



EMBRY HOLDINGS LIMITED
安莉芳控股有限公司

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

追求卓越
Striving For
Excellence

INTERIM REPORT 2016

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Corporate Information

Directors and Board Committees

Directors

Executive Directors

NGOK Ming Chu (*Chairman*)
CHENG Pik Ho Liza (*Chief Executive Officer*)
LU Qun

Independent Non-Executive Directors

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

Board Committees

Audit Committee

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

Remuneration Committee

LEE Kwan Hung (*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

Compliance Officer

CHENG Pik Ho Liza

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

Auditors

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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Branch Share Registrar and Transfer Office

in Hong Kong

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Investor Relations

iPR Ogilvy Limited

Website

www.embrygroup.com

Stock Code

1388

Unaudited Condensed Consolidated Financial Statements

The board of directors (the “Board” or “Directors”) of Embry Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016 together with the unaudited comparative figures for the corresponding period in 2015 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 auditors of the Company.

Condensed Consolidated Income Statement

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
REVENUE	3	1,175,139	1,391,784
Cost of sales		(240,308)	(246,947)
Gross profit		934,831	1,144,837
Other income and gains, net	4	27,462	19,559
Selling and distribution expenses		(694,945)	(812,802)
Administrative expenses		(124,525)	(138,709)
Other expenses		(10)	(267)
Finance costs	5	(3,958)	(2,856)
PROFIT BEFORE TAX	6	138,855	209,762
Income tax expense	7	(49,507)	(64,545)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		89,348	145,217
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
— Basic (HK cents)		21.44	34.85
— Diluted (HK cents)		21.44	34.85

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
PROFIT FOR THE PERIOD	89,348	145,217
OTHER COMPREHENSIVE EXPENSE		
<i>Other comprehensive expense to be reclassified to the income statement in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	(20,567)	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	68,781	145,217

Condensed Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,075,297	977,465
Investment properties		316,932	311,121
Prepaid land lease payments		36,460	37,363
Deferred tax assets		74,486	73,781
Deposits		12,594	12,414
Total non-current assets		1,515,769	1,412,144
CURRENT ASSETS			
Inventories		680,577	716,853
Trade receivables	12	104,839	90,486
Prepayments, deposits and other receivables		54,364	56,335
Cash and cash equivalents		193,231	233,017
Total current assets		1,033,011	1,096,691
CURRENT LIABILITIES			
Trade payables	13	61,889	68,206
Interest-bearing bank borrowings	14	141,937	124,878
Tax payable		31,734	71,806
Other payables and accruals		230,024	230,033
Total current liabilities		465,584	494,923
NET CURRENT ASSETS		567,427	601,768
TOTAL ASSETS LESS CURRENT LIABILITIES		2,083,196	2,013,912
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	221,444	183,333
Deferred liabilities		2,720	3,083
Deferred tax liabilities		41,094	36,673
Total non-current liabilities		265,258	223,089
NET ASSETS		1,817,938	1,790,823

Condensed Consolidated Statement of Financial Position *(continued)*

30 June 2016

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
<hr/>		
EQUITY		
Equity attributable to owners of the Company		
Share capital	4,166	4,166
Reserves	1,813,772	1,786,657
<hr/>		
TOTAL EQUITY	1,817,938	1,790,823
<hr/>		

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company											
	Reserves											
	Share capital	Share premium		Asset revaluation reserve	Enterprise expansion and statutory reserve funds	Exchange fluctuation reserve	Goodwill reserve	Share option		Retained profits	Total reserves	Total equity
		account	surplus					reserve	reserve			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2016 (audited)	4,166	369,644	122,610	3,336	124,849	35,610	(3,168)	27,923	1,105,853	1,786,657	1,790,823	
Profit for the period	-	-	-	-	-	-	-	-	89,348	89,348	89,348	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(20,567)	-	-	-	(20,567)	(20,567)	
Total comprehensive income/(expense) for the period	-	-	-	-	-	(20,567)	-	-	89,348	68,781	68,781	
Share options lapsed	-	-	-	-	-	-	-	(27,923)	27,923	-	-	
2015 final and special dividends declared and paid (note 10)	-	-	-	-	-	-	-	-	(41,666)	(41,666)	(41,666)	
Transfer from retained profits	-	-	-	-	12,228	-	-	-	(12,228)	-	-	
At 30 June 2016 (unaudited)	4,166	369,644	122,610	3,336	137,077	15,043	(3,168)	-	1,169,230	1,813,772	1,817,938	

Condensed Consolidated Statement of Changes in Equity *(continued)*

For the six months ended 30 June 2016

	Attributable to owners of the Company										
	Reserves										Total equity
	Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	Enterprise statutory reserve funds	Exchange fluctuation reserve	Goodwill reserve	Share option reserve	Retained profits	Total reserves	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2015 (audited)	4,166	369,644	122,610	3,336	97,691	132,594	(3,168)	32,784	984,908	1,740,399	1,744,565
Profit for the period	-	-	-	-	-	-	-	-	145,217	145,217	145,217
Total comprehensive income for the period	-	-	-	-	-	-	-	-	145,217	145,217	145,217
Share options lapsed	-	-	-	-	-	-	-	(3,856)	3,856	-	-
2014 final and special dividends declared and paid (note 10)	-	-	-	-	-	-	-	-	(41,666)	(41,666)	(41,666)
Transfer from retained profits	-	-	-	-	16,553	-	-	-	(16,553)	-	-
At 30 June 2015 (unaudited)	4,166	369,644	122,610	3,336	114,244	132,594	(3,168)	28,928	1,075,762	1,843,950	1,848,116

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	90,600	85,265
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	766	836
Addition to prepaid land lease payments	–	(1,829)
Purchase of items of property, plant and equipment	(136,624)	(116,235)
Proceeds from disposal of items of property, plant and equipment	89	35
Increase in pledged time deposit	–	(243)
Net cash flows used in investing activities	(135,769)	(117,436)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	121,441	258,861
Repayment of bank borrowings	(66,271)	(157,551)
Dividends paid	(41,666)	(41,666)
Interest paid	(3,958)	(2,856)
Net cash flows from financing activities	9,546	56,788
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(35,623)	24,617
Cash and cash equivalents at beginning of period	233,017	180,105
Effect of foreign exchange rate changes, net	(4,163)	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	193,231	204,722

Condensed Consolidated Statement of Cash Flows *(continued)*

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<hr/>		
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	134,407	204,722
Pledged time deposit for bills payable	–	243
Non-pledged time deposits with original maturity of less than three months when acquired	58,824	–
<hr/>		
Cash and bank balances as stated in the condensed consolidated statement of financial position	193,231	204,965
Less: Pledged time deposit	–	(243)
<hr/>		
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	193,231	204,722
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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. Basis of Preparation and Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standards ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements have been prepared under the historical cost convention, except for the investment properties that are measured at fair value. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015 except as described below. In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the new HKFRSs had no material effect 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

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

The Group's primary operating segment is the manufacture and sale of ladies' brassieres, panties, swimwear and sleepwear. Since this is the only operating segment of the Group, no further analysis thereof is presented.

4. Other Income and Gains, Net

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income		
Subsidy income*	11,049	2,920
Gross rental income	7,048	7,543
Contingent rents receivable in respect of operating leases	400	406
Bank interest income	766	836
Royalty income	143	44
Others	3,629	1,190
	23,035	12,939
Gains, net		
Foreign exchange differences, net	(4,446)	929
Changes in fair value of investment properties	8,810	6,000
Gain/(loss) on disposal/write-off of items of property, plant and equipment, net	63	(309)
	4,427	6,620
	27,462	19,559

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

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

5. Finance Costs

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest on bank loans	3,958	2,856

6. Profit Before Tax

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

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Cost of inventories sold	240,308	246,947
Depreciation	26,224	23,351
Amortisation of prepaid land lease payments	470	499
Minimum lease payments under operating leases in respect of:		
Land and buildings	39,931	43,950
Contingent rents of retail outlets in department stores	294,175	353,063
Advertising and counter decoration expenses	46,977	64,700

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

7. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Group:		
Current — Hong Kong	388	360
Current — Mainland China	45,459	62,510
Deferred	3,660	1,675
Total tax charge for the period	49,507	64,545

8. Related Party Transactions

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

	Notes	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 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)	7,024	7,000
Rental expenses and utilities expenses for a property charged by a related company	(ii)	85	1,234
Rental expenses for a warehouse charged by a director of the Company	(iii)	84	84
Consultancy fee to a controlling shareholder of the Company	(iv)	568	476

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

8. Related Party Transactions (continued)

(a) (continued)

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 a close family member of Mr. Cheng Man Tai, a controlling shareholder of the Company, Madam Ngok Ming Chu and Ms. Cheng Pik Ho Liza, two executive directors 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 2016 were HK\$5,020,000 (31 December 2015: HK\$3,557,000) 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.
- (ii) The rental expenses and utilities expenses charged by 常州安莉芳發展有限公司 (Changzhou Embry Development Limited), a related company, which was controlled by Ms. Cheng Pik Ho Liza, an executive director of the Company and close family members of Mr. Cheng Man Tai, a controlling shareholder of the Company, Madam Ngok Ming Chu and Ms. Cheng Pik Ho Liza, two executive directors of the Company, were determined with reference to the then prevailing market conditions. The Group entered into a new tenancy agreement with the related company effective on 10 April 2016 subsequent to the termination of the previous tenancy agreement on 31 May 2015.
- (iii) 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.
- (iv) Mr. Cheng Man Tai, a controlling shareholder of the Company had been engaged as a consultant of the Company for a term of one year with effect from 25 March 2014 and has been re-engaged for second and third term of one year with effective from 25 March 2015 and 25 March 2016, respectively. The terms of consultancy fee were based on agreements entered into between the Group and Mr. Cheng Man Tai.

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

8. Related Party Transactions (continued)

(a) (continued)

Notes: (continued)

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	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term employee benefits	11,569	11,219
Post-employment benefits	166	148
Total compensation paid to key management personnel	11,735	11,367

9. Earnings Per Share Attributable to Owners of the Company

The calculation of basic earnings per share amounts is based on the profit for the period attributable to owners of the Company of HK\$89,348,000 (2015: HK\$145,217,000) and 416,661,000 (2015: 416,661,000) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2016 and 2015.

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

10. Dividends

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends paid during the period		
Final and special in respect of the financial year ended 31 December 2015 — HK9.0 cents and HK1.0 cent, respectively, per ordinary share (2015: 31 December 2014 — HK8.0 cents and HK2.0 cents, respectively, per ordinary share)	41,666	41,666
Proposed interim dividend		
Interim — HK2.5 cents (2015: HK4.0 cents) per ordinary share	10,417	16,666

The interim dividend will be paid to the shareholders whose names appear in the register of members on 14 September 2016. The interim dividend was declared after the period ended 30 June 2016, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

11. Property, Plant and Equipment

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
At beginning of period/year, net of accumulated depreciation	977,465	911,289
Additions	136,624	173,591
Disposals/write-off	(26)	(540)
Depreciation provided during the period/year	(26,224)	(49,533)
Exchange realignment	(12,542)	(57,342)
At end of period/year, net of accumulated depreciation	1,075,297	977,465

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

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.

An aged 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 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 90 days	98,755	86,886
91 to 180 days	6,084	3,600
181 to 360 days	1,355	1,017
Over 360 days	873	658
	107,067	92,161
Less: Impairment allowance	(2,228)	(1,675)
	104,839	90,486

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

13. Trade Payables

An aged 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 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 90 days	55,921	60,837
91 to 180 days	2,871	3,424
181 to 360 days	1,943	1,207
Over 360 days	1,154	2,738
	61,889	68,206

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 2016			31 December 2015		
	Effective interest rate %	Maturity	HK\$'000 (unaudited)	Effective interest rate %	Maturity	HK\$'000 (audited)
Current						
Bank loans-unsecured	Hong Kong Interbank Offered Rate ("HIBOR")+1.75 to HIBOR+2.25	2016-2017	106,878	HIBOR+1.08 to HIBOR+2.25	2016	124,878
	0.9 to 1.05 times of The People's Bank of China Benchmark Loan Interest Rate	2016	35,059	-	-	-
			141,937			124,878
Non-current						
Bank loans-unsecured	HIBOR+1.85 to HIBOR+1.95	2017-2021	221,444	HIBOR+1.85 to HIBOR+2.25	2017-2020	183,333

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

14. Interest-bearing Bank Borrowings (continued)

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Analysed into:		
Bank loans repayable:		
Within one year	141,937	124,878
In the second year	49,778	37,778
In the third to fifth years, inclusive	171,666	145,555
	363,381	308,211
Less: Amount repayable within one year and classified as current portion	(141,937)	(124,878)
Amount classified as non-current portion	221,444	183,333

The above bank loans are denominated in Hong Kong dollars and Renminbi, amounted to HK\$328,322,000 (31 December 2015: HK\$308,211,000) and HK\$35,059,000 (31 December 2015: Nil), respectively, and bear interest at rates ranging from 1.75% to 2.25% above HIBOR per annum (31 December 2015: 1.08% to 2.25% above HIBOR per annum) and 0.9 to 1.05 times of the People's Bank of China Benchmark Loan Interest Rate (31 December 2015: Nil), respectively.

Notes to the Condensed Consolidated Financial Statements (continued)

15. Share Option Scheme

The Company adopted a share option scheme on 18 December 2006 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Details of the scheme are disclosed in the annual financial statements for the year ended 31 December 2015.

Set out below are the outstanding share options under the Share Option Scheme as at 30 June 2016:

Name or category of participant	Number of share options				At 30 June 2016	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2016	Granted during the period	Cancelled or lapsed during the period	Exercised during the period				
Executive directors								
Madam Ngok Ming Chu	60,000	-	(60,000)	-	-	18 May 2011	18 May 2012 to 17 May 2016 ^a	5.24
Ms. Cheng Pik Ho Liza	1,460,000	-	(1,460,000)	-	-	18 May 2011	18 May 2012 to 17 May 2016 ^a	5.24
Ms. Lu Qun	540,000	-	(540,000)	-	-	18 May 2011	18 May 2012 to 17 May 2016 ^a	5.24
Independent non-executive directors								
Mr. Lau Siu Ki	100,000	-	(100,000)	-	-	18 May 2011	18 May 2012 to 17 May 2016 ^a	5.24
Mr. Lee Kwan Hung	100,000	-	(100,000)	-	-	18 May 2011	18 May 2012 to 17 May 2016 ^a	5.24
Prof. Lee T. S.	100,000	-	(100,000)	-	-	18 May 2011	18 May 2012 to 17 May 2016 ^a	5.24
Other employees								
In aggregate	11,120,000	-	(11,120,000)	-	-	18 May 2011	18 May 2012 to 17 May 2016 ^a	5.24
Others								
	35,000	-	(35,000)	-	-	18 May 2011	18 May 2012 to 17 May 2016 ^a	5.24
	13,515,000	-	(13,515,000)	-	-			

Notes to the Condensed Consolidated Financial Statements (continued)

15. Share Option Scheme (continued)

Set out below are the outstanding share options under the Share Option Scheme as at 30 June 2015:

Name or category of participant	Number of share options				At 30 June 2015	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2015	Granted during the period	Cancelled or lapsed during the period	Exercised during the period				
Executive directors								
Madam Ngok Ming Chu	60,000	-	-	-	60,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
Ms. Cheng Pik Ho Liza	1,460,000	-	-	-	1,460,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
Ms. Lu Qun	540,000	-	-	-	540,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
Independent non-executive directors								
Mr. Lau Siu Ki	100,000	-	-	-	100,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
Mr. Lee Kwan Hung	100,000	-	-	-	100,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
Prof. Lee T. S.	100,000	-	-	-	100,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
Other employees								
In aggregate	13,490,000	-	(1,880,000)	-	11,610,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
Others	35,000	-	-	-	35,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
	15,885,000	-	(1,880,000)	-	14,005,000			

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

15. Share Option Scheme (continued)

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

- * The share options are vested to the grantees in the following manner:
- 30% of such options were vested on 18 May 2012 with an exercise period from 18 May 2012 to 17 May 2016;
 - 30% of such options were vested on 18 May 2013 with an exercise period from 18 May 2013 to 17 May 2016; and
 - the remaining 40% of such options were vested on 18 May 2014 with an exercise period from 18 May 2014 to 17 May 2016.

No share options were granted and exercised during the periods ended 30 June 2016 and 2015. All the outstanding options were lapsed upon expiry on 17 May 2016. The respective share option reserve of HK\$27,923,000 has been transferred to retained profits during the period ended 30 June 2016.

16. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to six years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within one year	14,981	10,668
In the second to fifth years, inclusive	25,234	6,939
	40,215	17,607

In addition, the operating lease rentals for the use of certain floor areas of the Group's building located in Shanghai are contingent based on sales of the shops pursuant to the terms and conditions as set out in the respective agreements. As the future sales of these shops could not be accurately determined, the relevant contingent rent has not been included above.

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

16. Operating Lease Arrangements (continued)

(b) As lessee

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

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within one year	100,266	113,508
In the second to fifth years, inclusive	52,812	51,072
After five years	6,789	3,931
	159,867	168,511

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

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

17. Commitments

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	92,706	170,854

18. Approval of the Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 25 August 2016.

Management Discussion and Analysis

Business and Operations Review

In the first half of 2016, uncertainties surrounding the political and economic environment prevailed in many parts of the world. The economic recovery in the US lagged behind market expectations, and the low interest rate policy continued. The European economies also encountered many uncertainties with weak growth rate. In addition, China's economic growth decelerated. According to the National Bureau of Statistics of China, the country's gross domestic product for the first half of 2016 increased by 6.7% year-on-year, 0.3 percentage point lower than the previous year, to RMB34,063.7 billion.

Faced with unstable external environment, consumers became more cautious in spending. They were more price-conscious and tended to seek options with lower prices. Weak consumer sentiment has prompted retailers to respond with more active promotions and the industry competition was intensified. Against the backdrop of a weak retail market, the Group recorded a decrease in the overall sales in the first half of 2016.

For the six months ended 30 June 2016 (the "Current Period"), the Group's revenue dropped by 15.57% to HK\$1,175,139,000 over that for the six months ended 30 June 2015 (the "Prior Period"). Gross profit margin decreased by 2.71 percentage points to 79.55%. Profit attributable to owners of the Company decreased by 38.47% to HK\$89,348,000 over that for the Prior Period. Earnings per share was HK21.44 cents (2015: HK34.85 cents). The Board of Directors of the Company has resolved to declare an interim dividend of HK2.50 cents per share (2015: HK4.00 cents) for the Current Period.

Brand management

The Group responded to challenges from the external environment by adopting a pragmatic approach and continued to implement its multi-brand strategy. With flexible allocation of internal resources, the Group focused on cultivating and promoting its new brands, namely **IADORE** and **IVU**, in order to achieve higher market shares in the respective target markets of the two brands. Both brands achieved sales growth amid difficult business environment. On the other hand, as mid- and high-end priced products encountered greater challenge, there was a decline in sales of its two major brands **EMBRY FORM** and **FANDECIE** during the period.

The Group promoted and advertised its brands and products actively to enhance brand equity. During the Current Period, the Group participated in the 11th China (Shenzhen) International Brand Underwear Fair. Through a series of activities in the underwear fair, including the fashion trend show "EMBRY FORM Fashion Inside Out", the Group showcased the products of its five major brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **IVU** and **LIZA CHENG**, which enhanced the overall image of the Group's brands and strengthened the influence of the brands. **FANDECIE**, the Group's young and energetic underwear brand, also reached the consumers through a more diversified form, which laid a better foundation for the long-term brand influence.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Brand management (continued)

As online shopping became increasingly popular, the Group constantly focused on enhancing and maintaining the image of its various brands on the internet with a view to raising brand awareness during the Current Period. The Group continued its brand building for different brands on online platforms and launched a series of joint activities online. In terms of online sales, the Group continued to adopt conservative strategies by concentrating on sales of promotional products and online-only products. The Group also closely monitored the change of customer needs and market trends, to develop the e-commerce market prudently.

Sales network

In face of the weak consumer market during the Current Period, the Group focused on enhancing operating efficiency and actively reviewed and adjusted its sales network, thereby appropriately adjusted the distribution of its retail outlets by closing or relocating stores with lower efficiency so as to enhance the overall efficiency of its sales network. As at 30 June 2016, the Group had 2,186 retail outlets in total, including 2,011 concessionary counters and 175 stores. During the Current Period, there was a net decrease of 30 retail outlets of the Group. Meanwhile, the Group's products were also available for sale through different online platforms so as to reach out to more potential customers on the internet.

Product design, research and development

Faced with increasingly fierce market competition, the Group continued to devote resources to the design, research and development of new products. The constant improvement in patented designs enriched the value of its products which catered for consumer needs at various levels.

During the Current Period, the Group launched a variety of well-received new collections, including: **EMBRY FORM**'s "Soft Breathing Series" (「沁裸呼吸系列」) and "Premium Elegant Series" (「質美優雅系列」); **FANDECIE**'s "Northern Europe Garden Series" (「北歐莊園系列」) and "Flower Stories Series" (「花期物語系列」); **COMFIT**'s "360° Shaping Series" (「360°調整系列」) and "Curved X Series" (「曲線美X系列」); **E-BRA**'s "Elegant Pattern Series" (「華紋雅致系列」) and "Glamorous Leisure Series" (「光彩悠然系列」); **IADORE**'s "Cotton Lace Series" (「棉質蕾絲系列」) and "Mix-and-Match Glossy Series" (「百搭光面系列」); **LIZA CHENG**'s "Ink Orchid Series" (「水墨幽蘭系列」) and "Prague Series" (「布拉格系列」); **IVU**'s "Three-dimensional Series" (「立體系列」) and "Cotton Flax Home Series" (「棉麻家居系列」).

As at 30 June 2016, the Group had 8 invention patents, 36 utility model patents, and 3 appearance design patents registered in China and/or other parts of the world.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Production capacity

The Group currently has three production bases located respectively in Shenzhen, Jinan and Changzhou. The Group has continued to examine the changes in consumer demands as well as regularly reviewing capacity allocation and flexibly deploying manpower and machine capacity to achieve better operating efficiency.

To enhance its operational performance, the Group is building an automated supply chain logistics facility which comprises an intelligent warehouse at the production base in Jinan, Shandong. The construction of the facility started in November 2015 and is scheduled to complete by the end of 2016.

Human resources

Tense labour supply and implementation of the minimum wage policy in China have resulted in continuous wage increase. The Group endeavoured to retain an outstanding work force and enhance staff loyalty through measures such as organising training courses and improving employee benefits in order to improve its overall operational efficiency to support the Group's development plan. The number of employees of the Group decreased to approximately 8,660 (31 December 2015: approximately 8,830). 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\$346,057,000 (2015: HK\$398,914,000).

Financial Review

Revenue

By sales channel and region

During the Current Period, revenue was HK\$1,175,139,000, representing a year-on-year decrease of 15.57%. The decrease was mainly attributable to prudent consumer sentiment and a weak retail environment.

During the Current Period, revenue from retail sales was HK\$984,732,000, accounting for 83.80% of the Group's total revenue and representing a decrease of 16.99% from the Prior Period. As sales orders from wholesalers were affected by the economic environment, revenue from the wholesale business decreased by 10.73% from HK\$149,854,000 to HK\$133,775,000, accounting for 11.39% of the total revenue. Revenue from direct online sales channels slightly decreased by 0.12% from HK\$53,000,000 to HK\$52,936,000, accounting for 4.50% 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\$1,128,167,000, accounting for 96.01% of the Group's total revenue and representing a decrease of 15.55% from the Prior Period.

Management Discussion and Analysis (continued)

Financial Review (continued)

Revenue (continued)

By brand and product line

The Group currently operates seven brands, namely **EMBRY FORM**, **FANDECIE**, **COMFIT**, **E-BRA**, **IADORE**, **IVU** and **LIZA CHENG**, serving customers with different needs and varying degrees of purchasing power.

EMBRY FORM, the signature brand, is the main source of income for the Group and its revenue decreased by 16.67% to HK\$550,993,000, accounting for 46.89% of the total revenue for the Current Period. Revenue of **FANDECIE** was HK\$312,081,000, which decreased by 20.27% from the Prior Period and accounted for 26.56% of the total revenue for the Current Period. Revenue of **COMFIT** grew by 1.90% over the Prior Period to HK\$105,493,000, accounting for 8.98% of the total revenue for the Current Period. Revenue of **E-BRA** decreased by 22.77% from the Prior Period to HK\$120,677,000, accounting for 10.27% of the total revenue for the Current Period. Revenue of **LIZA CHENG** for the Current Period slightly decreased by 2.16% to HK\$19,580,000. Revenue of **IADORE** increased by 3.93% over the Prior Period to HK\$29,195,000, accounting for 2.48% of the total revenue for the Current Period. Revenue of **IVU** increased by 16.59% over the Prior Period to HK\$33,424,000, accounting for 2.84% of the total revenue for the Current Period. The brands' respective proportion in revenue mainly reflected the Group's alignment of its business focus to market development.

Lingerie has always been the core product line of the Group. During the Current Period, sales of underwear were HK\$1,042,400,000, accounting for 88.71% of the Group's revenue and representing a decrease of 16.01% from the Prior Period. Sales of sleepwear improved by 2.42% to HK\$63,261,000, accounting for 5.38% of the Group's revenue. Sales of swimwear decreased by 23.39% to HK\$61,438,000, accounting for 5.23% of the Group's revenue.

Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK\$934,831,000, representing a decrease of approximately 18.34% from the Prior Period. Gross profit margin was approximately 79.55%, recording a drop from that of the Prior Period. The decrease in gross profit margin was mainly due to the Group's enhanced effort in promotional activities in response to a weak retail environment resulted from prudent consumer sentiment.

Other income and gains

Other income rose by 40.41% to HK\$27,462,000 for the Current Period, mainly attributable to the gain of approximately HK\$8,810,000 on investment properties revaluation during the Current Period and the increase in subsidy income of HK\$8,129,000 over the Prior Period. Nevertheless, those gains were partly offset by the foreign exchange losses of approximately HK\$4,446,000 due to the depreciation of Renminbi.

Management Discussion and Analysis (continued)

Financial Review (continued)

Operating expenses

During the Current Period, selling and distribution expenses decreased by 14.50% to HK\$694,945,000 (2015: HK\$812,802,000), accounting for 59.14% (2015: 58.40%) of the Group's revenue.

The decrease in selling and distribution expenses mainly reflected the Group's endeavour to control costs under the current business environment. The increase in rents of the retail outlets and staff costs continued to exert pressure on operating costs. In 2016, to mitigate rising cost pressure, the Group will continue to close retail outlets with lower profitability so as to enhance its efficiency. During the Current Period, contingent rents of the retail outlets decreased by 16.68% to HK\$294,175,000, accounting for 25.03% (2015: 25.37%) of the Group's revenue.

Administrative expenses decreased by 10.23% to HK\$124,525,000, accounting for 10.60% of the Group's revenue, compared with 9.97% for the Prior Period.

Net profit

Profit attributable to owners of the Company was HK\$89,348,000 for the Current Period, representing a year-on-year decrease of 38.47%. Net profit margin decreased from 10.43% for the Prior Period to 7.60%. The decrease in net profit was due to a weak retail environment resulting from prudent consumer sentiment during the Current Period as well as the increase in the percentage of overall operating expenses to revenue and the depreciation of Renminbi.

Liquidity and financial resources

The Group finances its operations mainly with internally generated cash flows. Financial position of the Group remained sound and healthy during the Current Period. As at 30 June 2016, the Group's cash and bank balances amounted to approximately HK\$193,231,000 (31 December 2015: HK\$233,017,000). As of 30 June 2016, the Group's interest-bearing bank borrowings amounted to HK\$363,381,000 (31 December 2015: HK\$308,211,000). As at 30 June 2016, equity attributable to owners of the Company was HK\$1,817,938,000 (31 December 2015: HK\$1,790,823,000). Accordingly, the gearing ratio of the Group was approximately 19.99% (31 December 2015: 17.21%).

Capital expenditure

During the Current Period, the capital expenditure of the Group amounted to HK\$136,624,000 (2015: HK\$116,235,000), which was mainly used for the establishment of an automated supply chain logistics facility comprising an intelligent warehouse at the production base in Jinan, Shandong. As at 30 June 2016, the capital commitments of the Group amounted to HK\$92,706,000 (31 December 2015: HK\$170,854,000), which were contracted but not provided for in the financial statements.

Management Discussion and Analysis (continued)

Financial Review (continued)

Charge on the Group's assets

As at 30 June 2016, the Group did not pledge any assets.

Capital structure

As at 30 June 2016, the total issued share capital of the Company was HK\$4,166,000 (31 December 2015: HK\$4,166,000), comprising 416,661,000 (31 December 2015: 416,661,000) 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 2016, bank guarantees given in lieu of the Group's property rental deposits and utility deposits amounted to HK\$2,196,000 (31 December 2015: HK\$2,196,000).

Save as disclosed above, the Group had no other significant contingent liabilities, nor any litigation or arbitration of material importance.

Prospect

In the second half of 2016, global political instabilities and increasing uncertainties after Brexit Referendum which clouded the macro-economic outlook, coupled with the sluggish export markets and decelerated economic growth in China will affect the overall market sentiment and consumer confidence. It is expected that consumer sentiment will remain cautious in the short term, placing challenges to the retail industry. In the long run, the national income and living standards will improve on the back of China's accelerating urbanisation. Retail consumption will remain one of the pillars supporting future economic development.

As a major brand operator in the lingerie industry in China, the Group remains cautious in its business outlook while closely monitoring the market conditions and adopting flexible and prudent development strategies to address the upcoming challenges in the market.

Management Discussion and Analysis (continued)

Prospect (continued)

In view of uncertainties in the market, strategic planning for sales network and tight control over cost have become increasingly important. The Group will remain prudent in evaluating both the market environment and sales network, closing underperforming retail outlets. The Group expects a reduction in the number of retail outlets for the full year of 2016. Despite the decrease in the number of net retail outlets, the structure of the sales network is believed to be more optimal and the overall operational efficiency will be improved. On the other hand, along with the scheduled completion of the intelligent warehouse by the end of 2016, the Group is expected to achieve better overall operational efficiency and thereby enhance the competitiveness of the Group.

In the meantime, the Group will continue to devote resources to product design and development as well as innovation capabilities in order to meet the diverse consumer needs for product design, functionality and materials. As China's economy becomes more developed, consumers will pay more attention to the materials and safety of products. In this regard, the Group will continue to reinforce its strengths in tailoring and design to meet the market demand by offering pleasing and healthy products.

Consumers' tastes are becoming more sophisticated with rising expectations towards the brand. The Group will optimise the sales network through innovation, utilise its strong multi-brand advantage as well as innovative and diversified product portfolio flexibly to consolidate consumers' support towards the Group. In the future half year, despite the challenging economic environment ahead, the Group will continue to implement effective business strategies to strengthen its brand equity, foster long-term business growth and generate satisfactory returns to its shareholders.

Other Information

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

As at 30 June 2016, 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
Madam Ngok Ming Chu	Interest of controlled corporations	274,071,190 ^(Note 1)	65.78
	Beneficial owner	2,302,000	0.55
	Interest of spouse	1,600,000 ^(Note 2)	0.38
Ms. Cheng Pik Ho Liza	Beneficial owner	26,616,215	6.39
Mr. Lau Siu Ki	Beneficial owner	768,000	0.18
Mr. Lee Kwan Hung	Beneficial owner	532,000	0.13
Prof. Lee T. S.	Beneficial owner	604,000	0.14

Notes:

- These shares are held as to 272,800,000 shares by Harmonious World and as to 1,271,190 shares by Fairmout Investments Limited ("Fairmout Investments"). Harmonious World is owned as to 40.91% by Madam Ngok Ming Chu and as to 59.09% by Mr. Cheng Man Tai. Fairmout Investments is owned as to 50% by Madam Ngok Ming Chu and as to 50% by Mr. Cheng Man Tai. Mr. Cheng Man Tai is the spouse of Madam Ngok Ming Chu.
- Madam Ngok Ming Chu is deemed to be interested in the shares 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	Capacity and nature of interest	Percentage of the Associated Corporation's issued share capital
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 2016, 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 15 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 2016, 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
Mr. Cheng Man Tai	Interest of controlled corporations	274,071,190 ^(Note 1)	65.78
	Beneficial owner	1,600,000	0.38
	Interest of spouse	2,302,000 ^(Note 2)	0.55
Harmonious World	Beneficial owner	272,800,000 ^(Note 3)	65.47
FIL Limited	Investment manager	37,520,000	9.00

Notes:

- These shares are held as to 272,800,000 shares by Harmonious World and as to 1,271,190 shares by Fairmout Investments. The relationships among Mr. Cheng Man Tai, Madam Ngok Ming Chu, Harmonious World and Fairmout Investments are disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above.
- Mr. Cheng Man Tai is deemed to be interested in the shares personally held by his spouse, Madam Ngok Ming Chu, pursuant to Part XV of the SFO.
- The relationship between Harmonious World, Mr. Cheng Man Tai and Madam Ngok Ming Chu is disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above.

Save as disclosed above, as at 30 June 2016, no person, other than the Directors, whose interests are set out in the section headed "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 2015 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:

(i) Other Major Appointments

On 1 April 2016, Mr. Lee Kwan Hung resigned as an independent non-executive director of Walker Group Holdings Limited, the shares of which are listed on the Stock Exchange.

Mr. Lau Siu Ki is currently the company secretary of Expert Systems Holdings Limited, the shares of which have been listed on the Stock Exchange since 12 April 2016.

(ii) Emoluments

With effect from 1 February 2016, the monthly salary of each of Madam Ngok Ming Chu and Ms. Cheng Pik Ho Liza increased to HK\$207,370 and HK\$198,160 respectively.

The said increments are covered by their respective service contracts and have been reviewed by the Remuneration Committee.

Other than those 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 auditors of the Company have reviewed the condensed consolidated financial statements for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Interim Dividend

On 25 August 2016, the Board resolved to declare the payment of an interim dividend of HK2.5 cents per ordinary share in respect of the Current Period to shareholders registered on the register of members on Wednesday, 14 September 2016, resulting in an appropriation of approximately HK\$10,417,000. The above-mentioned interim dividend will be payable on 6 October 2016.

Other Information (continued)

Closure of Register of Members

The register of members of the Company will be closed on Wednesday, 14 September 2016, on which no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 13 September 2016.

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, save for the following deviation:

The code provision E.1.2 stipulates that the chairman of the board of directors should attend the annual general meeting. Madam Ngok Ming Chu, the Chairman of the Board, was unable to attend the Company's annual general meeting held on 20 May 2016 due to other engagement. In view of her absence, Madam Ngok had arranged for other directors and management, who are well-versed in the Company's business and affairs, to attend the meeting and communicate with shareholders of the Company.

Model Code for Securities Transactions

The Company has adopted a code of conduct regarding Directors' and employees' securities transactions on terms no less exacting than the required standard set out in the Model Code (the "Securities Dealing Code"). Having made specific enquiries of all Directors and members of the senior management, they have confirmed that they had complied with the required standard as set out in the Securities Dealing Code during the Current Period.

On behalf of the Board

Ngok Ming Chu

Chairman

Hong Kong
25 August 2016

Report on Review of Interim Financial Information



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 2016, 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 Main Board Listing 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.

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.

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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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.

Report on Review of Interim Financial Information (continued)

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

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