$13,525,000 (HK\$2.08 each), of which the Company recognised a share option expense of HK\$711,000 (2008: HK\$1,464,000) during the period. As at 30 June 2009, the equity-settled option expenses of HK\$1,300,000 had not been recognised in the income statement.

The fair value of the Pre-IPO Share Options granted during the year ended 31 December 2006 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0
Expected volatility (%)	49
Risk-free interest rate (%)	3.8
Suboptimal exercise factor (times)	3

The suboptimal exercise factor is based on the Directors' estimation and not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

Notes to the Condensed Consolidated Financial Statements (continued)

15. Share Option Schemes (continued)

Share Option Scheme

Set out below were the outstanding share options under the Share Option Scheme as at 30 June 2009:

Name or category of participant	Number of share options				At 30 June 2009	Date of grant of share options	Exercise period of share options*	Exercise price of share options HK\$ per share
	At 1 January 2009	Granted during the period	Cancelled or lapsed during the period	Exercised during the period				
Executive Directors								
Cheng Man Tai	1,000,000	-	-	-	1,000,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
Cheng Plk Ho Liza	1,000,000	-	-	-	1,000,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
Ngok Ming Chu	1,000,000	-	-	-	1,000,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
Hung Hin Kit	1,000,000	-	-	-	1,000,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
Independent Non-executive Directors								
Lau Siu Ki	700,000	-	-	-	700,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
Lee Kwan Hung	700,000	-	-	-	700,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
Lee T. S.	700,000	-	-	-	700,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
Other employees								
In aggregate	6,600,000	-	-	-	6,600,000	5 November 2008	5 November 2009 to 4 November 2012	1.45
	<u>12,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,700,000</u>			

Notes to the reconciliation of share options under the Share Option Scheme outstanding during the period:

- * The share options under the Share Option Scheme will be vested to the grantees in the following manner:
- 30% of such options will be vested on 5 November 2009 with an exercise period from 5 November 2009 to 4 November 2012;
 - 30% of such options will be vested on 5 November 2010 with an exercise period from 5 November 2010 to 4 November 2012; and
 - the remaining 40% of such options will be vested on 5 November 2011 with an exercise period from 5 November 2011 to 4 November 2012.

Notes to the Condensed Consolidated Financial Statements (continued)

15. Share Option Schemes (continued)

Share Option Scheme (continued)

The fair value of the share options under the Share Option Scheme granted during the year ended 31 December 2008 was estimated at approximately HK\$6,664,000 (HK\$0.52 each), of which the Company recognised a share option expense of HK\$1,782,000 (2008: Nil) during the period. As at 30 June 2009, the equity-settled option expenses of HK\$4,289,000 under the Share Option Scheme had not been recognised in the income statement.

The fair value of the share options under the Share Option Scheme granted during the year ended 31 December 2008 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	3
Expected volatility (%)	55
Risk-free interest rate (%)	1.8
Expected life of option (year)	4
Exit rate – director (%)	0
Exit rate – staff except director (%)	15
Weighted average share price (HK\$)	1.45

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The exit rate is based on the historical data on staff/director turnover rates.

No other feature of the options granted was incorporated into the measurement of fair value.

Notes to the Condensed Consolidated Financial Statements (continued)

15. Share Option Schemes (continued)

The 537,000 share options exercised during the period resulted in the issue of 537,000 ordinary shares of the Company and new share capital of HK\$6,000 and share premium account of approximately HK\$967,000. An amount of HK\$1,106,000 has been transferred from the share option reserve.

At the balance sheet date, the Company had 16,022,000 share options outstanding under the Pre-IPO Share Option Scheme and the Share Option Scheme. The exercise in full of the share options would, under the present capital structure of the Company, result in the issue of 16,022,000 additional ordinary shares of the Company and additional share capital of HK\$160,000 and share premium account of HK\$24,267,000 (before issue expenses).

Subsequent to the balance sheet date and at the date of approval of these condensed consolidated financial statements, the Company had 16,004,000 share options outstanding under the Pre-IPO Share Option Scheme and Share Option Scheme, which represented approximately 3.98% of the issued ordinary shares of the Company as at that date.

16. Operating Lease Arrangements

(a) As lessor

The Group leases its investment property to an independent third party under an operating lease arrangement, with a lease negotiated for a term of four years.

At the balance sheet date, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Within one year	271	1,370

(b) As lessee

The Group leases certain of its shops, counters, warehouses, office properties and office equipment under operating lease arrangements with leases negotiated for terms ranging from one to eight years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Within one year	59,680	57,054
In the second to fifth years, inclusive	28,723	32,661
After five years	567	766
	88,970	90,481

Notes to the Condensed Consolidated Financial Statements (continued)

16. Operating Lease Arrangements (continued)

(b) As lessee (continued)

In addition, the Group has entered into agreements with department stores to enable the Group to set up its retail outlets therein. The operating lease rentals for the use of their floor areas in department stores are based on the higher of a fixed rental or contingent rent based on sales of the retail outlets pursuant to the terms and conditions as set out in respective agreements. As the future sales of these retail outlets could not be accurately determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above disclosure.

17. Commitments

At the balance sheet date, the Group had the following commitments:

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Contracted for commitments in respect of the acquisitions of property, plant and equipment	<u>9,813</u>	<u>9,545</u>
Authorised, but not contracted for commitments in respect of investment in Shandong factory *	<u>117,743</u>	<u>–</u>

* It refers to the construction and the related property, plant and equipment in the Group's Shandong factory phase 2 development.

18. Post Balance Sheet Event

On 9 September 2009, Embry (Changzhou) Garments Ltd. ("Embry CZ"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party for the acquisition of a piece of land at a consideration of RMB6,318,000. The land, with an area of 25,070 square metres, is located at Xinbei District, Changzhou, Jiangsu Province. Embry CZ is currently operating in rented premises. It is the intention of the Group that the operations of Embry CZ will be relocated to this newly acquired site when construction of new production facilities is completed.

19. Approval of the Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 10 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operation Review

In the first half of 2009, the adverse impact amid market uncertainties had gradually emerged in the wake of global financial crisis. Nevertheless, thanks to the stimulus measures implemented by the Central Government and a return of positive market sentiment subsequently, the economic situation in China was relatively stable. According to the National Bureau of Statistics, Gross Domestic Products of China amounted to approximately RMB13,986.2 billion in the first half of 2009, representing a year-on-year growth of approximately 7.1%. China's domestic demand remained strong, with the total retail sales of consumer goods delivering a year-on-year growth of approximately 15.0% to RMB5,871.1 billion in the same period.

In the backdrop of the steady growth in China economy, the Group successfully capitalized on its strong brand recognition and solid foundation, and achieved remarkable results in the first half of 2009. During the six months ended 30 June 2009 (the "Current Period"), the Group outperformed the market by delivering a steady growth in revenue of 24.0% to HK\$606.6 million. Profit attributable to equity holders of the Company was HK\$61.8 million, representing a remarkable increase of 56.1% as compared to the same period last year (the "Prior Period"). Earnings per share of the Company grew substantially by 55.8% to HK15.41 cents per share (2008: HK9.89 cents). The board of directors of the Company has resolved to declare an interim dividend of HK3.0 cents per share for the Current Period (2008: HK2.0 cents).

The directors of the Company (the "Directors") attributed this success to its well-planned brand management strategy, cautious but effective network expansion plan and enhanced operating efficiency. Rapid economic growth in coastal regions and the rise in consumers' disposable income drove up the demand for lingerie products. The rising popularity and competitiveness of the Group's brands also fuelled the growth in revenue. **FANDECIE**, the Group's younger brand, remained to be the key growth driver during the Current Period. The competitive product pricing and relatively stronger brand awareness have enabled **FANDECIE** to outperform the market and achieve outstanding results. **EMBRY FORM**, the Group's signature brand, still delivered reasonable revenue growth, amid enhancing brand equity consideration.

Brand management

The Group continued to promote and consolidate its three major brands, namely **EMBRY FORM**, **FANDECIE** and **COMFIT** in an effort of maintaining the long-term growth momentum.

During the Current Period, the Group sought to refine the images of these brands by organising various promotional campaigns in department stores or shopping malls to increase the brand awareness. For instance, in April 2009, the Group held a marketing event called "Q-Sexy Night" in Shenzhen to promote the **FANDECIE** brand. More than 200 senior management representatives from various department stores nationwide participated in the event and the responses were overwhelming.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business and Operation Review (continued)

Sales network

In light of the overall economic and market conditions, the Group adopted a cautious but effective approach in enhancing its sales network and sought to expand the network coverage by strategically increasing the number of retail outlets. During the Current Period, the Group had a net increase of 47 retail outlets nationwide, which was in line with the full year's expansion plan. As at 30 June 2009, the Group operated a total number of 1,604 retail outlets, which comprised 1,474 concessionary counters and 130 retail shops.

Product design and development

Always striving for excellence, the Group continued to devote resources to the design, research and development of quality products that meet market needs. By fulfilling the ever-growing consumer demand, the Group has been able to create value and generate returns. During the Current Period, the Group launched various product collections with its unique and patented designs such as 3D Contour Support, Supportflex, Intelligent Straps, Breathable Cup, Invisible Cup, Seamless Back, Self-lock Antiskid Adjusting Buckle and Deep V Underwear in response to market trends and customer preferences. All these products with patented designs were widely popular among customers.

As at 30 June 2009, the Group had 19 applications patents and 13 appearance design patents registered in China and/or elsewhere in the world.

Production capacity

With the additional production capacity brought by the Group's new factory in Zhangqiu City, Shandong Province (the "Shandong Factory"), the Group will be able to achieve economies of scale and better efficiency, while catering for the rising market demand. As at 30 June 2009, the annual production capacity of the Group's production bases remained at 14.8 million standard product units in aggregate.

Human resources

As at 30 June 2009, the Group had approximately 6,800 employees (2008: 6,500). The Group's total staff costs (including wages and basic salaries, commission, bonus, retirement benefits scheme contribution) amounted to approximately HK\$145.2 million for the Current Period (2008: HK\$114.7 million).

Remuneration of employees is determined with reference to the market standard, individual performance and working experience, and certain staff members are entitled to commissions and share options. In addition to basic salaries, the Group also provides, depending on the results of the Group and individual performance, discretionary bonuses in order to motivate quality employees. In addition to offering competitive remuneration packages, the Group also puts great emphasis on the investment in human resources. The Group organises various staff training courses regularly, with a view to enhancing the skills and knowledge of its employees.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review

Revenue

By sales channel and location

For the Current Period, the Group's revenue was HK\$606.6 million, representing a 24.0% increase from HK\$489.2 million in the Prior Period. The increase was mainly attributable to steady same-store sales growth, coupled with a moderate network expansion nationwide. Retail sales were HK\$531.6 million in the Current Period, accounting for 87.6% of the Group's revenue and representing an increase of 23.1% over the Prior Period. Wholesale business revenue rose 32.1% from HK\$44.9 million to HK\$59.3 million in the Current Period.

Mainland China remained to be the Group's core market. Revenue in Mainland China was HK\$542.9 million in the Current Period, accounting for 89.5% of the Group's revenue and representing an increase of 25.5% over the Prior Period. Although Hong Kong is a relatively mature market, the Group was able to deliver a growth in revenue of 9.0% in the Hong Kong market with sales amounting to HK\$48.1 million in the Current Period.

By brand and product line

As for brands, the Group's multi-brand strategy continued to generate synergy effects and enhance its competitive edges to capture growing market potentials. **EMBRY FORM**, its signature brand, delivered a steady growth of 14.8% in revenue to HK\$344.7 million. The growth of this brand was somewhat affected in the Current Period. Under the then prevailing economic and market conditions, some consumers were motivated to seek alternatives of lower selling prices. In view of this, the Group proactively increased its efforts in **FANDECIE**, which is more competitive in pricing, and achieved a remarkable growth of 44.0% in revenue to HK\$210.6 million. **COMFIT**, a brand focusing on functions and quality, also grew by 18.0% in revenue to HK\$35.6 million.

Lingerie has always been the Group's core product line, reflecting the core competencies of the Group in the research and development, and production of lingerie. Sales of lingerie were HK\$537.3 million in the Current Period, accounting for 88.5% of the Group's revenue and representing an increase of 25.8% over the Prior Period. Swimwear also delivered a steady growth of 28.3% while sleepwear recorded a modest decrease of 6.7% during the Current Period. Sales of swimwear and sleepwear were HK\$26.9 million and HK\$24.7 million respectively, accounting for 4.4% and 4.1% respectively of the Group's revenue in the Current Period. These two product lines help complement the product range the Group offers to consumers.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review (continued)

Gross profit

The Group's gross profit was HK\$481.2 million in the Current Period, representing a growth of approximately 28.0% over the Prior Period. Benefiting from economies of scale, effective supply chain management and cost control measures, the Group was able to contain the cost of sales at a reasonable level. In addition, the average selling price ("ASP") of the Group's products remained fairly stable with the exception of **EMBRY FORM**, its signature brand, which delivered a mild increase in ASP in the Current Period. The above favourable factors helped improve the overall gross profit margin from 76.8% in the Prior Period to 79.3% in the Current Period, an expansion of 250 basis points.

Operating expenses

Selling and distribution expenses increased by 17.2% to HK\$327.7 million in the Current Period, accounting for 54.0% of the Group's revenue in the Current Period compared to 57.1% in the Prior Period. Such improvement was partly due to the benefits achieved by better cost control measures. In view of the market conditions, the Group adopted a more cost-effective approach in advertising and decoration. Moreover, it opened relatively fewer number of new retail outlets in the Current Period compared to the Prior Period. As a result, advertising and counter decoration expenses were greatly reduced by 38.6% to HK\$29.6 million in the Current Period, which accounted for 4.9% of the Group's revenue (2008: 9.9%).

Administrative expenses increased by 7.2% to HK\$63.7 million in the Current Period, accounting for 10.5% of the Group's revenue in the Current Period compared to 12.2% in the Prior Period. Such improvement was mainly attributable to economies of scale.

Net profit

The profit attributable to equity holders of the Company for the Current Period was HK\$61.8 million, representing a year-on-year increase of 56.1%. The increase was due to steady revenue growth, improved gross profit margin and better operating efficiency mentioned above. Net profit margin was 10.2%, compared to 8.1% in the Prior Period, an expansion of 210 basis points.

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flow and the financial position of the Group remained sound and healthy during the Current Period. As at 30 June 2009, the Group had cash and cash equivalents of approximately HK\$419.0 million (31 December 2008: HK\$336.5 million). The increase of HK\$82.5 million was mainly due to operating cash inflow of HK\$116.7 million in the Current Period. The Group did not have any interest-bearing bank borrowings during the Current Period. The gearing ratio, being total interest-bearing bank borrowings divided by total assets, was therefore nil as at 30 June 2009 and as at 31 December 2008.

Capital structure

As at 30 June 2009, the total issued share capital of the Company was approximately HK\$4.0 million (31 December 2008: approximately HK\$4.0 million), comprising 401,667,500 (31 December 2008: 401,130,500) 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 by certain Directors of the Group, details of which are set out in note 15 to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review (continued)

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

There was no significant investment held, material acquisitions and disposal of subsidiaries and associated companies during the Current period.

Capital expenditure

The Group's capital expenditure during the Current Period amounted to HK\$13.5 million (2008: HK\$45.1 million).

Charges on the Group's assets

As at 30 June 2009, the Group did not have any assets pledged.

Foreign currency exposure

The Group carries on its trading transactions mainly in Hong Kong dollars and Renminbi. As the Group's foreign currency risks generated from the sales and purchases can largely be set off with each other, the foreign currency risk is considered as minimal to the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency. 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 business.

Contingent liabilities

The Group had no significant contingent liabilities or any litigation or arbitration of material importance as at 30 June 2009.

Prospect

Looking into the second half of 2009, the overall market conditions in China are expected to improve gradually as the Government's stimulus measures continue to fuel domestic consumption. While maintaining a cautiously optimistic outlook, the Group will adopt a sustainable business growth strategy to take advantage of the steady economic growth ahead.

The Group will continue to improve and expand its sales network prudently and adjust the distribution of its retail outlets according to the original expansion plan set out at the beginning of the year by opening around 100 retail outlets across China in 2009. On the other hand, the Group will continue to develop top quality products for its brands and set the pricing carefully, in order to enhance its brand equity.

Following the commissioning of the Shandong Factory in 2008, the Group is now in a position to allocate its production more flexibly among the three production bases in China, thereby achieving better economies of scale and operating efficiency. It is expected that further expansion of production capacity in the Shandong Factory as and when needed will be sufficient to support the Group's growth plans for the next couple of years.

Leveraging its enhanced brand equity and strengthened market leading position, the Group will continue to promote healthy business growth by boosting its research and development capabilities to meet the needs of customers. It will also be carrying out various advertising and promotion campaigns to increase the brand awareness among customers. The Group is confident that the growth momentum can be sustained in the second half of 2009 and endeavours to deliver satisfactory returns to its shareholders.

OTHER INFORMATION

Directors' Interests and Short Positions in Shares and Underlying Shares

At 30 June 2009, the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in shares of the Company:

Name	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued shares
Cheng Man Tai	Interest of controlled corporations	Ordinary shares (Note 1)	287,550,850	71.59
	Beneficial owner	Ordinary shares	2,276,500	0.57
	Beneficial owner	Share options (Note 2)	1,436,500	0.36
Cheng Pik Ho Liza	Beneficial owner	Ordinary shares	8,063,555	2.01
	Beneficial owner	Share options (Note 2)	1,250,000	0.31
Ngok Ming Chu	Interest of controlled corporations	Ordinary shares (Note 1)	287,550,850	71.59
	Beneficial owner	Ordinary shares	536,500	0.13
	Beneficial owner	Share options (Note 2)	1,386,500	0.35
Hung Hin Kit	Beneficial owner	Ordinary Shares	83,000	0.02
	Beneficial owner	Share options (Note 2)	1,249,000	0.31
Lau Siu Ki	Beneficial owner	Share options (Note 2)	768,000	0.19
Lee Kwan Hung	Beneficial owner	Share options (Note 2)	768,000	0.19
Lee T. S.	Beneficial owner	Share options (Note 2)	768,000	0.19

OTHER INFORMATION (continued)

Directors' Interests and Short Positions in Shares and Underlying Shares (continued)

Long positions in shares of an associated corporation:

Name	Name of associated corporation	Relationship with the Company	Shares/equity derivatives	Number of shares	Capacity and nature of interest	Percentage of the associated corporation's issued shares
Cheng Man Tai	Harmonious World	Ultimate holding company	Ordinary shares	57.91 shares of US\$1 each	Directly beneficially owned	59.09
Ngok Ming Chu	Harmonious World	Ultimate holding company	Ordinary shares	40.09 shares of US\$1 each	Directly beneficially owned	40.91

Notes:

1. These shares are held as to 286,279,660 shares by Harmonious World and as to 1,271,190 shares by Fairmout Investments Limited ("Fairmout Investments"). Harmonious World is owned as to 59.09% by Mr. Cheng Man Tai and as to 40.91% by Madam Ngok Ming Chu. Fairmout Investments is owned as to 50% by Mr. Cheng Man Tai and as to 50% by Madam Ngok Ming Chu.
2. These represent the number of shares which will be allotted and issued to the respective Directors upon the exercise of the share options granted to each of them under the Pre-IPO Share Option Scheme and the Share Option Scheme, details of which are disclosed in note 15 to the condensed consolidated financial statements.

Save as disclosed above, as at 30 June 2009, none of the Directors had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

At no time during the six months ended 30 June 2009 (the "Interim Period") were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION (continued)

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

At 30 June 2009, the following interests of 5% or more of the issued share capital of the Company (other than the Directors of the Company) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Harmonious World	Directly beneficially owned (Note)	286,279,660	71.27
Fidelity International Limited	Investment manager	28,729,000	7.15

Note: The relationship between Harmonious World and Mr. Cheng Man Tai and Madam Ngok Ming Chu is disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above.

Save as disclosed above, as at 30 June 2009, no person, other than the Directors, whose interests are set out in the section headed "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Interim Dividend

On 10 September 2009, the Board resolved to declare the payment of an interim dividend of HK3.0 cents per ordinary share in respect of the Interim Period, to shareholders registered on the register of members on Tuesday, 29 September 2009, resulting in an appropriation of approximately HK\$12.1 million. The above-mentioned interim dividend will be payable on or before 8 October 2009.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 25 September 2009 to Tuesday, 29 September 2009, both days inclusive. During such period, no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 24 September 2009.

OTHER INFORMATION (continued)

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 as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard as set out in the Model Code during the Interim Period.

On behalf of the Board

Cheng Man Tai

Chairman

Hong Kong

10 September 2009