



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 **追求卓越**
Excellence



2023 Interim Report

Contents

02	Corporate Information
	Unaudited Condensed Consolidated Financial Statements
03	Income Statement
04	Statement of Comprehensive Income
05	Statement of Financial Position
07	Statement of Changes in Equity
09	Statement of Cash Flows
10	Notes to the Condensed Consolidated Financial Statements
25	Management Discussion and Analysis
35	Other Information
43	Independent Review Report



Corporate Information

Directors and Board Committees

Directors

Executive Directors

NGOK Ming Chu (Chairman)

CHENG Pik Ho Liza (Chief Executive Officer)

CHENG Chuen Chuen

LU Qun

Independent Non-Executive Directors

CHAN Chi On (alias, Derek Chan)

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)

CHAN Chi On (alias, Derek Chan)

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.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 2023 together with the unaudited comparative figures for the corresponding period in 2022 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 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
REVENUE	3	709,590	742,529
Cost of sales		(181,328)	(178,878)
Gross profit		528,262	563,651
Other income and gains, net	4	9,817	11,569
Selling and distribution expenses		(440,544)	(458,589)
Administrative expenses		(84,757)	(91,049)
Reversal of impairment/(impairment) of right-of-use assets		1,140	(6,876)
Other expenses	5	(571)	(3,435)
Finance costs	6	(9,291)	(4,453)
PROFIT BEFORE TAX	7	4,056	10,818
Income tax credit/(expense)	8	1,311	(9,702)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		5,367	1,116
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
— Basic (HK cents)		1.27	0.26
— Diluted (HK cents)		1.27	0.26

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
PROFIT FOR THE PERIOD	5,367	1,116
OTHER COMPREHENSIVE EXPENSE		
<i>Other comprehensive expense that may be reclassified to the income statement in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	(98,784)	(88,380)
<i>Other comprehensive income/(expense) that will not be reclassified to the income statement in subsequent periods:</i>		
Revaluation surplus	–	3,784
Deferred tax debited to asset revaluation reserve	–	(946)
Net other comprehensive income that will not be reclassified to the income statement in subsequent periods	–	2,838
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	(98,784)	(85,542)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(93,417)	(84,426)

Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	846,390	895,058
Investment properties		483,335	500,924
Right-of-use assets		137,157	145,181
Other asset		385,376	402,697
Deferred tax assets		73,219	74,542
Deposits and other receivables		10,659	11,672
Total non-current assets		1,936,136	2,030,074
CURRENT ASSETS			
Inventories		418,582	458,256
Trade receivables	12	44,937	47,443
Prepayments, deposits and other receivables		61,387	57,034
Tax recoverable		1,714	3,820
Cash and cash equivalents		386,093	380,178
Total current assets		912,713	946,731
CURRENT LIABILITIES			
Trade and bills payable	13	48,416	39,028
Interest-bearing bank borrowings	14	56,144	38,877
Lease liabilities		26,554	33,751
Tax payable		129	–
Other payables and accruals	15	141,845	153,483
Total current liabilities		273,088	265,139
NET CURRENT ASSETS		639,625	681,592
TOTAL ASSETS LESS CURRENT LIABILITIES		2,575,761	2,711,666

Condensed Consolidated Statement of Financial Position *(continued)*

30 June 2023

	<i>Notes</i>	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	258,369	288,595
Lease liabilities		16,550	22,826
Deferred tax liabilities		118,634	124,831
Other payables	15	3,082	3,082
Total non-current liabilities		396,635	439,334
NET ASSETS		2,179,126	2,272,332
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,224	4,224
Reserves		2,174,902	2,268,108
TOTAL EQUITY		2,179,126	2,272,332

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company											
	Reserves										Total reserves HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Enterprise expansion and statutory reserve funds HK\$'000	Share option reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Goodwill reserve HK\$'000	Retained profits HK\$'000	Total reserves HK\$'000		
At 1 January 2023 (audited)												
Profit for the period	-	-	-	-	-	-	-	-	5,367	5,367	5,367	
Exchange differences related to foreign operations	-	-	-	-	-	-	(98,784)	-	-	(98,784)	(98,784)	
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	(98,784)	-	5,367	(93,417)	(93,417)	
Share options lapsed	-	-	-	-	-	(35)	-	-	35	-	-	
Equity-settled share option arrangements	-	-	-	-	-	211	-	-	-	211	211	
At 30 June 2023 (unaudited)	4,224	386,512	122,610	35,593	192,154	3,231	(181,857)	(3,168)	1,619,827	2,174,902	2,179,126	

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2022

	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 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 Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	90,796	102,874
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,763	2,195
Purchase of items of property, plant and equipment	(20,716)	(4,171)
Increase in right-of-use assets	(300)	(187)
Decrease in non-pledged time deposits with original maturity period over three months	6,282	–
Net cash flows used in investing activities	(11,971)	(2,163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(12,959)	(19,010)
Principal portion of lease payments	(22,613)	(33,123)
Interest paid	(9,291)	(4,453)
Net cash flows used in financing activities	(44,863)	(56,586)
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,142	44,125
Cash and cash equivalents at beginning of period	373,896	378,636
Effect of foreign exchange rate changes, net	(21,945)	(19,329)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	386,093	403,432
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	181,112	198,513
Non-pledged time deposits with original maturity of less than three months when acquired	204,981	193,514
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	386,093	403,432

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 2023 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 2022.

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 and disclosures

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9</i> — <i>Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities</i> <i>arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The adoption of the above new and 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods	709,590	742,529

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Business activities		
Concessionary counters	419,095	427,691
Retail stores	63,636	67,447
Internet and wholesale	225,098	243,749
Original design manufacturer ("ODM")	1,761	3,642
Total revenue from contracts with customers	709,590	742,529

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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Brands		
Embry Form	381,932	389,955
Fandecie	119,878	143,931
Others	206,019	205,001
ODM products	1,761	3,642
Total revenue from contracts with customers	709,590	742,529
Products		
Lingerie	612,239	643,731
Sleepwear	73,804	76,518
Swimwear	14,206	13,069
ODM products	1,761	3,642
Other products	7,580	5,569
Total revenue from contracts with customers	709,590	742,529
Geographical markets		
Mainland China	686,772	719,556
Hong Kong	21,057	19,331
Others	1,761	3,642
Total revenue from contracts with customers	709,590	742,529

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

4. Other Income and Gains, Net

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Other income		
Subsidy income*	6,055	4,928
Gross rental income from investment properties operating leases:		
Other lease payments, including fixed payments	8,966	11,005
Variable lease payments that do not depend on an index or a rate	339	219
Interest accretion on non-current receivables	–	301
Bank interest income	2,763	2,195
Gain on termination of leases	183	224
Others	2,335	1,735
	20,641	20,607
Gains/(losses), net		
Foreign exchange differences, net	(10,824)	(10,038)
Changes in fair value of investment properties	–	1,000
	(10,824)	(9,038)
	9,817	11,569

* 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss on disposal/write-off of items of property, plant and equipment, net	135	94
Charitable donations	–	2,410
Termination benefits	436	931
	571	3,435

6. Finance Costs

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest on interest-bearing bank borrowings	8,079	2,816
Interest on lease liabilities	1,212	1,637
	9,291	4,453

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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Cost of inventories sold	181,328	178,878
Depreciation of property, plant and equipment	31,535	36,519
Depreciation of right-of-use assets	11,573	20,159
Write-back of impairment of trade receivables	(3,300)	(682)
Lease payment not included in the measurement of lease liabilities	130,590	132,786
Advertising and counter decoration expenses	47,561	31,995
Write-back/write-off of provision for obsolete inventories, net	(16,949)	(20,196)
Impairment/(reversal of impairment) of right-of-use assets*	(1,140)	6,876
Gain on termination of leases	(183)	(224)
Interest accretion on non-current receivables	–	(164)

* During the period ended 30 June 2023, the reversal of impairment loss of HK\$1,140,000 (2022: impairment loss of HK\$6,876,000) represented the write-up (2022: 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 2023 were determined based on their value in use amounts estimated by using a discount rate of 12.6% (2022: 12.6%).

8. Income Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2022: Nil). 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current — Mainland China	136	2,512
Deferred	(1,447)	7,190
Total tax charge/(credit) for the period	(1,311)	9,702

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	
		2023 HK\$'000 (unaudited)	2022 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)	4,612	2,517
Rental expenses for a warehouse charged by a director of the Company	(ii)	168	168
Consultancy fee to a substantial shareholder of the Company	(iii)	687	567

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.) ("Changzhou Duosiwei"), 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. Mr. Cheng Chuen Chuen completed the disposal of his entire interests in Changzhou Duosiwei on 30 May 2023 and Changzhou Duosiwei ceased to be a related company of the Company. The balances owed to related companies as at 30 June 2023 were HK\$1,804,000 (31 December 2022: HK\$5,908,000) 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.
- (iii) Mr. Cheng Man Tai, a substantial shareholder of the Company, had been re-engaged as a consultant of the Company for a term of one year with effect from 1 February 2023 (2022: a term of one year with effect from 1 February 2022). The terms of consultancy fee were based on a consultancy agreement entered into between the Company and Mr. Cheng Man Tai.

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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Short-term employee benefits	6,595	6,193
Post-employment benefits	148	258
Total compensation paid to key management personnel	6,743	6,451

Notes to the Condensed Consolidated Financial Statements (continued)

10. Earnings Per Share Attributable to Owners of the Company

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

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share	5,367	1,116

	Number of shares Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Shares		
Number of ordinary shares of the Company in issue, used in the basic earnings per share calculation	422,416,638	422,416,638

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2023 and 2022.

Notes to the Condensed Consolidated Financial Statements (continued)

11. Property, Plant and Equipment

	Six months ended 30 June 2023 HK\$'000 (unaudited)	Year ended 31 December 2022 HK\$'000 (audited)
At beginning of period/year, net carrying amount	895,058	1,034,948
Additions	20,716	20,934
Disposals/write-off	(147)	(184)
Depreciation provided during the period/year	(31,535)	(69,729)
Transfer to investment properties (note)	–	(9,929)
Exchange realignment	(37,702)	(80,982)
At end of period/year, net carrying amount	846,390	895,058

Note: During the year ended 31 December 2022, the Group rented out certain floors 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\$9,929,000 and corresponding right-of-use land of HK\$489,000 to investment properties, this property was revalued at HK\$14,070,000 with a revaluation surplus of HK\$3,652,000 credited to the asset revaluation reserve.

12. 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)

12. 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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Within 90 days	42,145	42,670
91 to 180 days	1,175	4,372
181 to 360 days	1,322	5,268
Over 360 days	6,720	4,858
	51,362	57,168
Less: Impairment allowance	(6,425)	(9,725)
	44,937	47,443

13. Trade and Bills Payable

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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Within 90 days	44,105	33,023
91 to 180 days	572	1,618
181 to 360 days	494	950
Over 360 days	3,245	3,437
	48,416	39,028

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)

14. Interest-Bearing Bank Borrowings

	30 June 2023			31 December 2022		
	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	2024	56,144	HIBOR+1.45	2,023	38,877
			56,144			38,877
Non-current						
Bank loans — secured	HIBOR+1.45	2024–2025	258,369	HIBOR+1.45	2024–2025	288,595
			258,369			288,595
			314,513			327,472
				30 June 2023	31 December 2022	
				HK\$'000 (unaudited)	HK\$'000 (audited)	
Analysed into:						
Bank loans repayable:						
Within one year or on demand				56,144		38,877
In the second year				73,371		64,757
In the third to fifth years, inclusive				184,998		223,838
				314,513		327,472
Less: Amount classified as current portion				(56,144)		(38,877)
Amount classified as non-current portion				258,369		288,595

The above bank loans are denominated in Hong Kong dollars.

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

15. Other Payables and Accruals

	<i>Notes</i>	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Other payables	<i>(a)</i>	55,470	59,917
Accruals		77,667	84,447
Contract liabilities	<i>(b)</i>	11,790	12,201
		144,927	156,565
Less: Amount classified as current portion		(141,845)	(153,483)
Amount classified as non-current portion		3,082	3,082

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 2023 and 31 December 2022, 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)

16. 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 2022.

Set out below are the outstanding share options under the Share Option Scheme as at 30 June 2023:

Name or category of participant	Number of share options				At 30 June 2023 (unaudited)	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2023 (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	12,695,000	-	(300,000)	-	12,395,000	30 December 2020	30 December 2021 to 29 December 2025 ⁽¹⁾	1.02
	18,090,000	-	(300,000)	-	17,790,000			

Notes to the Condensed Consolidated Financial Statements (continued)

16. 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 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 will be vested on 30 December 2023 with an exercise period from 30 December 2023 to 29 December 2025.
- (2) Mr. Cheng Man Tai is the consultant of the Company and the spouse of Madam Ngok Ming Chu.
- (3) Ms. Cheng Tsz Kwan is the Senior Sales and Marketing Manager and granddaughter of Mr. Cheng Man Tai and Madam Ngok Ming Chu.

17. Commitments

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	105,017	116,154

18. Approval of the Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 24 August 2023.

Management Discussion and Analysis

Business and Operations Review

China's economy has been recovering structurally since the relaxation of its pandemic prevention and control measures at the beginning of the year, but the pace of progress has fallen short of expectations. According to the National Bureau of Statistics, the country's gross domestic product (GDP) in the first half of the year grew by 5.5% year on year. However, the GDP growth in the second quarter lost momentum and merely edged up by 0.8% quarter on quarter due to a slowdown in consumption growth, even though it grew by 6.3% year on year because of the low base effect in the first half of last year. The total retail sales of consumer goods in the first half of 2023 increased by 8.2% year on year, but the growth rate in June alone slowed down significantly, rising by only 3.1% year on year. In addition, the consumer price index (CPI) remained flat year on year in June, with consumer good prices falling by 0.5%, further reflecting the lack of growth momentum in consumer demand.

In the first half of the year, the release of the pent-up demand triggered by the easing of the pandemic prevention and control measures in China led to a recovery in consumption. The brick-and-mortar retail businesses have gradually recovered, and consumption data in the catering, retail and tourism sectors have all indicated rebounds. However, the complicated global politics and economy, coupled with the not yet stable foundation for a sustained recovery in the domestic economy, have made China's consumer sentiment cautious. While the sales of daily necessities recovered at a faster pace, but the sub-essential underwear industry has not yet seen a full recovery in its business to the pre-pandemic levels.

For the six months ended 30 June 2023 (the "Current Period"), the Group's revenue decreased by 4.4% from that for the six months ended 30 June 2022 (the "Prior Period"). Gross profit margin decreased by 1.46 percentage points to 74.45% year on year. Profit attributable to owners of the Company was approximately HK\$5,367,000, as compared with HK\$1,116,000 recorded in the Prior Period. Earnings per share were HK1.27 cents (2022: HK0.26 cents).

The board of directors has resolved not to recommend the payment of an interim dividend in view of the uncertain economic outlook. The Company believes that this measure is a prudent and responsible means of preserving cash for the long-term financial health of the Group.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Brand management

In the first half of 2023, the Group continued to leverage on 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 share while consolidating its flagship brands, **EMBRY FORM** and **FANDECIE**, which contributed the majority of sales.

In terms of brand promotion, the Group did not fully conduct its campaigns in the first half of the year even after the relaxation of the government's pandemic prevention and control measures, reserving resources for promotional campaigns in the second half of the year with the best results when the market sentiment further recovers.

To echo the Chinese government's dual goal of attaining carbon emissions peak and carbon neutrality as well as its other environmental protection initiatives, the Group conducted the "MADE IN GREEN Ocean Journey" art pop-up store activities in large shopping malls and department stores in various cities to convey the proposition of sustainability and environmental protection to the public. Through a series of Blue-Ribbon public welfare actions, the Group promoted environmental protection and called on the public to pay attention to environmental protection issues and participate in relevant activities, aiming to protect the ecosystem and enable sustainable development.

In the post-pandemic era, online shopping has become an indispensable part of people's lifestyle and e-commerce platforms continue to flourish. The Group made full use of social media platforms to promote its brands, followed the website traffic trends, strengthened the development of underwear styles exclusively for e-commerce and conducted precision marketing for its brands and products through collaboration with Internet celebrities and interaction with customers, thus building good customer relationships and enhancing customers' brand loyalty. During the Current Period, its different brands collaborated with a well-known young dancer, an artiste and a media professional, and strengthened their cooperation with social media to enhance brand exposure and deepen market penetration.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Sales network

In the first half of 2023, the Group continued to further optimise and improve its sales network. As at 30 June 2023, the Group had 1,039 retail outlets in total, including 872 concessionary counters and 167 retail stores, representing a net decrease of 45 retail outlets as compared to the end of December 2022. 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 to its customers. The closed loop of operation helped optimise deployment of store inventory and inventory management.

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 environmentally friendly and 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 "Beautiful Time (至美時光)" and "Cool Moisturizing (冰爽潤膚)"; **FANDECIE**'s "Inspirational New Chapter (靈感新章)"; **COMFIT**'s "Chic City (別緻都會)" and "Comfit Girl"; **LIZA CHENG**'s "Artist (藝術家)" and "Sleepless Flower (花未眠)"; **E-BRA**'s "Perfect Love (臻愛)" and "Slender Posture (纖姿)"; **IADORE**'s "Flowery (花漫)" and "Limpid and Sweet (清透微甜)"; **IVU**'s "Perfect Score (滿分系列)".

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Product design, research and development (continued)

The Group has been advocating environmental practices in production process while aiming for the healthiness, comfort and eco-friendly performance of its products for women. The Group has continued to strengthen the research and development of its green products, and launched the new “Heart of the Ocean” underwear series during the Current Period, with bio-based, environmentally friendly materials used for underwear fabrics and shoulder straps. This decreased the use of the by-products from and thus indirectly helped reduce the amount of carbon dioxide generated by the petroleum refining process. The product series also demonstrated the Group’s commitment to low-carbon, environmental practices.

In the first half of 2023, the Group obtained three utility model patents and one appearance design patent in China. As at 30 June 2023, the Group has a total of 109 patents, including 71 utility model patents, 11 invention patents and 27 appearance design patents.

Production capacity

The Group has its own production bases in Jinan, Shandong Province and Changzhou, Jiangsu Province. The plant in Shandong is equipped with intelligent finished goods and materials warehouses. In response to market changes, the Group carefully analysed the sales of different brands and segmented markets, reviewed and adjusted its production volume from time to time to maximise production efficiency and enhance supply chain efficiency.

In order to achieve sustainable development, the Group’s Shandong Industrial Park is environmentally friendly and maintain carbon emissions at a low level at the source. The industrial park uses ground source heat pump to tap the renewable energy, and adopts thermal insulation and energy-saving walls, natural lighting and other practices of energy conservation and emission reduction, thus further reducing the impact on the environment. The self-developed underwear automatic packaging machine uses degradable plastic products as packaging materials to reduce environmental pollution.

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 2023, the number of employees of the Group was approximately 4,484 (31 December 2022: approximately 4,568). 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\$228,523,000 (Six months ended 30 June 2022: HK\$247,144,000).

Financial Review

Revenue

During the Current Period, revenue was HK\$709,590,000, representing a decrease of 4.44% from the Prior Period, mainly attributable to the depreciation of Renminbi in the first half of the year, while the Group's revenue would have increased by approximately 1.16% year on year at constant exchange rates. In addition, due to a slow recovery of China's economy and uncertainties of global politics and economy in the first half of the year, the underwear market has not yet returned to the pre-pandemic levels even though China already gradually relaxed its pandemic prevention and control measures at the beginning of the year and the consumer sentiment was recovering.

During the Current Period, revenue from retail sales was HK\$482,731,000, accounting for 68.03% of the Group's total revenue and representing a decrease of 2.51% from the Prior Period. The Group recorded a decrease in sales at e-commerce platforms. Revenue from the Internet decreased by 6.96% to HK\$206,064,000 in the first half of 2023, accounting for 29.04% of the total revenue. The decrease was mainly because consumers increased consumption offline after the pandemic prevention and control measures were eased in China at the beginning of the year. Revenue from the Internet declined year on year when people shopped online much more frequently during the peak of the pandemic.

Management Discussion and Analysis (continued)

Financial Review (continued)

Revenue (continued)

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\$686,772,000, accounting for 96.78% of the Group's total revenue.

Among the seven brands operated by the Group, **EMBRY FORM**, the flagship brand, and **FANDECIE**, the young and energetic brand, are the main sources of income for the Group and their contributions to the total revenue accounted for 53.83% and 16.89%, respectively. **EMBRY FORM**'s revenue amounted to HK\$381,932,000, which decreased by 2.06% from the Prior Period. **FANDECIE**'s revenue amounted to HK\$119,878,000, which decreased by 16.71% from the Prior Period. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG**'s revenue for the Current Period amounted to HK\$206,019,000, accounting for 29.03% of the overall revenue.

Lingerie continues to be the core product line of the Group. During the Current Period, sales of underwear decreased by 4.89% from the Prior Period to HK\$612,239,000, representing 86.28% of the revenue of the Group. Sales of sleepwear amounted to HK\$73,804,000, accounting for 10.40% of the revenue of the Group, while sales of swimwear amounted to HK\$14,206,000, accounting for 2.00% of the revenue of the Group.

Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK\$528,262,000, representing a decrease of 6.28% from the Prior Period. It was mainly attributed to the Group's initial investment in the first half of the year in preparation for the brand promotion in the second half of the year. As a result, sales expenses increased as compared to the same period last year. In addition, the increase in promotional activities resulted in a decrease in the unit selling price as compared to the same period last year. Overall gross profit margin decreased by 1.46 percentage points from the same period last year to 74.45%.

Management Discussion and Analysis (continued)

Financial Review (continued)

Other income and gains

Other income and gains decreased by 15.14% to HK\$9,817,000 for the Current Period (2022: HK\$11,569,000), mainly due to the exchange loss of HK\$10,824,000 from the depreciation of Renminbi, compared to the exchange loss of HK\$10,038,000 in the same period last year, and the decrease in rental income by HK\$1,919,000 from HK\$11,224,000 in the same period last year to HK\$9,305,000. Besides, the subsidy income for the Current Period was HK\$6,055,000, as compared with HK\$4,928,000 in the same period last year.

Operating expenses

During the Current Period, the selling and distribution expenses decreased by 3.93% to HK\$440,544,000 (2022: HK\$458,589,000), accounting for 62.08% (2022: 61.76%) of the Group's revenue. The decrease in expenses was mainly due to the decrease in the number of concessionary counters and retail stores, resulting in a decrease in the related rental costs and wages of sales staff. The ratio of the selling and distribution expenses to the overall sales increased during the Current Period due to a low base effect for sales.

Administrative expenses decreased by 6.91% over the Prior Period to HK\$84,757,000, accounting for 11.94% (2022: 12.26%) of the Group's revenue.

Reversal of impairment of right-of-use assets and other expenses

In the Current Period, reversal of impairment of right-of-use assets amounted to approximately HK\$1,140,000 (impairment in 2022: HK\$6,876,000), representing a decrease of HK\$8,016,000 from the same period last year. Other expenses decreased by HK\$2,864,000 from the Prior Period to HK\$571,000 as a result of the charity donation of HK\$2,410,000 during the same period last year.

Net profit

Profit attributable to owners of the Company more than tripled to HK\$5,367,000 for the Current Period from approximately HK\$1,116,000 for the Prior Period due to a low base effect. The increase in net profit was mainly attributable to the decrease in other expenses, in particular the reversal of impairment of right-of-use assets previously recognised by the Group, and the recognition of tax credits by the Group.

Management Discussion and Analysis (continued)

Financial Review (continued)

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 2023, the Group's cash and cash equivalents amounted to approximately HK\$386,093,000 (31 December 2022: HK\$380,178,000). As of 30 June 2023, the Group's interest-bearing bank borrowings amounted to HK\$314,513,000 (31 December 2022: HK\$327,472,000). As at 30 June 2023, equity attributable to owners of the Company was HK\$2,179,126,000 (31 December 2022: HK\$2,272,332,000); the gearing ratio of the Group was approximately 14.4% (31 December 2022: 14.4%).

Capital expenditure

During the Current Period, the capital expenditure of the Group amounted to HK\$20,716,000 (2022: HK\$4,171,000), which was mainly used for the first phase of the photovoltaic power generation project at the plant in Shandong. The project was capitalized as a fixed asset on the balance sheet and put into operation during the Current Period and is expected to help the Group save on electricity tariff. As at 30 June 2023, the capital commitments of the Group amounted to HK\$105,017,000 (31 December 2022: HK\$116,154,000), which were contracted but not provided for in the financial statements.

Charge on the Group's assets

As at 30 June 2023, the Group pledged Hong Kong investment properties, buildings and right-of-use assets with net book values of HK\$92,000,000, HK\$2,478,000 and HK\$11,507,000, respectively, to bank to finance loans.

Capital structure

As at 30 June 2023, the total issued share capital of the Company was HK\$4,224,000 (31 December 2022: HK\$4,224,000), comprising 422,416,638 (31 December 2022: 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.

Management Discussion and Analysis (continued)

Financial Review (continued)

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 2023, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK\$173,000 (31 December 2022: HK\$428,000). Save as disclosed above, the Group had no other significant contingent liabilities, nor any litigation or arbitration of material importance.

Prospect

Looking ahead to the second half of the year, the Chinese government will step up its efforts to stabilize the economy, aiming for steady national development. As a result, the retail market can expect moderate growth. However, consumers have become more prudent as they are facing the uncertainties of the global economy and politics and have experienced the COVID-19 pandemic. They are now more practical about making consumption decisions while aiming for better quality of life and sustainable consumption. They may even spend less. The retail and consumer industry has yet to see a full recovery to the pre-pandemic levels, and the underwear industry, in particular, is expected to recover more slowly than the overall retail market does.

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 still gain a firm foothold in the industry amid the current consumption environment. Since consumers are 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 the needs of consumers in rational consumption, emphasis on product quality, and fulfilling green and sustainable consumption.

Management Discussion and Analysis (continued)

Prospect (continued)

In the future, the Group will continue to review and adjust its business strategy, continue to explore different market segments, and at the same time, matching with the consumption pattern in the post-pandemic era, increase interactive promotion through social media, boost e-commerce sales, strive to expand the market share of its brands in the online retail market and optimise the effectiveness of the sales network. In terms of production capability, the Group will respond promptly to market demands, leverage on the advantages of resource deployment through its self-production and self-distribution model as well as the ancillary logistics facilities of intelligent finished goods and materials warehouses to enhance production and logistics efficiency, and actively save energy, reduce emission and optimise the supply chain in order to achieve a sustainable development.

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 2023, 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 (Note 2)	1,220,000	0.29
Mr. Cheng Chuen Chuen	Beneficial owner	Ordinary shares	28,094,709	6.65
	Beneficial owner	Share options (Note 2)	295,000	0.07
Ms. Lu Qun	Beneficial owner	Ordinary shares	1,024,057	0.24
	Beneficial owner	Share options (Note 2)	665,000	0.16
Mr. Lau Siu Ki	Beneficial owner	Ordinary shares	768,000	0.18
	Beneficial owner	Share options (Note 2)	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 16 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 2023, 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 16 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.

Share Option Scheme

The number of share options available for grant under the mandate limit of the Share Option Scheme as at 1 January 2023 and 30 June 2023 were 24,151,663 and 24,451,663 respectively.

Other Information (continued)

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

As at 30 June 2023, 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
Value China Fund	Beneficial owner	Ordinary shares	21,475,000	5.08
Mr. Cheng Man Tai	Beneficial owner	Ordinary shares	3,628,220	0.86
	Beneficial owner	Share options ^(Note 2)	1,430,000	0.34
	Interest of spouse	Ordinary shares ^(Note 3)	146,019,932	34.57
	Interest of spouse	Share options ^(Note 3)	1,300,000	0.31
Ms. Wong Oi Fan	Interest of spouse	Ordinary shares ^(Note 4)	28,094,709	6.65
	Interest of spouse	Share options ^(Note 4)	295,000	0.07
Ms. Cheng Tsz Kwan	Beneficial owner	Ordinary shares ^(Note 5)	22,366,661	5.29
	Beneficial owner	Share options ^(Note 6)	185,000	0.04
Mr. Cheng Ka Hei	Beneficial owner	Ordinary shares ^(Note 7)	22,064,732	5.22
Ms. Mei Zhen	Interest of spouse	Ordinary shares ^(Note 8)	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. 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.
3. 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.
4. 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.
5. Ms. Cheng Tsz Kwan is the granddaughter of Mr. Cheng Man Tai and Madam Ngok Ming Chu.
6. 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.
7. Mr. Cheng Ka Hei is the grandson of Mr. Cheng Man Tai and Madam Ngok Ming Chu.
8. 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 2023, 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 2022 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 6 April 2023, Mr. Cheng Chuen Chuen resigned as a director of Changzhou Duosiwei Furniture Decoration Construction Co., Ltd., a former related company of the Company.

Mr. Lee Kwan Hung ceased to be an independent non-executive director of Red Star Macalline Group Corporation Ltd. after conclusion of the general meeting held on 15 August 2023 upon the expiration of his term of office.

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 2023 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 24 August 2023, the Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023.

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
24 August 2023

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 24, which comprise the condensed consolidated statement of financial position as at 30 June 2023, 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

24 August 2023