



EMBRY HOLDINGS LIMITED 安莉芳控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code : 1388



Striving for 追求
Excellence 卓越

2022 INTERIM REPORT

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Corporate Information

Directors and Board Committees

Directors

Executive Directors

CHENG Man Tai (Chairman)

(resigned on 1 February 2022)

NGOK Ming Chu (Chairman)

(appointed as Chairman on 24 March 2022)*

CHENG Pik Ho Liza (Chief Executive Officer)

CHENG Chuen Chuen

LU Qun

Independent Non-Executive Directors

LAU Siu Ki (alias, Kevin Lau)

LEE Kwan Hung (alias, Eddie Lee)

LEE T. S. (alias, Lee Tien-sheng)

Board Committees

Audit Committee

LAU Siu Ki (alias, Kevin Lau) (Chairman)

LEE Kwan Hung (alias, Eddie Lee)

LEE T. S. (alias, Lee Tien-sheng)

Remuneration Committee

LEE Kwan Hung (alias, Eddie Lee) (Chairman)

CHENG Pik Ho Liza

LAU Siu Ki (alias, Kevin Lau)

LEE T. S. (alias, Lee Tien-sheng)

Nomination Committee

LEE T. S. (alias, Lee Tien-sheng) (Chairman)

CHENG Pik Ho Liza

LAU Siu Ki (alias, Kevin Lau)

LEE Kwan Hung (alias, Eddie Lee)

Compliance Officer

CHUNG King Yeung

Company Secretary

SO Ka Man

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

Hang Seng Bank (China) Limited

Nanyang Commercial Bank, Limited

The Hongkong and Shanghai Banking

Corporation Limited

HSBC Bank (China) Company Limited

Bank of China Limited

China Construction Bank Corporation

China Merchants Bank Co., Ltd.

Legal Advisers

As to Hong Kong law:

Chiu & Partners

As to PRC law:

GFE Law Office

Grandall Law Firm (Jinan)

Zhong Lun Law Firm

Auditor

Ernst & Young

Certified Public Accountants and

Registered Public Interest Entity Auditor

Share Registrars

Principal Share Registrar and Transfer Office in the Cayman Islands

Suntera (Cayman) Limited

Suite 3204, Unit 2A

Block 3, Building D

P.O. Box 1586

Gardenia Court

Camana Bay

Grand Cayman KY1-1100

Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Investor Relations

iPR Ogilvy Limited

Website

www.embygroup.com

Stock Code

1388

* with effect from the conclusion of the meeting of the Board on 24 March 2022 approving the annual results of the Company for the year ended 31 December 2021.

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 2022 together with the unaudited comparative figures for the corresponding period in 2021 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 auditor of the Company.

Condensed Consolidated Income Statement

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
REVENUE	3	742,529	891,129
Cost of sales		(178,878)	(235,588)
Gross profit		563,651	655,541
Other income and gains, net	4	11,569	37,334
Selling and distribution expenses		(458,589)	(530,519)
Administrative expenses		(91,049)	(94,200)
Impairment of right-of-use assets		(6,876)	(2,257)
Other expenses	5	(3,435)	(1,161)
Finance costs	6	(4,453)	(5,349)
PROFIT BEFORE TAX	7	10,818	59,389
Income tax expense	8	(9,702)	(26,433)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,116	32,956
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
— Basic (HK cents)	10	0.26	7.80
— Diluted (HK cents)		0.26	7.80

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
PROFIT FOR THE PERIOD	1,116	32,956
OTHER COMPREHENSIVE INCOME/(EXPENSE) <i>Other comprehensive income/(expense) that may be reclassified to the income statement in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	(88,380)	31,739
<i>Other comprehensive income/(expense) that will not be reclassified to the income statement in subsequent periods:</i>		
Revaluation surplus	3,784	9,958
Deferred tax debited to asset revaluation reserve	(946)	(2,490)
Net other comprehensive income that will not be reclassified to the income statement in subsequent periods	2,838	7,468
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	(85,542)	39,207
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(84,426)	72,163

Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	956,843	1,034,948
Investment properties		520,638	520,563
Right-of-use assets		155,699	174,863
Other asset		421,647	437,073
Deferred tax assets		71,247	72,107
Deposits and other receivables		18,944	20,782
Total non-current assets		2,145,018	2,260,336
CURRENT ASSETS			
Inventories		498,961	526,358
Trade receivables	13	70,946	51,943
Prepayments, deposits and other receivables		70,566	76,438
Tax recoverable		4,860	11,066
Cash and cash equivalents		403,432	378,636
Total current assets		1,048,765	1,044,441
CURRENT LIABILITIES			
Trade payables	14	65,428	33,976
Interest-bearing bank borrowings	15	38,877	57,887
Lease liabilities		37,496	47,468
Other payables and accruals	16	175,233	197,221
Total current liabilities		317,034	336,552
NET CURRENT ASSETS		731,731	707,889
TOTAL ASSETS LESS CURRENT LIABILITIES		2,876,749	2,968,225

Condensed Consolidated Statement of Financial Position *(continued)*

30 June 2022

	<i>Notes</i>	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	288,595	288,595
Lease liabilities		21,575	31,397
Deferred tax liabilities		129,823	127,513
Other payables	16	4,420	4,447
Total non-current liabilities		444,413	451,952
NET ASSETS		2,432,336	2,516,273
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,224	4,224
Reserves		2,428,112	2,512,049
TOTAL EQUITY		2,432,336	2,516,273

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company											
	Reserves										Total reserves	Total equity
	Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	Enterprise statutory reserve funds	Share option reserve	Exchange fluctuation reserve	Goodwill reserve	Retained profits			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2022 (audited)	4,224	386,512	122,610	32,854	192,242	2,136	113,324	(3,168)	1,665,539	2,512,049	2,516,273	
Profit for the period	-	-	-	-	-	-	-	-	1,116	1,116	1,116	
Revaluation surplus	-	-	-	3,784	-	-	-	-	-	3,784	3,784	
Deferred tax debited to asset revaluation reserve	-	-	-	(946)	-	-	-	-	-	(946)	(946)	
Exchange differences related to foreign operations	-	-	-	-	-	-	(88,380)	-	-	(88,380)	(88,380)	
Total comprehensive income/(expense) for the period	-	-	-	2,838	-	-	(88,380)	-	1,116	(84,426)	(84,426)	
Share options lapsed	-	-	-	-	-	(17)	-	-	17	-	-	
Equity-settled share option arrangements	-	-	-	-	-	489	-	-	-	489	489	
Transfer to retained profits	-	-	-	-	(92)	-	-	-	92	-	-	
At 30 June 2022 (unaudited)	4,224	386,512	122,610	35,692	192,150	2,608	24,944	(3,168)	1,666,764	2,428,112	2,432,336	

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2021

	Attributable to owners of the Company										
	Reserves										
	Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	Enterprise statutory reserve funds	Share option reserve	Exchange fluctuation reserve	Goodwill reserve	Retained profits	Total reserves	Total equity
At 1 January 2021 (audited)	4,224	386,512	122,610	22,361	189,836	12	51,564	(3,168)	1,714,438	2,484,165	2,488,389
Profit for the period	-	-	-	-	-	-	-	-	32,956	32,956	32,956
Revaluation surplus	-	-	-	9,958	-	-	-	-	-	9,958	9,958
Deferred tax debited to asset revaluation reserve	-	-	-	(2,490)	-	-	-	-	-	(2,490)	(2,490)
Exchange differences related to foreign operations	-	-	-	-	-	-	31,739	-	-	31,739	31,739
Total comprehensive income for the period	-	-	-	7,468	-	-	31,739	-	32,956	72,163	72,163
2020 final dividends declared and paid (note 11)	-	-	-	-	-	-	-	-	(10,560)	(10,560)	(10,560)
Equity-settled share option arrangements	-	-	-	-	-	1,107	-	-	-	1,107	1,107
Transfer from retained profits	-	-	-	-	2,578	-	-	-	(2,578)	-	-
At 30 June 2021 (unaudited)	4,224	386,512	122,610	29,829	192,414	1,119	83,303	(3,168)	1,734,256	2,546,875	2,551,099

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	102,874	108,702
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,195	2,550
Purchase of items of property, plant and equipment	(4,171)	(3,747)
Proceeds from disposal of items of property, plant and equipment	–	3
Increase in right-of-use assets	(187)	(318)
Net cash flows used in investing activities	(2,163)	(1,512)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(19,010)	(90,273)
Principal portion of lease payments	(33,123)	(40,320)
Dividends paid	–	(10,560)
Interest paid	(4,453)	(5,349)
Net cash flows used in financing activities	(56,586)	(146,502)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	44,125	(39,312)
Cash and cash equivalents at beginning of period	378,636	425,149
Effect of foreign exchange rate changes, net	(19,329)	8,181
CASH AND CASH EQUIVALENTS AT END OF PERIOD	403,432	394,018
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	198,513	195,228
Non-pledged time deposits with original maturity of less than three months when acquired	193,514	198,790
Non-pledged time deposits with original maturity of more than three months when acquired	11,765	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	403,432	394,018

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 Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, 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.

2.1 Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2022 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 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for the investment properties which have been measured at fair value.

Notes to the Condensed Consolidated Financial Statements *(continued)*

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3

Reference to the Conceptual Framework

Amendments to HKAS 16

Property, Plant and Equipment:

Proceeds before Intended Use

Amendments to HKAS 37

Onerous Contracts — Cost of Fulfilling a Contract

Annual Improvements to HKFRSs 2018–2020

Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards had no material impact on the results and financial position for the current or prior accounting periods which have been prepared and presented.

Notes to the Condensed Consolidated Financial Statements *(continued)*

3. Revenue and Segment Information

An analysis of revenue is as follows:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods	742,529	891,129

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Business activities		
Concessionary counters	427,691	581,302
Retail stores	67,447	94,239
Internet and wholesale	243,749	213,717
Original design manufacturer ("ODM")	3,642	1,871
Total revenue from contracts with customers	742,529	891,129

Notes to the Condensed Consolidated Financial Statements (continued)

3. Revenue and Segment Information (continued)

Disaggregated revenue information for revenue from contracts with customers (continued)

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Brands		
Embry Form	389,955	433,841
Fandecie	143,931	182,274
Others	205,001	273,143
ODM products	3,642	1,871
Total revenue from contracts with customers	742,529	891,129
Products		
Lingerie	643,731	781,049
Sleepwear	76,518	76,889
Swimwear	13,069	21,518
ODM products	3,642	1,871
Other products	5,569	9,802
Total revenue from contracts with customers	742,529	891,129
Geographical markets		
Mainland China	719,556	866,846
Hong Kong	19,331	22,412
Others	3,642	1,871
Total revenue from contracts with customers	742,529	891,129

Notes to the Condensed Consolidated Financial Statements (continued)

4. Other Income and Gains, Net

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Other income		
Subsidy income*	4,928	17,320
Gross rental income from investment properties operating leases:		
Other lease payments, including fixed payments	11,005	8,815
Variable lease payments that do not depend on an index or a rate	219	273
Interest accretion on non-current receivables	301	504
Bank interest income	2,195	2,550
Gain on termination of leases	224	238
Others	1,735	2,992
	20,607	32,692
Gains/(losses), net		
Foreign exchange differences, net	(10,038)	1,389
Changes in fair value of investment properties	1,000	3,253
	(9,038)	4,642
	11,569	37,334

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

Notes to the Condensed Consolidated Financial Statements (continued)

5. Other Expenses

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss on disposal/write-off of items of property, plant and equipment, net	94	38
Charitable donations	2,410	–
Termination benefits	931	699
Others	–	424
	3,435	1,161

6. Finance Costs

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest on interest-bearing bank borrowings	2,816	3,373
Interest on lease liabilities	1,637	1,976
	4,453	5,349

Notes to the Condensed Consolidated Financial Statements (continued)

7. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Cost of inventories sold	178,878	235,588
Depreciation of property, plant and equipment	36,519	41,387
Depreciation of right-of-use assets	20,159	26,079
Write-back of impairment of trade receivables	(682)	(628)
Lease payment not included in the measurement of lease liabilities	132,786	172,961
Advertising and counter decoration expenses	31,995	32,492
Provision/(reversal of provision) for obsolete inventories, net	(20,196)	38,784
Impairment of right-of-use assets*	6,876	2,257
Gain on termination of leases	(224)	(238)
Interest accretion on non-current receivables	(164)	(504)

* During the period ended 30 June 2022, the impairment loss of HK\$6,876,000 (2021: HK\$2,257,000) represented the write-down of the carrying amount of right-of-use assets for certain underperforming stores to their recoverable amounts. The estimated recoverable amounts as at 30 June 2022 were determined based on their value in use amounts estimated by using a discount rate of 12.6% (2021: 14.0%).

8. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current — Mainland China	2,512	18,805
Deferred	7,190	7,628
Total tax charge for the period	9,702	26,433

Notes to the Condensed Consolidated Financial Statements *(continued)*

9. 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	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Continuing transactions			
Purchases of furniture and decoration services for counters and shops as well as different types of moulds from related companies	(i)	2,517	5,019
Rental expenses for a warehouse charged by a director of the Company	(ii)	168	168

Notes:

- (i) The purchases of furniture and decoration services for counters and shops as well as different types of moulds from 多思維五金塑料製品(深圳)有限公司 (Duosiwei Metal & Plastic Products (Shenzhen) Co., Ltd.) and 常州多思維家俱裝飾工程有限公司 (Changzhou Duosiwei Furniture Decoration Construction Co., Ltd.), related companies controlled by Mr. Cheng Chuen Chuen, an executive director of the Company, and 新思維實業(深圳)有限公司 (Xinsiwei Industry (Shenzhen) Co., Ltd.), a related company controlled by close family members of Mr. Cheng Chuen Chuen, an executive director of the Company, were made according to the terms similar to those offered by the Group's independent suppliers. The balances owed to related companies as at 30 June 2022 were HK\$7,605,000 (31 December 2021: HK\$10,792,000) and were unsecured, interest-free and repayable in accordance with normal trading terms. The amounts have been included in other payables and accruals as at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements *(continued)*

9. Related Party Transactions *(continued)*

(a) *(continued)*

Notes: (continued)

- (ii) The rental expenses were charged by Madam Ngok Ming Chu, an executive director of the Company, and determined with reference to the then prevailing market conditions.

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.

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Short-term employee benefits	6,193	8,800
Post-employment benefits	258	535
Total compensation paid to key management personnel	6,451	9,335

10. Earnings Per Share Attributable to Owners of the Company

The calculations of the basic and diluted earnings per share are based on the following data:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	1,116	32,956

Notes to the Condensed Consolidated Financial Statements (continued)

10. Earnings Per Share Attributable to Owners of the Company (continued)

	Number of shares Six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	422,416,638	422,416,638
Effect of dilution — weighted average number of ordinary shares:		
Share options*	—	275,629
	422,416,638	422,692,267

* The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2022.

11. Dividends

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Dividend paid during the period		
Final in respect of the financial year ended 31 December 2021 — Nil (2021: Final in respect of the financial year ended 31 December 2020 — HK2.5 cents per ordinary share)	—	10,560
Proposed interim dividend		
Interim — Nil (2021: HK2.0 cents per ordinary share)	—	8,448

Notes to the Condensed Consolidated Financial Statements (continued)

12. Property, Plant and Equipment

	Six months ended 30 June 2022 HK\$'000 (unaudited)	Year ended 31 December 2021 HK\$'000 (audited)
At beginning of period/year, net carrying amount	1,034,948	1,122,637
Additions	4,171	11,230
Disposals/write-off	(94)	(71)
Depreciation provided during the period/year	(36,519)	(80,306)
Transfer to investment properties <i>(note)</i>	(10,288)	(44,411)
Exchange realignment	(35,375)	25,869
At end of period/year, net carrying amount	956,843	1,034,948

Note: During the period ended 30 June 2022, the Group rented out a floor of its occupied properties to an independent third party for rental income. At the date of change in use, this property became investment property. Upon the transfer from property, plant and equipment of HK\$10,288,000 and corresponding right-of-use land of HK\$506,000 to investment properties, this property was revalued at HK\$14,578,000 with a revaluation surplus of HK\$3,784,000 credited to the asset revaluation reserve.

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 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.

Notes to the Condensed Consolidated Financial Statements (continued)

13. Trade Receivables (continued)

An ageing 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 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within 90 days	62,548	50,103
91 to 180 days	6,837	1,840
181 to 360 days	3,799	1,891
Over 360 days	4,053	3,718
	77,237	57,552
Less: Impairment allowance	(6,291)	(5,609)
	70,946	51,943

14. Trade Payables

An ageing 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 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within 90 days	60,986	31,300
91 to 180 days	1,796	740
181 to 360 days	1,161	560
Over 360 days	1,485	1,376
	65,428	33,976

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. Interest-Bearing Bank Borrowings

	30 June 2022			31 December 2021		
	Effective interest rate %	Maturity	HK\$'000 (unaudited)	Effective interest rate %	Maturity	HK\$'000 (audited)
Current						
Bank loans – secured	Hong Kong Interbank Offered Rate (“HIBOR”) + 1.45	2023	38,877	HIBOR+1.45	2022	47,530
Bank loans – unsecured	-	-	-	HIBOR+1.80	2022	10,357
			<u>38,877</u>			<u>57,887</u>
Non-current						
Bank loans – secured	HIBOR+1.45	2023–2024	288,595	HIBOR+1.45	2023–2024	288,595
			<u>288,595</u>			<u>288,595</u>
			<u>327,472</u>			<u>346,482</u>
				30 June 2022	31 December 2021	
				HK\$'000 (unaudited)	HK\$'000 (audited)	
Analysed into:						
Bank loans repayable:						
Within one year or on demand				38,877	57,887	
In the second year				64,757	64,757	
In the third to fifth years, inclusive				223,838	223,838	
				327,472	346,482	
Less: Amount classified as current portion				(38,877)	(57,887)	
Amount classified as non-current portion				288,595	288,595	

The above bank loans are denominated in Hong Kong dollars.

Notes to the Condensed Consolidated Financial Statements *(continued)*

16. Other Payables and Accruals

	<i>Notes</i>	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Other payables	<i>(a)</i>	69,541	89,856
Accruals		96,950	97,170
Contract liabilities	<i>(b)</i>	13,162	14,642
		179,653	201,668
Less: Amount classified as current portion		(175,233)	(197,221)
Amount classified as non-current portion		4,420	4,447

Notes:

- (a) Other payables are non-interest-bearing.
- (b) The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the Group transfers goods to the customer.

As at 30 June 2022 and 31 December 2021, the contract liabilities included deferred revenue arising from the loyalty points VIP programme of the Group and short-term advances received from customers for the sale of goods.

Notes to the Condensed Consolidated Financial Statements (continued)

17. Share Option Scheme

The Company adopted a share option scheme on 28 May 2020 (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 scheme are disclosed in the annual financial statements for the year ended 31 December 2021.

Set out below are the outstanding share options under the Share Option Scheme as at 30 June 2022:

Name or category of participant	Number of share options				At 30 June 2022 (unaudited)	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2022 (audited)	Granted during the period	Cancelled or lapsed during the period	Exercised during the period				
Executive directors								
Madam Ngok Ming Chu	1,300,000	-	-	-	1,300,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Ms. Cheng Pik Ho Liza	1,220,000	-	-	-	1,220,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Mr. Cheng Chuen Chuen	295,000	-	-	-	295,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Ms. Lu Qun	665,000	-	-	-	665,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Independent non-executive directors								
Mr. Lau Siu Ki	100,000	-	-	-	100,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Mr. Lee Kwan Hung	100,000	-	-	-	100,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Prof. Lee T. S.	100,000	-	-	-	100,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Substantial shareholder and his associate								
Mr. Cheng Man Tai ⁽²⁾	1,430,000	-	-	-	1,430,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Ms. Cheng Tsz Kwan ⁽³⁾	185,000	-	-	-	185,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
Other employees								
In aggregate	13,330,000	-	(290,000)	-	13,040,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
	18,725,000	-	(290,000)	-	18,435,000			

Notes to the Condensed Consolidated Financial Statements (continued)

17. Share Option Scheme (continued)

Notes:

- (1) Share options granted under the Share Option Scheme shall vest in the grantees in accordance with the timetable below:
 - 30% of such options were vested on 30 December 2021 with an exercise period from 30 December 2021 to 29 December 2025;
 - 30% of such options will be vested on 30 December 2022 with an exercise period from 30 December 2022 to 29 December 2025; and
 - the remaining 40% of such options will be vested on 30 December 2023 with an exercise period from 30 December 2023 to 29 December 2025.
- (2) Mr. Cheng Man Tai resigned as an executive director of the Company with effect from 1 February 2022. The opening balance of the number of outstanding share options at 1 January 2022 has been reclassified to take into account the aforesaid changes.
- (3) Ms. Cheng Tsz Kwan is the Senior Sales and Marketing Manager and granddaughter of Mr. Cheng Man Tai and Madam Ngok Ming Chu.

18. Commitments

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

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	112,122	117,764

19. Approval of the Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 25 August 2022.

Management Discussion and Analysis

Business and Operations Review

In 2022, the coronavirus (COVID-19) continued to mutate and spread rapidly, resulting in the ups and downs of the pandemic in China. In late March, China's economy was significantly under pressure in the second quarter as lockdown measures due to the COVID-19 pandemic were imposed in major business hubs such as Shanghai and Shenzhen. According to the National Bureau of Statistics, China's gross domestic product (GDP) in the second quarter grew by 0.4%, well below the growth rate of 4.8% in the first quarter. China's GDP grew by 2.5% year-on-year in the first half of the year.

In the first half of 2022, due to various political and economic uncertainties such as multiple outbreaks of the COVID-19 pandemic, the Russia-Ukraine conflict, the U.S. interest rate hike together with balance sheet shrinkage and depreciation of Renminbi, consumption sentiment was sluggish. There was a marginal increase in people's savings and total retail sales of consumer goods decreased by 0.7% year-on-year. For the retail sales of commodities, the sales of apparel, footwear and hats and knitted textiles fell by a relatively higher percentage of 6.5% year-on-year. As the epidemic prevention and control gradually became effective, business and production activities in various regions have resumed slightly since June, but the sentiment in the consumer market remained cautious. Commodity sales grew at a faster pace in the basic necessities category, but it takes some time for the underwear retail market to recover to the pre-pandemic levels. In response to the cautious consumer attitude, price competition in the underwear industry in China was intense, putting pressure on gross profit of the Group. The business environment remains challenging.

For the six months ended 30 June 2022 (the "Current Period"), the Group's revenue decreased by 16.7% to HK\$742,529,000 from that for the six months ended 30 June 2021 (the "Prior Period"). Gross profit margin increased by 2.3 percentage points to 75.9%. Profit attributable to owners of the Company was approximately HK\$1,116,000, representing a decrease from profit attributable to owners of the Company of HK\$32,956,000 recorded in the Prior Period. Earnings per share were HK0.26 cents (2021: HK7.80 cents).

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

In view of the current COVID-19 pandemic and poor consumer sentiment causing uncertainties in the future, the board of directors has resolved not to recommend the payment of an interim dividend (2021: HK2 cents). The Company believes that this measure is a prudent and responsible means of preserving cash for the long-term financial health of the Group.

Brand management

In the first half of 2022, the Group continued to make good use of the advantages of its multi-brand strategy and adjusted marketing arrangements in response to market demand for its seven brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG**. The Group caters to the segmented market by highlighting unique brand personalities to fulfil the needs and preferences of varying customer groups. The Group enhanced its brand competitiveness and expanded market coverage while consolidating its flagship brands, **EMBRY FORM** and **FANDECIE**, which contributed the majority of sales.

In terms of brand promotion, the Group suspended most of its brand promotion in the first half of the year due to the resurgence of the pandemic, reserving resources for optimal promotion when the market sentiment recovers.

In response to climate change and environmental protection, as well as the national dual carbon strategic objectives of “carbon peak” and “carbon neutrality”, in May 2022, **Embry Form’s** “MADE IN GREEN” environmental protection theme exhibitions were unveiled simultaneously in shopping centres in Shenzhen and Zhuhai. Through the theme exhibitions, Embry hoped to arouse more people’s awareness of environmental protection, to care for and protect nature, and to participate in a green and carbon-reducing lifestyle together. In order to convey the core concept of “green ecological textiles” to consumers, the Group launched the “Jungle Secret” series designed by an internationally renowned underwear designer, leveraging the power of art to deliver the sustainable low-carbon concept and let consumers understand Embry’s brand belief of sustainable green development over the years.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Brand management (continued)

As the world enters the post-pandemic era, online consumption has become an increasingly popular part of people's lifestyle and e-commerce platforms are developing rapidly. The Group continued to make full use of social media platforms to promote its brands, followed the traffic trends and strengthened the development of underwear styles exclusively for e-commerce. The Group cooperated with Internet celebrities to promote its brands and products in popular ways. This not only increased brand exposure and market penetration, but also allowed interactions with customers in a personalised manner, building good relationships and enhancing brand loyalty.

Sales network

In the first half of 2022, the Group continued to further optimise its sales network. As at 30 June 2022, the Group had 1,128 retail outlets in total, including 952 concessionary counters and 176 retail stores, representing a net decrease of 123 retail outlets as compared to the end of December 2021. The Group seized the opportunity of online sales, and actively explored and developed the online shopping market to improve the overall operational efficiency of its sales network. The Group strategically adjusted its store network and appropriately integrated the proportion of online and offline sales to achieve optimal channel coverage.

During the Current Period, the Group continued to operate online mirror stores with product information synchronised with the physical retail stores, achieving mutual empowerment of online and offline channels to attract traffic. It eliminated competition between physical and online stores, and also provided a convenient alternative consumption channel. The closed loop of operation helped optimise deployment of store inventory and inventory management, complementing each other.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Product design, research and development

The Group has always adhered to excellent product quality and comfortable wearing experience and continued to upgrade product designs and source the right materials to meet consumers' demand for lightweight underwear products while ensuring a comfortable cutting and design. The Group has also continued to improve its production technology, striving to improve production efficiency and operational efficiency of its supply chain in order to maintain its leading position in the highly competitive market.

During the Current Period, the Group launched a full range of popular new collections, including: **EMBRY FORM's** "Simple Summer (至簡夏日)" and "Modern Online (摩登在線)"; **FANDECIE's** "Summer Style (夏日潮搭)" and "Camping Time (露營時光)"; **COMFIT's** "Stylish Girl (格調女孩)" and "Healthy New Breath (健康新呼吸)"; **LIZA CHENG's** "Red Rhythm (紅韻)" and "Bird of Paradise (天堂鳥)"; **E-BRA's** "Urban Melody (都市旋律)" and "Fall in Love (傾心)"; **IADORE's** "Flowery (花漫)"; **IVU's** "Perfect Score (滿分系列)".

In the first half of 2022, the Group obtained 6 new utility model patents in China. As at 30 June 2022, the Group has a total of 96 patents, including 61 utility model patents, 11 invention patents and 24 appearance design patents.

Production capacity

The Group has its own production base in Jinan, Shandong Province, equipped with intelligent finished goods and materials warehouses. Based on the pandemic situation and changes in the general environment in the first half of the year, the Group carefully analysed the sales of different brands and segmented markets, reviewed and adjusted its production volume from time to time and implemented flexible production to maximize production efficiency and enhance supply chain efficiency.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Human resources

The Group understands that employees are one of the cornerstones of the Group's operations. The Group not only trained its employees and improved their welfare, but also reviewed the internal management culture from time to time to enhance the sense of belonging of employees. Meanwhile, the Group also actively improved production technology together with the utilisation of automated logistics system, improved the workflow of employees and raised production efficiency, so as to mitigate the overall cost increase pressure and improve operational efficiency.

As at 30 June 2022, the number of employees of the Group was approximately 4,805 (31 December 2021: approximately 5,154). Total staff cost (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme, share option expenses and excluding directors' and chief executive's remunerations) for the Current Period was HK\$247,144,000 (30 June 2021: HK\$278,372,000).

Financial Review

Revenue

During the Current Period, revenue was HK\$742,529,000, representing a decrease of 16.68% from the Prior Period, mainly attributable to the continued weak consumer sentiment as a result of multiple resurgence of the COVID-19 pandemic in China and imposition of strict quarantine measures or lockdown restrictions in some cities in China, which led to the suspension of business at some of the Group's points of sale.

During the Current Period, revenue from retail sales was HK\$495,138,000, accounting for 66.68% of the Group's total revenue and representing a decrease of 26.70% from the Prior Period. The Group recorded an increase in sales on e-commerce platforms. Revenue from the Internet increased by 25.79% to HK\$221,468,000 in the first half of 2022, accounting for 29.83% of the total revenue. The increase was mainly due to the overall e-commerce business growth resulting from the fact that consumers relied on online shopping for most of the time during the pandemic.

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\$719,556,000, accounting for 96.91% of the Group's total revenue.

Management Discussion and Analysis (continued)

Financial Review (continued)

Revenue (continued)

Among the seven brands operated by the Group, **EMBRY FORM** and **FANDECIE** are the main sources of income for the Group and their contributions to the total revenue accounted for 52.53% and 19.38%, respectively. **EMBRY FORM**'s revenue amounted to HK\$389,955,000, which decreased by 10.12% from the Prior Period. **FANDECIE**'s revenue amounted to HK\$143,931,000, which decreased by 21.04% from the Prior Period. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Period amounted to HK\$205,001,000, accounting for 27.60% of the overall revenue.

Lingerie continues to be the core product line of the Group. During the Current Period, sales of underwear decreased by 17.58% from the Prior Period to HK\$643,731,000, representing 86.69% of the revenue of the Group. Sales of sleepwear amounted to HK\$76,518,000, accounting for 10.31% of the revenue of the Group, while sales of swimwear amounted to HK\$13,069,000, accounting for 1.76% of the revenue of the Group.

Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK\$563,651,000, representing a decrease of 14.02% from the Prior Period. It was mainly attributed to the decrease in the number of business days of sales channels due to the pandemic as well as the fact that the changes in the economic environment dampened consumer sentiment and underwear brands catered to market needs with larger discounts compared to the Prior Period. However, there was an increase in gross profit margin of 2.3 percentage points from the same period last year to 75.9% due to the reversal of inventory impairment under cost of sales amounted to approximately HK\$20,196,000 during the Current Period.

Other income and gains, net

Other income and gains, net decreased by 69.01% to HK\$11,569,000 for the Current Period (2021: HK\$37,334,000), mainly due to the exchange loss of HK\$10,038,000 from the depreciation of Renminbi, compared to the exchange gain of HK\$1,389,000 in the same period last year, and the decrease in subsidy income by HK\$12,393,000 from HK\$17,320,000 in the same period last year to HK\$4,928,000. Besides, the rental income for the Current Period was HK\$11,224,000.

Management Discussion and Analysis (continued)

Financial Review (continued)

Operating expenses

During the Current Period, the selling and distribution expenses decreased by 13.56% to HK\$458,589,000 (2021: HK\$530,519,000), accounting for 61.76% (2021: 59.53%) of the Group's revenue. The decrease in expenses was mainly attributed to the decrease in sales for the Current Period as well as the decrease in sales-related rental expenses and wages. During the Current Period, due to the lower sales base, the proportion of expenses such as promotion fees and wages to overall sales increased.

Administrative expenses decreased by 3.35% over the Prior Period to HK\$91,049,000, accounting for 12.26% (2021: 10.57%) of the Group's revenue.

Impairment of right-of-use assets and other expenses

In the Current Period, impairment of right-of-use assets increased by HK\$4,619,000 from the same period last year to approximately HK\$6,876,000 (2021: HK\$2,257,000) due to the weak sales performance of the Group's retail stores brought by the recurrence of the pandemic. Other expenses increased by HK\$2,274,000 from the Prior Period to HK\$3,435,000 as a result of the charity donation of HK\$2,410,000 during the Current Period.

Net profit

Profit attributable to owners of the Company was HK\$1,116,000 for the Current Period, while profit attributable to owners of the Company for the Prior Period was HK\$32,956,000. The decrease in profit was mainly due to the decrease in operating income brought by the sluggish domestic retail market under the pandemic during the Current Period, together with the decrease in other income and gains as well as the increase in impairment of right-of-use assets and other expenses due to the abovementioned reasons.

Liquidity and financial resources

The Group finances its operations mainly with internally generated cash flows. Financial position of the Group remained healthy during the Current Period. As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately HK\$403,432,000 (31 December 2021: HK\$378,636,000). As at 30 June 2022, the Group's interest-bearing bank borrowings amounted to HK\$327,472,000 (31 December 2021: HK\$346,482,000). As at 30 June 2022, equity attributable to owners of the Company was HK\$2,432,336,000 (31 December 2021: HK\$2,516,273,000). The gearing ratio of the Group was approximately 13.5% (31 December 2021: 13.8%).

Management Discussion and Analysis (continued)

Financial Review (continued)

Capital expenditure

During the Current Period, the capital expenditure of the Group amounted to HK\$4,171,000 (2021: HK\$3,747,000), which was mainly used for the Group's fixtures and office equipment. As at 30 June 2022, the capital commitments of the Group amounted to HK\$112,105,000 (31 December 2021: 117,746,000), which were contracted but not provided for in the financial statements.

Charge on the Group's assets

As at 30 June 2022, the Group pledged Hong Kong investment properties, buildings and right-of-use assets with net book values of HK\$92,000,000, HK\$2,562,000 and HK\$11,979,000, respectively, to bank to finance loans.

Capital structure

As at 30 June 2022, the total issued share capital of the Company was HK\$4,244,000 (31 December 2021: HK\$4,244,000), comprising 422,416,638 (31 December 2021: 422,416,638) 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 2022, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK\$302,000 (31 December 2021: HK\$184,000). Save as disclosed above, the Group had no other significant contingent liabilities, nor any litigation or arbitration of material importance.

Management Discussion and Analysis (continued)

Prospect

Looking ahead to the second half of 2022, with the pandemic prevention and control situation in China continues to improve and the national economic development is progressing steadily, the retail market is expected to recover. Given the uncertain global economic and political environment, the Group expects that it still takes some time for the consumption sector to fully recover although the Chinese government has made great efforts to stabilise the economy.

Leveraging on years of experience and brand strength accumulated in the lingerie industry in China as well as its agility to change, the Group is confident that it can forge ahead in the changing economic environment and progress steadily in the face of adversity. Since consumers are still conservative towards buying underwear products, the Group will closely monitor market trends to make timely adjustments in terms of product design, production technology, marketing and sales channels to fulfil consumer needs and preferences.

In the future, the Group will continue to review and adjust its business strategy and respond calmly in the volatile economic environment. Meanwhile, the Group will continue to explore different segmented markets, grasp the exploding e-commerce sales to match the consumption pattern in the post-pandemic era, and strive to expand the market share of its brands in the online retail market and optimise the effectiveness of the sales network. Regarding production capability, the Group will respond promptly to market demands, leverage on the advantages of resource deployment through its self-production model as well as the ancillary logistics facilities of intelligent finished goods and materials warehouses to enhance production and logistics efficiency, and actively optimise its supply chain.

Adhering to the commitment to quality, the Group will continue to adopt a flexible and effective multi-brand strategy to respond to the ever-changing market and strive to create long-term value for shareholders through prudent and effective allocation of resources.

Other Information

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares of the Company or its associated corporations (the "Associated Corporation(s)") (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") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of director	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital
Madam Ngok Ming Chu	Interest of controlled corporations	Ordinary shares (Note 1)	143,041,031	33.86
	Beneficial owner	Ordinary shares	2,978,901	0.71
	Beneficial owner	Share options (Note 2)	1,300,000	0.31
	Interest of spouse	Ordinary shares (Note 3)	3,628,220	0.86
	Interest of spouse	Share options (Note 3)	1,430,000	0.34

Other Information (continued)

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

Name of director	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital
Ms. Cheng Pik Ho Liza	Beneficial owner	Ordinary shares	60,087,577	14.22
	Beneficial owner	Share options <i>(Note 2)</i>	1,220,000	0.29
Mr. Cheng Chuen Chuen	Beneficial owner	Ordinary shares	28,094,709	6.65
	Beneficial owner	Share options <i>(Note 2)</i>	295,000	0.07
Ms. Lu Qun	Beneficial owner	Ordinary shares	1,024,057	0.24
	Beneficial owner	Share options <i>(Note 2)</i>	665,000	0.16
Mr. Lau Siu Ki	Beneficial owner	Ordinary shares	768,000	0.18
	Beneficial owner	Share options <i>(Note 2)</i>	100,000	0.02

Other Information (continued)

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

Name of director	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital
Mr. Lee Kwan Hung	Beneficial owner	Ordinary Shares	487,000	0.12
	Beneficial owner	Share options (Note 2)	100,000	0.02
Prof. Lee T. S.	Beneficial owner	Ordinary Shares	604,000	0.14
	Beneficial owner	Share options (Note 2)	100,000	0.02

Notes:

1. These shares are held by Harmonious World Limited ("Harmonious World"). Harmonious World is owned as to 70.89% by Madam Ngok Ming Chu and as to 29.11% by Mr. Cheng Man Tai.
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 share option scheme adopted on 28 May 2020 (the "Share Option Scheme"). Details of the Share Option Scheme are disclosed in note 17 to the condensed consolidated financial statements.
3. Madam Ngok Ming Chu is deemed to be interested in the shares and share options personally held by her spouse, Mr. Cheng Man Tai, pursuant to Part XV of the SFO.

Other Information (continued)

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

Long positions in ordinary shares of an Associated Corporation:

Name of director	Name of Associated Corporation	Relationship with the Company	Number of shares held	Capacity and nature of interest	Percentage of the Associated Corporation's issued share capital
Madam Ngok Ming Chu	Harmonious World	Controlling shareholder	40.09 shares of US\$1 each	Beneficial owner	70.89

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company 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

Save as disclosed in note 17 to the condensed consolidated financial statements, at no time during the Current Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors 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 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

As at 30 June 2022, the following interests of 5% or more of the issued share capital of the Company (other than the interests of the Directors as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in ordinary 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 share capital
Harmonious World	Beneficial owner	Ordinary shares ^(Note 1)	143,041,031	33.86
Sinowide Investments Limited	Beneficial owner	Ordinary shares	30,000,000	7.10
Pandanus Associates Inc.	Interest of controlled corporations	Ordinary shares ^(Note 2)	29,299,000	6.94
Pandanus Partners L.P.	Interest of controlled corporations	Ordinary shares ^(Note 2)	29,299,000	6.94
FIL Limited	Interest of controlled corporations	Ordinary shares ^(Note 2)	29,299,000	6.94
Mr. Cheng Man Tai	Beneficial owner	Ordinary shares	3,628,220	0.86
	Beneficial owner	Share options ^(Note 3)	1,430,000	0.34
	Interest of spouse	Ordinary shares ^(Note 4)	146,019,932	34.57
	Interest of spouse	Share options ^(Note 4)	1,300,000	0.31
Ms. Wong Oi Fan	Interest of spouse	Ordinary shares ^(Note 5)	28,094,709	6.65
	Interest of spouse	Share options ^(Note 5)	295,000	0.07
Ms. Cheng Tsz Kwan	Beneficial owner	Ordinary shares ^(Note 6)	22,366,661	5.29
	Beneficial owner	Share options ^(Note 7)	185,000	0.04
Mr. Cheng Ka Hei	Beneficial owner	Ordinary shares ^(Note 8)	22,064,732	5.22
Ms. Mei Zhen	Interest of spouse	Ordinary shares ^(Note 9)	22,064,732	5.22

Other Information (continued)

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares (continued)

Notes:

1. The relationship between Harmonious World, Madam Ngok Ming Chu and Mr. Cheng Man Tai is disclosed under the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above.
2. Pandanus Associates Inc. is a general partner of Pandanus Partners L.P. who in turn owns or controls one-third or more of voting rights in FIL Limited.
3. These represent the number of shares which will be allotted and issued to Mr. Cheng Man Tai upon the exercise of the share options granted to him under the Share Option Scheme.
4. Mr. Cheng Man Tai is deemed to be interested in the shares and share options personally held or controlled by his spouse, Madam Ngok Ming Chu, pursuant to Part XV of the SFO.
5. Ms. Wong Oi Fan is the spouse of Mr. Cheng Chuen Chuen, an executive director of the Company. She is deemed to be interested in the shares and share options personally held by her spouse pursuant to Part XV of the SFO.
6. Ms. Cheng Tsz Kwan is the granddaughter of Mr. Cheng Man Tai and Madam Ngok Ming Chu.
7. These represent the number of shares which will be allotted and issued to Ms. Cheng Tsz Kwan upon the exercise of the share options granted to her under the Share Option Scheme.
8. Mr. Cheng Ka Hei is the grandson of Mr. Cheng Man Tai and Madam Ngok Ming Chu.
9. Ms. Mei Zhen is the spouse of Mr. Cheng Ka Hei. She is deemed to be interested in the shares personally held by her spouse pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2022, no person, other than the Directors, whose interests are set out in the section "Directors' and Chief Executive's 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.

Other Information (continued)

Changes in Directors' Information

Changes in Directors' information since the disclosure made in the 2021 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

With effect from 17 July 2022, Mr. Lee Kwan Hung resigned as an independent non-executive director of Glory Sun Financial Group Limited, the shares of which are listed on the Stock Exchange.

Other than that disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 auditor of the Company has reviewed the condensed consolidated financial statements for the six months ended 30 June 2022 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 2022, the Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022.

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 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.

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 (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.

On behalf of the Board

Ngok Ming Chu
Chairman

Hong Kong
25 August 2022

Independent Review Report



To the board of directors of Embry Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Embry Holdings Limited (the “Company”) and its subsidiaries set out on pages 3 to 25, which comprise the condensed consolidated statement of financial position as at 30 June 2022, and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Independent Review Report (continued)

Scope of review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

25 August 2022