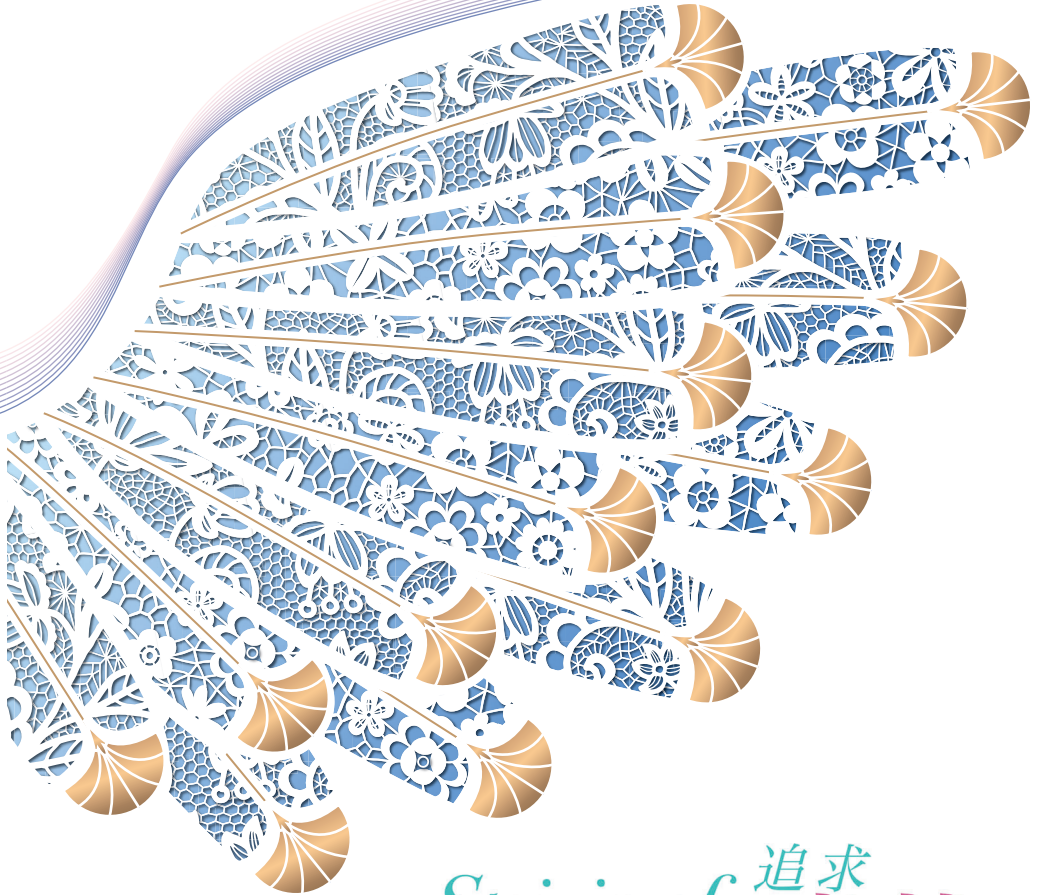




# Embry Holdings Limited 安莉芳控股有限公司

Incorporated in the Cayman Islands with limited liability  
Stock Code : 1388





追求  
*Striving for* 卓越  
**Excellence**

2020 INTERIM REPORT



# *Contents*

- 
- |    |   |
|----|---|
| 2  | Corporate Information                                       |
|    | Unaudited Condensed Consolidated<br>Financial Statements    |
| 3  | Income Statement  |
| 4  | Statement of Comprehensive Income                           |
| 5  | Statement of Financial Position                             |
| 7  | Statement of Changes in Equity                              |
| 9  | Statement of Cash Flows                                     |
| 10 | Notes to the Condensed Consolidated<br>Financial Statements |
| 27 | Management Discussion and Analysis                          |
| 36 | Other Information   |
| 41 | Independent Review Report                                   |
- 



## 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  
22nd Floor, CITIC Tower  
1 Tim Mei Avenue, Central  
Hong Kong

#### Share Registrars

##### Principal Share Registrar and Transfer

##### Office in the Cayman Islands

SMP Partners (Cayman) Limited  
Royal Bank House-3rd Floor  
24 Shedden Road, P.O. Box 1586  
Grand Cayman KY1-1110  
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](http://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 2020 together with the unaudited comparative figures for the corresponding period in 2019 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 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>REVENUE</b>	3	784,956	1,199,358
Cost of sales		(226,016)	(264,606)
Gross profit		558,940	934,752
Other income and gains, net	4	19,612	35,523
Selling and distribution expenses		(452,028)	(738,912)
Administrative expenses		(83,255)	(120,404)
Impairment of right-of-use assets		(33,386)	–
Other expenses	5	(27,778)	(3,290)
Finance costs	6	(13,136)	(12,710)
<b>PROFIT/(LOSS) BEFORE TAX</b>	7	(31,031)	94,959
Income tax expense	8	(7,682)	(27,560)
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		(38,713)	67,399
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	10		
— Basic (HK cents)		(9.16)	15.96
— Diluted (HK cents)		(9.16)	15.96

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
PROFIT/(LOSS) FOR THE PERIOD	(38,713)	67,399
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	(55,735)	107
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	(55,735)	107
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(94,448)	67,506

## Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	1,077,188	1,119,462
Investment properties		393,079	403,126
Right-of-use assets		200,022	293,381
Other asset		393,846	402,697
Deferred tax assets		73,538	92,306
Deposits and other receivables		29,337	25,031
<b>Total non-current assets</b>		<b>2,167,010</b>	<b>2,336,003</b>
<b>CURRENT ASSETS</b>			
Inventories		632,649	792,354
Trade receivables	13	82,089	79,814
Prepayments, deposits and other receivables		68,855	95,686
Tax recoverable		–	409
Cash and cash equivalents		361,091	200,230
<b>Total current assets</b>		<b>1,144,684</b>	<b>1,168,493</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	14	35,838	52,723
Interest-bearing bank borrowings	15	130,460	125,566
Lease liabilities		63,612	90,449
Tax payable		5,305	4,409
Other payables and accruals	16	193,885	225,460
<b>Total current liabilities</b>		<b>429,100</b>	<b>498,607</b>
<b>NET CURRENT ASSETS</b>		<b>715,584</b>	<b>669,886</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,882,594</b>	<b>3,005,889</b>

## Condensed Consolidated Statement of Financial Position (continued)

30 June 2020

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	15	464,411	432,614
Lease liabilities		42,036	68,661
Deferred liabilities		–	414
Deferred tax liabilities		130,334	154,925
Other payables	16	3,658	–
Total non-current liabilities		640,439	656,614
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital		4,224	4,224
Reserves		2,237,931	2,345,051
<b>TOTAL EQUITY</b>		<b>2,242,155</b>	<b>2,349,275</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Reserves									
	Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	Enterprise expansion and		Goodwill reserve	Retained profits	Total reserves	Total equity
					statutory reserve funds	Exchange fluctuation reserve				
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 income for the period	-	-	-	-	-	(55,735)	-	(38,713)	(94,448)	(94,448)
2019 final dividends declared (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 Changes in Equity *(continued)*

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Reserves									
	Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	Enterprise statutory reserve funds	Exchange fluctuation reserve	Goodwill reserve	Retained profits	Total reserves	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019 (audited)	4,224	386,512	122,610	12,251	180,593	(68,175)	(3,168)	1,696,872	2,327,495	2,331,719
Profit for the period	-	-	-	-	-	-	-	67,399	67,399	67,399
Exchange differences related to foreign operations	-	-	-	-	-	107	-	-	107	107
Total comprehensive income for the period	-	-	-	-	-	107	-	67,399	67,506	67,506
2018 final dividends declared (note 11)	-	-	-	-	-	-	-	(29,569)	(29,569)	(29,569)
Transfer from retained profits	-	-	-	-	11,248	-	-	(11,248)	-	-
At 30 June 2019 (unaudited)	4,224	386,512	122,610	12,251	191,841	(68,068)	(3,168)	1,723,454	2,365,432	2,369,656

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>236,622</b>	<b>95,476</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	453	613
Purchase of items of property, plant and equipment	(20,379)	(66,159)
Proceeds from disposal of items of property, plant and equipment	23	90
Net cash flows used in investing activities	(19,903)	(65,456)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank borrowings	62,000	187,218
Repayment of bank borrowings	(24,568)	(84,335)
Principal portion of lease payments	(55,822)	(38,924)
Dividends paid	(12,672)	(29,569)
Interest paid	(13,136)	(9,041)
Net cash flows from/(used in) financing activities	(44,198)	25,349
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>172,521</b>	<b>55,369</b>
Cash and cash equivalents at beginning of period	200,230	158,414
Effect of foreign exchange rate changes, net	(11,660)	522
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>361,091</b>	<b>214,305</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	229,158	214,305
Non-pledged time deposits with original maturity of less than three months when acquired	131,933	–
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	361,091	214,305

# 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 2020 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 2019.

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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3  
Amendments to HKFRS 9,  
HKAS 39 and HKFRS 7  
Amendment to HKFRS 16

Amendments to HKAS 1 and HKAS 8

*Definition of a Business*  
*Interest Rate Benchmark Reform*

*Covid-19-Related Rent Concessions*  
(early adopted)

*Definition of Material*

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

### 2.2 Changes in accounting policies (continued)

Other than as explained below regarding the impact of amendment to HKFRS 16, the adoption of the revised HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

#### Amendment to HKFRS 16

Amendment to HKFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office premises and stores have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$6,866,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to income statement for the period ended 30 June 2020.

## 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods	784,956	1,199,358

#### Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Business activities</b>		
Concessionary counters	467,026	866,306
Retail stores	82,278	125,970
Internet and wholesale	228,637	204,062
Original design manufacturer ("ODM")	7,015	3,020
Total revenue from contracts with customers	784,956	1,199,358

## 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Brands</b>		
Embry Form	356,753	549,596
Fandecie	182,502	290,050
Others	238,686	356,692
ODM products	7,015	3,020
<b>Total revenue from contracts with customers</b>	<b>784,956</b>	<b>1,199,358</b>
<b>Products</b>		
Lingerie	689,289	1,063,653
Sleepwear	73,521	86,006
Swimwear	11,989	41,253
ODM products	7,015	3,020
Other products	3,142	5,426
<b>Total revenue from contracts with customers</b>	<b>784,956</b>	<b>1,199,358</b>
<b>Geographical markets</b>		
Mainland China	756,559	1,162,732
Hong Kong	21,382	33,606
Others	7,015	3,020
<b>Total revenue from contracts with customers</b>	<b>784,956</b>	<b>1,199,358</b>

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

### 4. Other Income and Gains, Net

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Other income</b>		
Subsidy income*	15,520	21,031
Gross rental income from investment properties operating leases:		
Other lease payments, including fixed payments	8,070	9,210
Variable lease payments that do not depend on an index of a rate	148	305
Interest accretion on non-current receivables	636	1,217
Bank interest income	453	613
Gain on termination of leases	347	–
Others	1,337	2,572
	<b>26,511</b>	<b>34,948</b>
<b>Gains/(losses), net</b>		
Foreign exchange differences, net	(3,822)	(1,425)
Changes in fair value of investment properties	(3,077)	2,000
	<b>(6,899)</b>	<b>575</b>
	<b>19,612</b>	<b>35,523</b>

\* 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss on disposal/write-off of items of property, plant and equipment, net	2	69
Charitable donations	1,124	3,086
Write-off of deposits	-	135
Termination benefits	26,652	-
	<b>27,778</b>	<b>3,290</b>

### 6. Finance Costs

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on interest-bearing bank borrowings	9,771	9,041
Interest on lease liabilities	3,365	3,669
	<b>13,136</b>	<b>12,710</b>



## 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Cost of inventories sold	226,016	264,606
Depreciation of property, plant and equipment	38,133	40,089
Depreciation of right-of-use assets	59,960	40,313
Write-back of impairment of trade receivables	(1,030)	(2,119)
Lease payment not included in the measurement of lease liabilities	121,594	271,084
Advertising and counter decoration expenses	21,935	73,394
Charitable donation	1,124	3,086
Impairment of right-of-use assets*	33,386	–
Gain on termination of leases	(347)	–
Interest accretion on non-current receivables	(636)	(1,217)

\* During the period ended 30 June 2020, the impairment loss of 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 2020 were determined based on their value in use amounts estimated by using a discount rate of 14%.

### 8. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current — Mainland China	11,780	38,538
Deferred	(4,098)	(10,978)
Total tax charge for the period	7,682	27,560

## 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	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Continuing transactions</b>			
Purchases of furniture and decoration services for counters and shops as well as different types of moulds from related companies	(i)	2,340	7,263
Rental expenses for a warehouse charged by a director of the Company	(ii)	168	159

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 2020 were HK\$5,865,000 (31 December 2019: HK\$5,443,000) 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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short term employee benefits	5,337	10,151
Post-employment benefits	104	110
Total compensation paid to key management personnel	5,441	10,261

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

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

The calculation of basic earnings/(loss) per share amounts is based on the loss for the period attributable to owners of the Company of HK\$38,713,000 (2019: profit of HK\$67,399,000) and 422,416,638 (2019: 422,416,638) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2020 and 2019.

### 11. Dividends

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Dividend paid during the period</b>		
Final in respect of the financial year ended 31 December 2019 — HK3.0 cents per ordinary share (2019: Final in respect of the financial year ended 31 December 2018 — HK7.0 cents per ordinary share)	12,672	29,569

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK2.0 cents per ordinary share, amounting to a total of approximately HK\$8,448,000).

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

### 12. Property, Plant and Equipment

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
At beginning of period/year, net of accumulated depreciation	1,119,462	1,104,654
Additions	20,379	114,696
Disposals/write-off	(25)	(927)
Depreciation provided during the period/year	(38,133)	(79,219)
Transfer to investment properties (note)	–	(7,077)
Exchange realignment	(24,495)	(12,665)
At end of period/year, net of accumulated depreciation	1,077,188	1,119,462

Note: During the year ended 31 December 2019, 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\$7,077,000 and corresponding right-of-use land of HK\$12,360,000 to investment properties, this property was revalued at HK\$23,182,000 with a revaluation surplus of HK\$3,745,000 credited to the asset revaluation reserve.

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

### 13. Trade Receivables

The Group's trading terms with its customers are mainly on credit, except for wholesalers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables 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.

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 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Within 90 days	78,643	78,838
91 to 180 days	3,446	976
181 to 360 days	632	1,209
Over 360 days	3,948	4,402
	<b>86,669</b>	<b>85,425</b>
Less: Impairment allowance	(4,580)	(5,611)
	<b>82,089</b>	<b>79,814</b>

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

### 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 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Within 90 days	27,168	44,484
91 to 180 days	2,867	1,800
181 to 360 days	853	906
Over 360 days	4,950	5,533
	<b>35,838</b>	<b>52,723</b>

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 2020			31 December 2019		
	Effective interest rate %	Maturity	HK\$'000 (unaudited)	Effective interest rate %	Maturity	HK\$'000 (audited)
<b>Current</b>						
Bank loans — secured	Hong Kong Interbank Offered Rate ("HIBOR")+1.45	2020–2021	25,065	HIBOR+1.45	2020	28,091
Bank loans — unsecured	HIBOR+1.80 to HIBOR+1.85	2020–2021	72,428	HIBOR+1.80 to HIBOR+1.85	2020	63,767
	4.25	2020	32,967	4.57	2020	33,708
			<b>130,460</b>			<b>125,566</b>
<b>Non-current</b>						
Bank loans — secured	HIBOR+1.45	2021–2025	411,474	HIBOR+1.45	2021–2024	353,430
Bank loans — unsecured	HIBOR+1.80 to HIBOR+1.85	2021–2024	52,937	HIBOR+1.80 to HIBOR+1.85	2021–2024	79,814
			<b>464,411</b>			<b>432,614</b>
			<b>594,871</b>			<b>558,180</b>
				<b>30 June 2020</b>	<b>31 December 2019</b>	
				<b>HK\$'000</b>	<b>HK\$'000</b>	
				<b>(unaudited)</b>	<b>(audited)</b>	
Analysed into:						
Bank loans repayable:						
Within one year or on demand				<b>130,460</b>		125,566
In the second year				<b>76,960</b>		82,684
In the third to fifth years, inclusive				<b>387,451</b>		349,930
				<b>594,871</b>		558,180
Less: Amount classified as current portion				<b>(130,460)</b>		(125,566)
Amount classified as non-current portion				<b>464,411</b>		432,614

The above bank loans are denominated in Hong Kong dollars and Renminbi, amounted to HK\$561,904,000 (31 December 2019: HK\$524,472,000) and HK\$32,967,000 (31 December 2019: HK\$33,708,000), respectively.



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

### 16. Other Payables and Accruals

	Notes	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Other payables	(a)	81,659	80,557
Accruals		88,487	115,569
Contract liabilities	(b)	27,397	29,334
		<b>197,543</b>	<b>225,460</b>
Less: Amount classified as current portion		(193,885)	(225,460)
Amount classified as non-current portion		<b>3,658</b>	–

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 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 has 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.

Eligible participants of the Share Option Scheme include, (i) any employee (whether full time or part time, including directors but excluding any non-executive director) of the Company, its subsidiaries or invested entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or invested entity; (iii) any supplier or customer of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support to the Group or any invested entity; and (v) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity. The Share Option Scheme became effective on 28 May 2020 and, unless otherwise cancelled or amended, will remain in force for a period of ten years to 27 May 2030.

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company.

In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

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

### 17. Share Option Scheme (continued)

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the offer of the share options; (ii) the average closing prices of the Company's shares as quoted on the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. No share options were granted under the Share Option Scheme during the period ended 30 June 2020.

### 18. Commitments

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

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	119,849	139,150

### 19. Approval of the Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 20 August 2020.

## Management Discussion and Analysis

### Business and Operations Review

In the first half of 2020, the outbreak of the coronavirus pandemic (COVID-19) almost paralyzed the daily lives of consumers and the global economic growth has been severely hit. Facing with uncertain external environment, China's gross domestic product (GDP) for the first quarter was also dragged down, decreasing by 6.8% over the same period last year. Although the growth rate in the second quarter returned to 3.2%, China's economy was still experiencing negative growth in the first half of the year, down 1.6% year-on-year.

Among all sectors, the retail consumption industry bore the brunt and the impact was particularly severe, even setting off a wave of layoffs and store closures. The outbreak of the contagious COVID-19 inevitably triggered consumer panic. The uncertain geopolitical situation also made the global economy unpredictable and retail consumption sentiment further weakened. Meanwhile, it wreaked havoc on the supply chain, where the production and distribution were disrupted.

For the six months ended 30 June 2020 (the "Current Period"), the industry experienced an exceptional recessive period. The Group's revenue decreased by 34.55% to HK\$784,956,000 over that for the six months ended 30 June 2019 (the "Prior Period"). Gross profit margin decreased by 6.73 percentage points to 71.21%. Loss attributable to owners of the Company was HK\$38,713,000. This includes the overall compensation for loss of office to employees and impairment of right-of-use assets amounted to HK\$60,038,000 in aggregate. Loss per share was 9.16 cents (2019: earnings per share of HK15.96 cents).

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

## Management Discussion and Analysis (continued)

### Business and Operations Review (continued)

#### Brand management

In the first half of 2020, the Group continued to implement its multi-brand strategy, fulfilling the varying customer preferences through the respective positioning of its brands, properly coordinated sales channels to deeply explore various underwear market segments.

In terms of brand development, in response to the coronavirus pandemic, the Group adjusted its brand marketing arrangements in due course during the Current Period and suspended the physical marketing and promotional activities. Not only does it serve the purpose of reducing transmission risk, but it also saved related expenses.

In terms of brand layout, the Group has long been capitalizing on its multiple brands to tap into the online and offline retailing market. *E-BRA* is an online brand, focusing on the online market; whereas *IADORE* serves as an offline wholesale brand, targeting third- and fourth-tier cities. During the pandemic, the online sales of its online brands and their exclusive products slightly mitigated the impact of the decline in the customer flow to our retail stores. Proper sales and promotion tactics also drove traffic to the online platforms. Although the domestic market demand for non-essential underwear products fell sharply, online sales recorded an increase of approximately 29.38% in the first half of 2020.

#### Sales network

In the first half of 2020, the Group continued to optimise its omni-channel coverage and operated corresponding brands in appropriate regional markets. The Group also strategically adjusted its retail outlet layout to enhance the overall operational efficiency of its sales network. As of 30 June 2020, the Group had 1,494 retail outlets in total, including 1,255 concessionary counters and 239 retail stores. As of the end of June, there was a net decrease of 170 retail outlets compared to the end of December last year.

## Management Discussion and Analysis (continued)

### Business and Operations Review (continued)

#### Sales network (continued)

Following closely on different domestic consumption habits and align the ever-changing market sentiment, the Group will continue to adjust its sales network during the year and close stores with lower efficiency to enhance the overall operational efficiency. Meanwhile, the Group strived to accelerate the pace of digitalisation, collect and analyse data of consumption habits, continued to grasp the characteristics of the online shopping market, and designed exclusive products to reach more potential customers and grow our customer base online. Through a gradual establishment of online presence, the Group aims to achieve balance between the online and offline sales network.

#### Product design, research and development

The Group has always emphasised its self-developed technology and simultaneously take on the role of development and manufacturing to maintain a leading position in the market through its solid self-development capabilities. Adhering to the pursuit of product quality, the Group continued to devote resources to product research and development, and strived to optimise and improve the appearance, functionality and production technology of the products, and to provide superior-quality products to the market.

During the Current Period, the Group launched a full range of popular new collections, including: **EMBRY FORM's** "Fashion Print Series" ("時尚印花系列") and "Love Dream Series" ("戀夢系列"); **FANDECIE's** "Airy Series" ("空氣感系列") and "Dual-colour Ice Cream Series" ("雙色冰淇淋系列"); **E-BRA's** "Soothing Skin Beauty Series" ("舒緩美肌系列"); **COMFIT's** "Curvy Beauty Series" ("秀麗胸型系列") and "Minimalist Comfort Series" ("極簡舒適系列"); **IADORE's** "Minimalism Series" ("輕簡主義系列") and **LIZA CHENG's** "Cloudy Heaven Series" ("雲飛之間系列").

In the first half of 2020, the Group obtained 4 new patents, including 1 utility model patent and 3 appearance design patents. As at 30 June 2020, the Group has 11 invention patents, 51 utility model patents and 16 appearance design patents.

## Management Discussion and Analysis (continued)

### Business and Operations Review (continued)

#### Production capacity

The impact of the coronavirus pandemic has caused the demand for non-essential underwear to drop sharply. Leveraging on its self-production and self-marketing advantages, the Group flexibly deployed manpower and machine production capacity to actively respond to the rapid market changes. In view of transportation constraints and changes in consumption demand, the Group reviewed the operation process and inventory levels, and adjusted production according to the inventory status in order to reduce unnecessary logistics costs and maintain cash flow.

The Group's first and second phases of intelligent warehouse at the production base in Jinan, Shandong province commenced operation in the first half of 2018 and the first half of 2019, respectively, in order to improve the efficiency of product delivery and logistics. In addition, the intelligent material warehouse of the Jinan production base is conducting trial run, which is expected to improve production efficiency and supply chain efficiency of the Group.

In addition, the second phase of plant premises and ancillary facilities at the Group's production base in Changzhou, Jiangsu province was completed last year, catering to the Group's future needs of development.

#### Human resources

In response to the COVID-19 outbreak, the Group promptly implemented contingency plans, devising pandemic prevention measures. With COVID-19 pandemic gradually under control in China, the overall sales of the Group and the operation of retail outlets, production lines and back offices have gradually resumed work in the second quarter. In order to ensure the health of employees and customers, the Group has been doing its best to assist front-line retail employees to implement the pandemic prevention policy, so as to increase consumer confidence and maintain their trust in its brands.

Moreover, the Group implemented an array of cost control measures. On the one hand, the Group simplified its structure and made reasonable shift arrangement in order to lower staff cost. Besides, the chairman of the Board and all executive directors voluntarily reduced their remuneration by 75% for three months since 1 March 2020, to ride out the current difficult times with the employees of the Group.

## Management Discussion and Analysis (continued)

### Business and Operations Review (continued)

#### Human resources (continued)

As at 30 June 2020, the number of employees of the Group decreased to approximately 5,979 (31 December 2019: approximately 7,362). Total staff costs (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\$213,768,000, decreasing by 43.09% year-on-year (30 June 2019: HK\$375,617,000).

### Financial Review

#### Revenue

During the Current Period, revenue was HK\$784,956,000, representing a decrease of 34.55% from the Prior Period, mainly attributable to the weak consumption sentiment resulting from the impact of the pandemic on the external economic environment.

During the Current Period, revenue from retail sales was HK\$549,304,000, accounting for 69.98% of the Group's total revenue and representing a decrease of 44.64% from the Prior Period. The outbreak of the pandemic prompted some customers to switch to online shopping, and the Group's sales on e-commerce platforms also recorded an increase. Revenue from the internet business increased by 29.38% to HK\$206,300,000 in the first half of 2020, accounting for 26.28% of the total revenue.

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\$756,559,000, accounting for 96.38% 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 45.45% and 23.25% respectively. **EMBRY FORM's** revenue amounted to HK\$356,753,000, which decreased by 35.09% from the Prior Period. **FANDECIE's** revenue amounted to HK\$182,502,000, which decreased by 37.08% from the Prior Period. The changes in the two brands were similar to that of the overall sales. The decline was mainly due to the impact of the pandemic on the retail markets and the weak consumer sentiment resulting from uncertainties in the global macroeconomic environment. The other brands **E-BRA**, **COMFIT**, **IVU**, **IADORE** and **LIZA CHENG's** revenue for the Current Period amounted to HK\$238,686,000, accounting for 30.41% of the overall revenue.



## Management Discussion and Analysis (continued)

### Financial Review (continued)

#### Revenue (continued)

Lingerie continues to be the core product line of the Group. During the Current Period, sales of lingerie decreased by 35.20% over the Prior Period to HK\$689,288,000, representing 87.81% of the total revenue of the Group. Sales of sleepwear amounted to HK\$73,521,000, accounting for 9.37% of the total revenue of the Group, while sales of swimwear amounted to HK\$11,989,000, accounting for 1.53% of the total revenue of the Group.

#### Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK\$558,940,000 representing a decrease of 40.20% from the Prior Period. Gross profit margin decreased by 6.73 percentage points over the Prior Period to 71.21%. It was mainly attributed to Group's adoption of discount strategy to promote sales in response to the weak market sentiment.

#### Other income and gains

Other income decreased by 44.79% to HK\$19,612,000 for the Current Period, mainly due to the decrease of 26.20% to approximately HK\$15,520,000 in subsidies received from the local municipal government. Besides, other gains and expenses were mainly rental income of approximately HK\$8,218,000 and exchange loss of HK\$3,822,000 resulted from the depreciation of Renminbi.

#### Operating expenses

During the Current Period, selling and distribution expenses decreased by 38.83% to HK\$452,028,000 (2019: HK\$738,912,000), accounting for 57.59% (2019: 61.61%) of the Group's revenue. The decrease in the proportion of selling and distribution expenses to overall sales was mainly due to the Group's active control on renovation expenses and other expenses such as advertisements in response to the pandemic situation, resulting in a significant decrease in relevant expenses. Rental of some stores was also decreased under the pandemic situation.

Administrative expenses decreased by 30.85% over the Prior Period to HK\$83,255,000, accounting for 10.61% of the Group's revenue (2019: 10.04%).

## Management Discussion and Analysis (continued)

### Financial Review (continued)

#### Impairment of right-of-use assets and other expenses

During the Current Period, Impairment of right-of-use assets and other expenses (the "Non-Operating Expense") amounted to HK\$61,164,000, mainly due to the weak sales of the Group's retail stores and counters under the impact of the pandemic. Impairment of right-of-use assets of the retail stores and counters amounted to approximately HK\$33,386,000 and one-off termination benefit of approximately HK\$26,652,000 was incurred from the structure rationalisation.

#### Loss

Loss attributable to owners of the Company was HK\$38,713,000 for the Current Period, while profit attributable to owners of the Company for the Prior Period was HK\$67,399,000. Loss was mainly due to the decrease in operating income under the impact of the pandemic, combined with one-off expenses such as compensation for loss of office resulting from the structure rationalisation and impairment of right-of-use assets. After excluding the Non-Operating Expense, the profit attributable to equity holders for the period decreased of 68.24% to HK\$22,451,000 from HK\$70,689,000 in the same period last year.

#### 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 2020, the Group's cash and cash equivalents amounted to approximately HK\$361,091,000 (31 December 2019: HK\$200,230,000). As of 30 June 2020, the Group's interest-bearing bank borrowings amounted to HK\$594,871,000 (31 December 2019: HK\$558,180,000). As at 30 June 2020, equity attributable to owners of the Company was HK\$2,242,155,000 (31 December 2019: HK\$2,349,275,000). The gearing ratio of the Group was approximately 26.53% (31 December 2019: 23.76%).

## Management Discussion and Analysis (continued)

### Financial Review (continued)

#### Capital expenditure

During the Current Period, the capital expenditure of the Group amounted to HK\$20,379,000 (2019: HK\$114,696,000), which was mainly used for the construction of intelligent material warehouse at the production base in Jinan. As at 30 June 2020, the capital commitments of the Group amounted to HK\$119,849,000 (31 December 2019: HK\$139,150,000), which were contracted but not provided for in the financial statements.

#### Charge on the Group's assets

As at 30 June 2020, the Group pledged Hong Kong investment properties, buildings and right-of-use assets with net book values of HK\$86,000,000, HK\$2,764,000 and HK\$12,921,000, respectively, to bank to finance loans.

#### Capital structure

As at 30 June 2020, the total issued share capital of the Company was HK\$4,224,000 (31 December 2019: HK\$4,224,000), comprising 422,417,000 (31 December 2019: 422,417,000) 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 2020, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK\$751,000 (31 December 2019: HK\$816,000). 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 2020, increasing complicated and unpredictable geopolitics and related uncertain factors will shadow the outlook of the global economy, further undermining investment and consumption confidence. Although the domestic economy has improved significantly in the second quarter and consumption is expected to gradually recover, the external economic situation has seen no rebound. The pandemic would still have a profound impact on the overall consumption market, slowing the consumption recovery of underwear and other non-essential products.

With years of experience and brand strength accumulated in the lingerie industry in China, and the fully restored interaction mechanism between the retail industry and customers, the Group is confident that it can grasp market information to make appropriate decisions according to consumer needs in terms of product design, production technology, marketing and sales channels.

Going forward, the Group expects changes in consumption patterns after the market recovery from the pandemic to accelerate the online and offline integration of the retail industry to achieve sales network balance. The Group will closely follow the development of consumption behaviours and market demand, grasp the characteristics of sales channels, further explore the development potential of the online shopping market, adjust the multi-brand product mix in stores and develop relevant products.

The Group believes that progressing with time is the key to maintain competitiveness. Regarding production capacity, the Group will continue to leverage on its economies of scale and its strengths in self-production and self-marketing to further enhance its manufacturing efficiency and production flexibility, so as to achieve seamless production and respond more precisely to changes in market demand.

The Group will continue to adhere to the quality and consolidate the Group's leading position in the underwear industry in China, thereby generating sustainable returns to its shareholders.

## Other Information

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

As at 30 June 2020, 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	Number of shares held	Percentage of the Company's issued share capital
Mr. Cheng Man Tai	Interest of controlled corporations	249,137,574 <sup>(Note 1)</sup>	58.98
	Beneficial owner	2,983,688	0.71
	Interest of spouse	2,334,369 <sup>(Note 2)</sup>	0.55
Madam Ngok Ming Chu	Interest of controlled corporations	249,137,574 <sup>(Note 1)</sup>	58.98
	Beneficial owner	2,334,369	0.55
	Interest of spouse	2,983,688 <sup>(Note 2)</sup>	0.71
Ms. Cheng Pik Ho Liza	Beneficial owner	26,990,478	6.39
Mr. Cheng Chuen Chuen	Beneficial owner	513,793	0.12
Ms. Lu Qun	Beneficial owner	1,024,057	0.24
Mr. Lau Siu Ki	Beneficial owner	768,000	0.18
Mr. Lee Kwan Hung	Beneficial owner	522,000	0.12
Prof. Lee T. S.	Beneficial owner	604,000	0.14

## Other Information (continued)

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

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.
- Madam Ngok Ming Chu is the spouse of Mr. Cheng Man Tai.

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 2020, 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 2020, 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 <sup>(Note 1)</sup>	58.67
Pandanus Associates Inc.	Interest of controlled corporations	46,296,000 <sup>(Note 2)</sup>	10.96
Pandanus Partners L.P.	Interest of controlled corporations	46,296,000 <sup>(Note 2)</sup>	10.96
FIL Limited	Interest of controlled corporations	46,296,000 <sup>(Note 2)</sup>	10.96
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 2020, 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 2019 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 19 June 2020, Mr. Lee Kwan Hung retired from office as an independent non-executive director of Landsea Green Properties Co., 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 2020 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 20 August 2020, the Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2020.

### 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.



## Other Information *(continued)*

### 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  
20 August 2020

## 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 26, which comprise the condensed consolidated statement of financial position as at 30 June 2020, 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*  
22/F CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

20 August 2020