



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

2021 INTERIM REPORT

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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
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

CHAN Hei

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
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Investor Relations

iPR Ogilvy Limited

Website

www.embrygroup.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 2021 together with the unaudited comparative figures for the corresponding period in 2020 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 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
REVENUE	3	891,129	784,956
Cost of sales		(235,588)	(226,016)
Gross profit		655,541	558,940
Other income and gains, net	4	37,334	19,612
Selling and distribution expenses		(530,519)	(452,028)
Administrative expenses		(94,200)	(83,255)
Impairment of right-of-use assets		(2,257)	(33,386)
Other expenses	5	(1,161)	(27,778)
Finance costs	6	(5,349)	(13,136)
PROFIT/(LOSS) BEFORE TAX	7	59,389	(31,031)
Income tax expense	8	(26,433)	(7,682)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		32,956	(38,713)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
— Basic (HK cents)		7.80	(9.16)
— Diluted (HK cents)		7.80	(9.16)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
PROFIT/(LOSS) FOR THE PERIOD	32,956	(38,713)
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	31,739	(55,735)
<i>Other comprehensive income/(expense) that will not be reclassified to the income statement in subsequent periods:</i>		
Revaluation surplus	9,958	–
Deferred tax debited to asset revaluation reserve	(2,490)	–
Net other comprehensive income that will not be reclassified to the income statement in subsequent periods	7,468	–
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	39,207	(55,735)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	72,163	(94,448)

Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,061,629	1,122,637
Investment properties		503,520	448,193
Right-of-use assets		180,847	190,053
Other asset		431,807	426,667
Deferred tax assets		64,528	71,255
Deposits and other receivables		20,753	23,544
Total non-current assets		2,263,084	2,282,349
CURRENT ASSETS			
Inventories		556,458	578,590
Trade receivables	13	78,278	67,060
Prepayments, deposits and other receivables		76,821	76,297
Cash and cash equivalents		394,018	425,149
Total current assets		1,105,575	1,147,096
CURRENT LIABILITIES			
Trade payables	14	51,916	35,591
Interest-bearing bank borrowings	15	59,630	101,625
Lease liabilities		46,218	61,373
Tax payable		9,226	5,688
Other payables and accruals	16	181,627	204,766
Total current liabilities		348,617	409,043
NET CURRENT ASSETS		756,958	738,053
TOTAL ASSETS LESS CURRENT LIABILITIES		3,020,042	3,020,402

Condensed Consolidated Statement of Financial Position (continued)

30 June 2021

	Notes	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	314,513	362,791
Lease liabilities		24,605	32,067
Deferred tax liabilities		125,549	132,455
Other payables	16	4,276	4,700
Total non-current liabilities		468,943	532,013
NET ASSETS			
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,224	4,224
Reserves		2,546,875	2,484,165
TOTAL EQUITY		2,551,099	2,488,389

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company											
	Reserves										Total equity	
	Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	Enterprise expansion and		Share option reserve	Exchange fluctuation reserve	Goodwill reserve	Retained profits		Total reserves
					statutory reserve	funds						
HK\$'000					HK\$'000							
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 Changes in Equity (continued)

For the six months ended 30 June 2020

	Attributable to owners of the Company										
	Reserves										
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Enterprise expansion and statutory			Goodwill reserve HK\$'000	Retained profits HK\$'000	Total reserves HK\$'000	Total equity HK\$'000
					reserve	fluctuation reserve	funds				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2020 (audited)	4,224	386,512	122,610	15,060	189,101	(95,733)	(3,168)	1,730,669	2,345,051	2,349,275	
Loss for the period	-	-	-	-	-	-	-	(38,713)	(38,713)	(38,713)	
Exchange differences related to foreign operations	-	-	-	-	-	(55,735)	-	-	(55,735)	(55,735)	
Total comprehensive expense for the period	-	-	-	-	-	(55,735)	-	(38,713)	(94,448)	(94,448)	
2019 final dividends declared and paid (note 11)	-	-	-	-	-	-	-	(12,672)	(12,672)	(12,672)	
At 30 June 2020 (unaudited)	4,224	386,512	122,610	15,060	189,101	(151,468)	(3,168)	1,679,284	2,237,931	2,242,155	

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	108,702	236,622
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,550	453
Purchase of items of property, plant and equipment	(3,747)	(20,379)
Proceeds from disposal of items of property, plant and equipment	3	23
Increase in right-of-use assets	(318)	–
Net cash flows used in investing activities	(1,512)	(19,903)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	–	62,000
Repayment of bank borrowings	(90,273)	(24,568)
Principal portion of lease payments	(40,320)	(55,822)
Dividends paid	(10,560)	(12,672)
Interest paid	(5,349)	(13,136)
Net cash flows used in financing activities	(146,502)	(44,198)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(39,312)	172,521
Cash and cash equivalents at beginning of period	425,149	200,230
Effect of foreign exchange rate changes, net	8,181	(11,660)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	394,018	361,091
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	195,228	229,158
Non-pledged time deposits with original maturity of less than three months when acquired	198,790	131,933
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	394,018	361,091

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 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.

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.

2.1 Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2021 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 2020.

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.

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 2020, 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

Other than as explained below regarding the impact of amendment to HKFRS 16, the adoption of the 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.

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the Covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$375,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to condensed consolidated income statement for the period ended 30 June 2021.

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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods	891,129	784,956

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Business activities		
Concessionary counters	581,302	467,026
Retail stores	94,239	82,278
Internet and wholesale	213,717	228,637
Original design manufacturer ("ODM")	1,871	7,015
Total revenue from contracts with customers	891,129	784,956

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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Brands		
Embry Form	433,841	356,753
Fandecie	182,274	182,502
Others	273,143	238,686
ODM products	1,871	7,015
Total revenue from contracts with customers	891,129	784,956
Products		
Lingerie	781,049	689,289
Sleepwear	76,889	73,521
Swimwear	21,518	11,989
ODM products	1,871	7,015
Other products	9,802	3,142
Total revenue from contracts with customers	891,129	784,956
Geographical markets		
Mainland China	866,846	756,559
Hong Kong	22,412	21,382
Others	1,871	7,015
Total revenue from contracts with customers	891,129	784,956

Notes to the Condensed Consolidated Financial Statements (continued)

4. Other Income and Gains, Net

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Other income		
Subsidy income*	17,320	15,520
Gross rental income from investment properties operating leases:		
Other lease payments, including fixed payments	8,815	8,070
Variable lease payments that do not depend on an index or a rate	273	148
Interest accretion on non-current receivables	504	636
Bank interest income	2,550	453
Gain on termination of leases	238	347
Others	2,992	1,337
	32,692	26,511
Gains/(losses), net		
Foreign exchange differences, net	1,389	(3,822)
Changes in fair value of investment properties	3,253	(3,077)
	4,642	(6,899)
	37,334	19,612

* 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss on disposal/write-off of items of property, plant and equipment, net	38	2
Charitable donations	–	1,124
Termination benefits	699	26,652
Others	424	–
	1,161	27,778

6. Finance Costs

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on interest-bearing bank borrowings	3,373	9,771
Interest on lease liabilities	1,976	3,365
	5,349	13,136

Notes to the Condensed Consolidated Financial Statements (continued)

7. Profit/(loss) Before Tax

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Cost of inventories sold	235,588	226,016
Depreciation of property, plant and equipment	41,387	38,133
Depreciation of right-of-use assets	26,079	59,960
Write-back of impairment of trade receivables	(628)	(1,030)
Lease payment not included in the measurement of lease liabilities	172,961	121,594
Advertising and counter decoration expenses	32,492	21,935
Provision for obsolete inventories, net	38,784	16,797
Impairment of right-of-use assets*	2,257	33,386
Gain on termination of leases	(238)	(347)
Interest accretion on non-current receivables	(504)	(636)

* During the period ended 30 June 2021, the impairment loss of HK\$2,257,000 (2020: HK\$33,386,000) 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 2021 were determined based on their value in use amounts estimated by using a discount rate of 14% (2020: 14%).

8. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current — Mainland China	18,805	11,780
Deferred	7,628	(4,098)
Total tax charge for the period	26,433	7,682

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	
		2021 HK\$'000 (unaudited)	2020 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)	5,019	2,340
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 2021 were HK\$7,038,000 (31 December 2020: HK\$7,097,000) 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short term employee benefits	8,800	5,337
Post-employment benefits	535	104
Total compensation paid to key management personnel	9,335	5,441

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

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

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	32,956	(38,713)

Notes to the Condensed Consolidated Financial Statements (continued)

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

	Number of shares Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	422,416,638	422,416,638
Effect of dilution — weighted average number of ordinary shares:		
Share options*	275,629	—
	422,692,267	422,416,638

* The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2020.

11. Dividends

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Dividend paid during the period		
Final in respect of the financial year ended 31 December 2020 — HK2.5 cents per ordinary share (2020: Final in respect of the financial year ended 31 December 2019 — HK3.0 cents per ordinary share)	10,560	12,672
Proposed interim dividend		
Interim — HK2.0 cents (2020: Nil) per ordinary share	8,448	—

12. Property, Plant and Equipment

	Six months ended 30 June 2021 HK\$'000 (unaudited)	Year ended 31 December 2020 HK\$'000 (audited)
At beginning of period/year, net carrying amount	1,122,637	1,119,462
Additions	3,747	35,786
Finance costs capitalised	–	1,200
Disposals/write-off	(41)	(546)
Depreciation provided during the period/year	(41,387)	(76,585)
Transfer to investment properties (note)	(36,788)	(19,811)
Exchange realignment	13,461	63,131
At end of period/year, net carrying amount	1,061,629	1,122,637

Note: During the period ended 30 June 2021, the Group rented out one 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\$36,788,000 and corresponding right-of-use land of HK\$965,000 to investment properties, this property was revalued at HK\$47,711,000 with a revaluation surplus of HK\$9,958,000 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 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within 90 days	75,099	65,515
91 to 180 days	3,179	1,545
181 to 360 days	436	908
Over 360 days	3,566	3,722
	82,280	71,690
Less: Impairment allowance	(4,002)	(4,630)
	78,278	67,060

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 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within 90 days	47,214	31,883
91 to 180 days	2,532	1,086
181 to 360 days	172	670
Over 360 days	1,998	1,952
	51,916	35,591

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 2021			31 December 2020		
	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	2022	38,916	HIBOR +1.45	2021	32,437
Bank loans — unsecured	HIBOR+1.80	2022	20,714	HIBOR+1.80 to HIBOR+1.85	2021	69,188
			<u>59,630</u>			<u>101,625</u>
Non-current						
Bank loans — secured	HIBOR+1.45	2022–2024	314,513	HIBOR+1.45	2022–2024	336,124
Bank loans — unsecured	-	-	-	HIBOR+1.85	2022–2024	26,667
			<u>314,513</u>			<u>362,791</u>
			<u>374,143</u>			<u>464,416</u>
				30 June 2021	31 December 2020	
				HK\$'000 (unaudited)	HK\$'000 (audited)	
Analysed into:						
Bank loans repayable:						
Within one year or on demand				59,630		101,625
In the second year				56,144		58,641
In the third to fifth years, inclusive				258,369		304,150
				<u>374,143</u>		<u>464,416</u>
Less: Amount classified as current portion				(59,630)		(101,625)
Amount classified as non-current portion				<u>314,513</u>		<u>362,791</u>

The above bank loans are denominated in Hong Kong dollars.

Notes to the Condensed Consolidated Financial Statements (continued)

16. Other Payables and Accruals

	Notes	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Other payables	(a)	72,210	94,096
Accruals		97,390	93,359
Contract liabilities	(b)	16,303	22,011
		185,903	209,466
Less: Amount classified as current portion		(181,627)	(204,766)
Amount classified as non-current portion		4,276	4,700

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 2021 and 31 December 2020, 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 2020.

Set out below are the outstanding share options under the Share Option Scheme as at 30 June 2021:

Name or category of participant	Number of share options				At 30 June 2021 (unaudited)	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2021 (audited)	Granted during the period	Cancelled or lapsed during the period	Exercised during the period				
Executive directors								
Mr. Cheng Man Tai	1,430,000	-	-	-	1,430,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
Ms. Cheng Pik Ho Liza	1,220,000	-	-	-	1,220,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
Madam Ngok Ming Chu	1,300,000	-	-	-	1,300,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
Mr. Cheng Chuen Chuen	295,000	-	-	-	295,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
Ms. Lu Qun	665,000	-	-	-	665,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
Independent non-executive directors								
Mr. Lau Siu Ki	100,000	-	-	-	100,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
Mr. Lee Kwan Hung	100,000	-	-	-	100,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
Prof. Lee T. S.	100,000	-	-	-	100,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
Other employees								
In aggregate	14,790,000	-	(490,000)	-	14,300,000	30 December 2020	30 December 2021 to 29 December 2025*	1.02
	20,000,000	-	(490,000)	-	19,510,000			

Notes to the Condensed Consolidated Financial Statements (continued)

17. Share Option Scheme (continued)

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

- * The share options are vested to the grantees in the following manner:
 - 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 were vested on 30 December 2022 with an exercise period from 30 December 2022 to 29 December 2025; and
 - the remaining 40% of such options were vested on 30 December 2023 with an exercise period from 30 December 2023 to 29 December 2025.

18. Commitments

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

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	116,358	117,213

19. Approval of the Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 26 August 2021.

Management Discussion and Analysis

Business and Operations Review

The global impact of the coronavirus (COVID-19) pandemic continued in 2021, with varying recovery progress in different countries due to combined effects of multiple contributing factors including vaccination, variants of virus and supportive economic policies. China's gross domestic product (GDP) grew by 12.7% in the first half of the year. The overall economy continued to recover steadily, but at a slower pace.

In the first half of 2021, total retail sales of consumer goods grew by 23.0% year-on-year. The consumer market maintained a moderate recovery with a steady release of demand for commodities but with faster growth in the basic necessities category. It will take some time for the underwear retail market to recover to 2019 levels. In response to the still cautious consumer attitude, increased discount efforts were made in the overall Chinese underwear industry, putting pressure on gross profit levels.

For the six months ended 30 June 2021 (the "Current Period"), the Group's revenue increased by 13.53% to HK\$891,129,000 from that for the six months ended 30 June 2020 (the "Prior Period"). Gross profit margin increased by 2.35 percentage points to 73.56%. Profit attributable to owners of the Company was HK\$32,956,000, compared to loss attributable to owners of the Company of HK\$38,713,000 recorded in the Prior Period. During the Current Period, the Company was benefited by the gradual economic recovery of China from the COVID-19 pandemic, which resulted in normalisation of demand in the domestic retail market during the Current Period as compared to the Prior Period, as well as the cost control measures implemented by the Group since 2020 in response to the challenging retail environment. Earnings per share was HK7.80 cents (2020: loss per share of HK9.16 cents).

The Board of Directors of the Company resolved to declare an interim dividend of HK2.0 cents per share (2020: nil) for the Current Period.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Brand management

In the first half of 2021, the Group continued to implement its multi-brand strategy to operate seven brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IVU**, **IADORE** and **LIZA CHENG**. Under the multi-brand strategy, the Group's brands are able to cater to the different needs of various customer segments by highlighting on the different brand features and distinctive brand personalities to meet consumers' product preferences. The Group continued to expand market coverage while consolidating its flagship brands, **EMBRY FORM** and **FANDECIE**, which contributed the majority of sales.

In terms of brand promotion, the Group gradually resumed investment in brand promotion in the first half of 2021 to maintain brand exposure. The Group collaborated with designers of international fashion brands to launch a crossover collection under the theme of "Tribute to the Classics (致敬經典)", incorporating design elements of famous high-end boutique brands in the collection, which paid tribute to the classics while demonstrating the elegant style that **Embry** has always advocated. The launch of the crossover collection successfully increased consumer buzz and highlighted the elegant and classic image of the Group's brands.

In April 2021, **Embry** participated in the 2021 China (Shenzhen) International Brand Underwear Fair (中國(深圳)國際品牌內衣展), attracting many consumers to stop by the dreamy exhibition halls. Meanwhile, **Embry** continued to sponsor the "Charming Oriental China International Underwear Creative Design Competition 2021 (2021魅力東方中國國際內衣創意設計大賽)" and the "8th SIUF International Supermodel Contest (SIUF國際超模大賽)", injecting new vitality into the development of the underwear industry.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Brand management (continued)

Under the rapid growth in online consumption, the Group made full use of social media platforms to promote its brand and increased its online exposure through live webcasts with Internet celebrities to promote its products. The Group also leveraged on the zero estrangement feature of social media platforms to interact with its customer base in a more personalized manner to attract more online shoppers. In addition, the Group also enhanced the development of lingerie styles exclusively for e-commerce to cope with the changing consumer habits and the increasingly mature e-commerce environment.

Sales network

The Group completed its phased sales network adjustment in 2020. As of 30 June 2021, the Group had 1,340 retail outlets in total, including 1,121 concessionary counters and 219 retail stores, representing a net decrease of 58 retail outlets compared to the end of December 2020. During the Current Period, based on the completion of phased sales network adjustment, the Group continued to maintain the overall sales efficiency of its sales network. Sales efficiency remains the top priority in planning store openings despite a more normalised retail market.

During the Current Period, the Group further enhanced the coverage of its online shopping channel with online mirror stores that resemble offline stores in terms of product offerings. The product information in the online mirror stores is synchronised directly with the offline retail stores. This not only eliminates competition between physical stores and online stores, but also provides an alternative consumption channel when consumers are unable to visit the physical stores. Online mirror stores also facilitate flexible deployment of store inventory and optimization of inventory management, complementing offline retail stores to achieve online and offline integration.

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 lingerie products while ensuring a comfortable fit and design. The Group has also continued to improve its production technology, striving to improve production efficiency and the 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* "Light Breath (輕呼吸)"; *FANDECIE's* "Animal Print (動物印花)"; *COMFIT's* "New Style (新風尚)"; *LIZA CHENG's* "Simple Love (簡愛)"; *E-BRA's* "Feathery Romance (輕曼)"; *IADORE's* "Floral Fragrance (馨香花語)"; *IVU's* "Perfect Score Series (滿分系列)".

During the first half of 2021, the Group obtained 4 new patents, including 2 utility model patents and 2 appearance design patents. As at 30 June 2021, the Group has a total of 87 patents, including 11 invention patents, 56 utility model patents and 20 appearance design patents.

Production capacity

With the moderate recovery of the retail consumer market, the Group's production capacity has basically returned to normal. The Group will continue to review the production situation from time to time and make timely deployment measures to cope with market changes. The Group will also carefully observe the sales situation in different market segments and adjust production volume to implement flexible production.

The Group will continue to utilise the intelligent finished goods and materials warehouses at its production base in Jinan, Shandong Province to enhance efficiency of product delivery and logistics, production efficiency and supply chain efficiency.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Human resources

Employees are one of the cornerstones of the Group's operations. On the one hand, the Group trained its employees and improved their welfare, reviewed the internal management culture from time to time and enhanced the sense of belonging of employees. On the other hand, the Group 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. Since 2020, the Group implemented an array of cost control measures, and streamlined its organisational structure and made reasonable shift arrangement in order to lower staff cost.

As at 30 June 2021, the number of employees of the Group was approximately 5,436 (31 December 2020: approximately 5,455). Total staff cost (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and excluding directors' and chief executive's remunerations) for the Current Period was HK\$278,372,000 (30 June 2020: HK\$213,768,000).

Financial Review

Revenue

During the Current Period, revenue was HK\$891,129,000, representing an increase of 13.53% from the Prior Period, mainly attributable to the gradual recovery of consumption sentiment resulting from satisfactory economic recovery in China.

Management Discussion and Analysis (continued)

Financial Review (continued)

Revenue (continued)

During the Current Period, revenue from retail sales was HK\$675,541,000, accounting for 75.80% of the Group's total revenue and representing an increase of 22.98% from the Prior Period. The Group recorded a decrease in sales on its e-commerce platform. Revenue from the Internet decreased by 14.66% to HK\$176,065,000 in the first half of 2021, accounting for 19.76% of the total revenue. The decrease was mainly attributable to the fact that sales on e-commerce platform gradually returned to normal as the pandemic eased during the Current Period and the domestic consumers' appetite for travel and spending grew, while the outbreak of the pandemic prompted some offline customers to switch to online shopping in the Prior Period, resulting in a larger base of sales on e-commerce platform. With online shopping becoming a major trend, e-commerce business continued to grow on a two-year average basis, up 19.90% from the six months ended 30 June 2019.

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\$866,846,000, accounting for 97.27% of the Group's total revenue.

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 amounted to 48.67% and 20.46%. **EMBRY FORM**'s revenue amounted to HK\$433,841,000, which increased by 21.61% from the Prior Period. **FANDECIE**'s revenue amounted to HK\$182,274,000, similar to that of the Prior Period. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Period amounted to HK\$273,143,000, accounting for 30.66% of the overall revenue.

Lingerie continues to be the core product line of the Group. During the Current Period, sales of underwear increased by 13.31% from the Prior Period to HK\$781,049,000, representing 87.65% of the total revenue of the Group. Sales of sleepwear amounted to HK\$76,889,000, accounting for 8.63% of the total revenue of the Group, while sales of swimwear amounted to HK\$21,518,000, accounting for 2.41% of the total revenue of the Group.

Management Discussion and Analysis (continued)

Financial Review (continued)

Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK\$655,541,000 representing an increase of 17.28% from the Prior Period. Gross profit margin increased by 2.35 percentage points from the Prior Period to 73.56%. It was mainly attributed to an increase in revenue as a result of an increase in the number of business days of sales channels in the Current Period compared to the Prior Period and a more normalised retail market as well as lesser discount offerings compared to the Prior Period.

Other income and gains

Other income increased by 90.36% to HK\$37,334,000 for the Current Period (2020: HK\$19,612,000), mainly due to the exchange gain of approximately HK\$1,389,000 from the appreciation of Renminbi and gains in fair value change of investment properties of approximately HK\$3,253,000, compared to the exchange loss of HK\$3,822,000 and loss in fair value change of investment properties of approximately HK\$3,077,000 in the same period last year, respectively. Besides, other gains were mainly subsidies received by the Group from the local municipal government of approximately HK\$17,320,000, and rental income of approximately HK\$9,088,000.

Operating expenses

During the Current Period, selling and distribution expenses increased by 17.36% to HK\$530,519,000 (2020: HK\$452,028,000), accounting for 59.53% (2020: 57.59%) of the Group's revenue. It was mainly attributed to the implementation of an array of cost control measures by the Group in response to the pandemic last year, including active control on renovation expenses and other expenses such as advertising, resulting in a decrease in the proportion of selling and distribution expenses to overall sales. During the Current Period, the operating environment and sales normalised and the Group resumed investment in the above expenses, resulting in an increase in expenses as compared to last year.

Administrative expenses increased by 13.15% over the Prior Period to HK\$94,200,000, accounting for 10.57% (2020: 10.61%) of the Group's revenue.

Management Discussion and Analysis (continued)

Financial Review (continued)

Impairment of right-of-use assets and other expenses

In the Prior Period, impairment of right-of-use assets and other expenses (the “Non-Operating Expense”) amounted to HK\$61,164,000 as a result of the weak sales performance of the Group’s retail stores due to the impact of the pandemic. In the Current Period, the Non-Operating Expense decreased by HK\$57,746,000 from the Prior Period to HK\$3,418,000 as demand in domestic retail market tended to normalise compared to the Prior Period.

Net profit

Profit attributable to owners of the Company was HK\$32,956,000 for the Current Period, while loss attributable to owners of the Company for the Prior Period was HK\$38,713,000. Net profit was mainly due to improvement in revenue as demand in the mainland retail market normalised during the Current Period, lower Non-Operating Expense, higher fair value gains on investment properties and increase in exchange gains resulted from the appreciation of Renminbi.

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 2021, the Group’s cash and cash equivalents amounted to approximately HK\$394,018,000 (31 December 2020: HK\$425,149,000). As at 30 June 2021, the Group’s interest-bearing bank borrowings amounted to HK\$374,143,000 (31 December 2020: HK\$464,416,000). As at 30 June 2021, equity attributable to owners of the Company was HK\$2,551,099,000 (31 December 2020: HK\$2,488,389,000). The gearing ratio of the Group was approximately 14.67% (31 December 2020: 18.66%).

Capital expenditure

During the Current Period, the capital expenditure of the Group amounted to HK\$3,747,000 (2020: HK\$36,986,000). The decrease was mainly due to completion of construction of intelligent material warehouse at the production base in Jinan in last year. As 30 June 2021, the capital commitments of the Group amounted to HK\$116,358,000 (31 December 2020: 117,213,000), which were contracted but not provided for in the financial statements.

Management Discussion and Analysis (continued)

Financial Review (continued)

Charge on the Group's assets

As at 30 June 2021, the Group pledged Hong Kong investment properties, buildings and right-of-use assets with net book values of HK\$86,000,000, HK\$2,663,000 and HK\$12,450,000, respectively, to bank to finance loans.

Capital structure

As at 30 June 2021, the total issued share capital of the Company was HK\$4,224,000 (31 December 2020: HK\$4,224,000), comprising 422,416,638 (31 December 2020: 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 2021, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK\$620,000 (31 December 2020: HK\$751,000). 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 2021, the global vaccination rate is gradually picking up, and some countries and regions are gradually relaxing their pandemic prevention and control measures to facilitate economic recovery. The effective control of the pandemic has put China ahead of the rest of the world in terms of recovery, and domestic consumers' appetite for travel and spending has also increased. However, the impacts of the variants of the virus and the relaxation of pandemic prevention and control measures remain unknown. There are still uncertainties in the future economic environment. The overall economy and the retail market are expected to steadily trend upward.

Leveraging on years of experience and brand strength accumulated in the lingerie industry in China as well as flexibility, the Group is confident that it can cope with the changing economic environment. Looking ahead, the Group will review the consumer market environment in a timely manner and make adjustments accordingly, so that the Group's business strategies can keep pace with the changing needs of consumers and respond calmly to various market changes in the face of numerous uncertainties. Meanwhile, the Group will grasp the growth potential of the online shopping market and conduct online marketing in line with market preferences, strive to expand the penetration of the brand in the online shopping market and maintain the sales effectiveness of the sales network to keep abreast of the change in domestic consumption patterns. Regarding production capability, the Group will continue to leverage on the advantages of resource deployment through its self-production and self-marketing model as well as the logistics ancillary facilities of intelligent finished goods and materials warehouses to enhance production efficiency and delivery efficiency, and actively optimise its supply chain to respond more promptly to market demands.

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 2021, 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
Mr. Cheng Man Tai	Interest of controlled corporations	Ordinary shares (Note 1)	249,137,574	58.98
	Beneficial owner	Ordinary shares	2,983,688	0.71
	Beneficial owner	Share options (Note 2)	1,430,000	0.34
	Interest of spouse	Ordinary shares (Note 3)	2,334,369	0.55
	Interest of spouse	Share options (Notes 2 & 3)	1,300,000	0.31

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
Madam Ngok Ming Chu	Interest of controlled corporations	Ordinary shares <i>(Note 1)</i>	249,137,574	58.98
	Beneficial owner	Ordinary shares	2,334,369	0.55
	Beneficial owner	Share options <i>(Note 2)</i>	1,300,000	0.31
	Interest of spouse	Ordinary shares <i>(Note 3)</i>	2,983,688	0.71
	Interest of spouse	Share options <i>(Notes 2 & 3)</i>	1,430,000	0.34
Ms. Cheng Pik Ho Liza	Beneficial owner	Ordinary shares	26,990,478	6.39
	Beneficial owner	Share options <i>(Note 2)</i>	1,220,000	0.29
Mr. Cheng Chuen Chuen	Beneficial owner	Ordinary shares	513,793	0.12
	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	522,000	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:

- These shares are held as to 247,848,510 shares by Harmonious World and as to 1,289,064 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.
- 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.
- Madam Ngok Ming Chu is the spouse of Mr. Cheng Man Tai.

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
Mr. Cheng Man Tai	Harmonious World	Ultimate holding company	57.91 shares of US\$1 each	Beneficial owner	59.09
Madam Ngok Ming Chu	Harmonious World	Ultimate holding company	40.09 shares of US\$1 each	Beneficial owner	40.91

Save as disclosed above, as at 30 June 2021, 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 2021, 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	Number of shares held	Percentage of the Company's issued share capital
Harmonious World	Beneficial owner	247,848,510 ^(Note 1)	58.67
Pandanus Associates Inc.	Interest of controlled corporations	29,299,000 ^(Note 2)	6.94
Pandanus Partners L.P.	Interest of controlled corporations	29,299,000 ^(Note 2)	6.94
FIL Limited	Interest of controlled corporations	29,299,000 ^(Note 2)	6.94
Sinowide Investments Limited	Beneficial owner	30,000,000	7.10

Notes:

1. The relationship between Harmonious World, Mr. Cheng Man Tai and Madam Ngok Ming Chu 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.

Save as disclosed above, as at 30 June 2021, 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 2020 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:

Other Major Appointment

With effect from 27 May 2021, Mr. Lee Kwan Hung retired from office as an independent non-executive director of China BlueChemical Ltd., 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 2021 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 26 August 2021, the Board resolved to declare the payment of an interim dividend of HK2.0 cents per ordinary share in respect of the Current Period to shareholders registered on the register of members on Wednesday, 15 September 2021, resulting in an appropriation of approximately HK\$8,448,000. The above-mentioned interim dividend will be payable on 6 October 2021.

Other Information (continued)

Closure of Register of Members

The register of members of the Company will be closed on Wednesday, 15 September 2021, on which no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 14 September 2021.

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

Cheng Man Tai
Chairman

Hong Kong
26 August 2021

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 2021, 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

26 August 2021