



EMBRY HOLDINGS LIMITED

安莉芳控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code : 1388

Striving
for Excellence 追求卓越
Interim Report 2014

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Corporate Information

Directors and Board Committees

Directors

Executive Directors

CHENG Man Tai (*Chairman*)

(resigned on 24 March 2014)*

NGOK Ming Chu (*Chairman*)

(appointed on 24 March 2014)*

CHENG Pik Ho Liza (*Chief Executive Officer*)

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

Cricknet 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

The Hongkong and Shanghai Banking

Corporation Limited

Nanyang Commercial Bank, Limited

Bank of China – Shenzhen Shangbu Branch

China Construction Bank – Shenzhen Buxin Branch

China Construction Bank – Shenzhen Tianbei Branch

China Merchants Bank – Shenzhen Dongmen Branch

China Merchants Bank – Shenzhen Shekou Branch

Legal Advisers

As to Hong Kong law:

Chiu & Partners

As to PRC law:

GFE Law Office

AllBright Law Offices

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

* with effect from the conclusion of the meeting of the Board on 24 March 2014 approving the annual results of the Company for the year ended 31 December 2013

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 2014 together with the unaudited comparative figures for the corresponding period in 2013 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 2014

	Notes	Six months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
REVENUE	3	1,238,479	1,135,463
Cost of sales		(222,207)	(223,789)
Gross profit		1,016,272	911,674
Other income and gains, net	4	18,603	37,927
Selling and distribution expenses		(741,283)	(668,976)
Administrative expenses		(115,745)	(103,306)
Finance costs	5	(987)	(1,505)
PROFIT BEFORE TAX	6	176,860	175,814
Income tax expense	7	(52,277)	(51,861)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		124,583	123,953
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
— Basic (HK cents)		29.90	29.75
— Diluted (HK cents)		29.90	29.75

Details of the dividends are disclosed in note 10 to the condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	<u>124,583</u>	<u>123,953</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Other comprehensive income/(expense) to be reclassified to the income statement in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	<u>(17,527)</u>	<u>13,571</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>107,056</u>	<u>137,524</u>

Condensed Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	790,854	677,473
Investment properties		317,699	321,054
Prepaid land lease payments		39,948	40,407
Deferred tax assets		55,817	47,111
Deposits		12,816	9,787
Total non-current assets		1,217,134	1,095,832
CURRENT ASSETS			
Inventories		622,547	567,448
Trade receivables	12	101,623	87,076
Prepayments, deposits and other receivables		57,399	54,797
Cash and cash equivalents		186,095	346,327
Total current assets		967,664	1,055,648
CURRENT LIABILITIES			
Trade and bills payables	13	103,072	89,145
Interest-bearing bank borrowings	14	51,750	56,750
Tax payable		45,090	44,298
Other payables and accruals		215,930	210,126
Total current liabilities		415,842	400,319
NET CURRENT ASSETS		551,822	655,329
TOTAL ASSETS LESS CURRENT LIABILITIES		1,768,956	1,751,161
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	41,625	65,000
Deferred liabilities		4,393	3,879
Deferred tax liabilities		28,548	30,190
Other payables	15	–	23,846
Total non-current liabilities		74,566	122,915
NET ASSETS		1,694,390	1,628,246

Condensed Consolidated Statement of Financial Position (continued)

30 June 2014

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
<hr/>		
EQUITY		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Issued capital	4,166	4,166
Reserves	1,690,224	1,624,080
	<hr/>	<hr/>
TOTAL EQUITY	1,694,390	1,628,246
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Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company										
	Issued capital HK\$'000	Share premium		Asset revaluation reserve HK\$'000	Reserves		Goodwill reserve HK\$'000	Share option		Retained profits HK\$'000	Total reserves HK\$'000
account HK\$'000		Contributed surplus HK\$'000	statutory reserve funds HK\$'000		Exchange fluctuation reserve HK\$'000	reserve		profits			
At 1 January 2014 (audited)	4,166	369,644	122,610	3,336	74,340	146,790	(3,168)	34,303	876,225	1,624,080	1,628,246
Profit for the period	-	-	-	-	-	-	-	-	124,583	124,583	124,583
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(17,527)	-	-	-	(17,527)	(17,527)
Total comprehensive income for the period	-	-	-	-	-	(17,527)	-	-	124,583	107,056	107,056
Equity-settled share option arrangements	-	-	-	-	-	-	-	754	-	754	754
Share options lapsed	-	-	-	-	-	-	-	(1,575)	1,575	-	-
2013 final and special dividends declared and paid (note 10)	-	-	-	-	-	-	-	-	(41,666)	(41,666)	(41,666)
Transfer from retained profits	-	-	-	-	13,400	-	-	-	(13,400)	-	-
At 30 June 2014 (unaudited)	4,166	369,644	122,610	3,336	87,740	129,263	(3,168)	33,482	947,317	1,690,224	1,684,390

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2014

	Attributable to owners of the Company											
	Reserves										Total reserves	Total equity
	Issued capital	Share premium account	Contributed surplus	Asset revaluation reserve	Enterprise statutory reserve funds	Exchange fluctuation reserve	Goodwill reserve	Share option reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013 (audited)	4,166	369,644	122,610	3,336	52,198	106,647	(3,168)	28,759	753,044	1,433,070	1,437,236	
Profit for the period	-	-	-	-	-	-	-	-	123,953	123,953	123,953	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	13,571	-	-	-	13,571	13,571	
Total comprehensive income for the period	-	-	-	-	-	13,571	-	-	123,953	137,524	137,524	
Equity-settled share option arrangements	-	-	-	-	-	-	-	3,503	-	3,503	3,503	
Share options lapsed	-	-	-	-	-	-	-	(178)	178	-	-	
2012 final and special dividends declared and paid (note 10)	-	-	-	-	-	-	-	-	(37,499)	(37,499)	(37,499)	
Transfer from retained profits	-	-	-	-	11,954	-	-	-	(11,954)	-	-	
At 30 June 2013 (unaudited)	4,166	369,644	122,610	3,336	64,152	120,218	(3,168)	32,084	827,722	1,536,598	1,540,764	

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<hr/>		
NET CASH FLOWS FROM/(USED IN):		
Operating activities	78,232	159,558
Investing activities	(163,177)	(61,484)
Financing activities	(71,028)	(67,379)
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(155,973)	30,695
Cash and cash equivalents at beginning of period	346,327	379,092
Effect of foreign exchange rate changes, net	(4,259)	4,480
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	186,095	414,267
	<hr/>	<hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	160,454	264,267
Non-pledged time deposits with original maturity of less than three months when acquired	25,641	150,000
	<hr/>	<hr/>
	186,095	414,267
	<hr/>	<hr/>

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, the 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 interim 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 interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013 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 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments:</i> <i>Presentation — Offsetting Financial Assets and Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments:</i> <i>Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

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, which is also the Group's turnover, 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	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Other income		
Subsidy income*	18,028	25,203
Gross rental income	6,212	3,565
Bank interest income	1,098	1,527
Royalty income	81	127
Others	234	469
	25,653	30,891
Gains		
Foreign exchange differences, net	(6,924)	5,046
Changes in fair value of an investment property	-	2,000
Loss on disposal/write-off of items of property, plant and equipment	(126)	(10)
	(7,050)	7,036
	18,603	37,927

* 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	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Total interest on bank loans wholly repayable within five years	987	1,505

6. Profit Before Tax

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of inventories sold	222,207	223,789
Depreciation	17,009	17,858
Amortisation of prepaid land lease payments	459	432
Minimum lease payments under operating leases in respect of:		
Land and buildings	41,168	36,850
Contingent rents of retail outlets in department stores	311,677	284,006
Advertising and counter decoration expenses	69,944	61,766

7. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. In addition, taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Notes to the Condensed Consolidated Financial Statements (continued)

7. Income Tax (continued)

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Group:		
Current — Hong Kong	366	322
Current — Mainland China	53,853	50,663
Deferred	(1,942)	876
Total tax charge for the period	52,277	51,861

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	
		2014	2013
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Continuing transactions			
Purchases of furniture and decoration services for counters and shops as well as different types of moulds from related companies	(i)	8,478	10,237
Rental expenses for a property charged by a related company	(ii)	1,500	1,418
Rental expenses for a warehouse charged by a director of the Company	(iii)	84	80

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 related companies controlled by a close member of the family of 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 2014 were HK\$7,013,000 (31 December 2013: HK\$7,904,000) 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 charged by a related company, which was controlled by a director of the Company and close members of the family of executive directors of the Company, were determined with reference to the then prevailing market conditions.
- (iii) The rental expenses were mutually agreed 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	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term employee benefits	11,821	8,506
Post-employment benefits	154	115
Equity-settled share option expense	433	816
Total compensation paid to key management personnel	12,408	9,437

Notes to the Condensed Consolidated Financial Statements (continued)

9. Earnings Per Share Attributable to Owners of the Company

The calculation of basic earnings per share amount is based on the profit for the period attributable to equity holders of the Company of HK\$124,583,000 (2013: HK\$123,953,000) and the 416,661,000 (2013: 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 2014 and 2013.

10. Dividends

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends paid during the period		
Final and special in respect of the financial year ended 31 December 2013 — HK8.0 cents and HK2.0 cents, respectively, per ordinary share (2013: final and special in respect of the financial year ended 31 December 2012 — HK7.0 cents and HK2.0 cents, respectively, per ordinary share)	41,666	37,499
Proposed interim dividend		
Interim — HK4.0 cents (2013: HK4.0 cents) per ordinary share	16,666	16,666

The interim dividend will be paid to the shareholders whose names appear in the register of members on 12 September 2014. The interim dividend was declared after the period ended 30 June 2014, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements (continued)

11. Property, Plant and Equipment

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
At beginning of period/year, net of accumulated depreciation	677,473	502,435
Additions	140,573	199,399
Disposals/write-off	(270)	(313)
Depreciation provided during the period/year	(17,009)	(33,313)
Transfer to investment properties	–	(11,193)
Exchange realignment	(9,913)	20,458
	790,854	677,473

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 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 90 days	99,214	83,830
91 to 180 days	2,409	3,246
181 to 360 days	861	457
Over 360 days	65	15
	102,549	87,548
Less: Impairment allowance	(926)	(472)
	101,623	87,076

Notes to the Condensed Consolidated Financial Statements (continued)

13. Trade and Bills Payables

An aged analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 90 days	92,550	77,213
91 to 180 days	4,784	7,051
181 to 360 days	4,373	4,098
Over 360 days	1,365	783
	103,072	89,145

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

14. Interest-bearing Bank Borrowings

	30 June 2014			31 December 2013		
	Effective interest rate %	Maturity	HK\$'000 (unaudited)	Effective interest rate %	Maturity	HK\$'000 (audited)
Current						
Bank loans-unsecured	Hong Kong Interbank Offered Rate ("HIBOR")+1.08 to HIBOR+2.25	2014-2015	51,750	HIBOR+1.08 to HIBOR+2.25	2014	56,750
Non-current						
Bank loans-unsecured	HIBOR+1.08 to HIBOR+2.25	2015-2016	41,625	HIBOR+1.08 to HIBOR+2.25	2015-2016	65,000
Total			93,375			121,750

Notes to the Condensed Consolidated Financial Statements (continued)

14. Interest-bearing Bank Borrowings (continued)

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Analysed into:		
Bank loans repayable:		
Within one year	51,750	56,750
In the second year	32,250	41,750
In the third to fifth years, inclusive	9,375	23,250
	93,375	121,750
Less: Amount repayable within one year and classified as current portion	(51,750)	(56,750)
Amount classified as non-current portion	41,625	65,000

The above bank loans are denominated in Hong Kong dollars. The bank loans are supported by corporate guarantees given by the Company, and bear interest at rates ranging from 1.08% to 2.25% (31 December 2013: 1.08% to 2.25%) above the HIBOR per annum.

15. Other Payables

Other payables of the Group at 31 December 2013 included a subsidy of RMB18,600,000 (approximately HK\$23,846,000) (the "Subsidy") received from the People's Government of Jinan, Shandong Province, the PRC, for the construction cost of basic infrastructure incurred by the Group ("Shandong Factory Phase II Development"). During the period ended 30 June 2014, the Subsidy was transferred to property, plant and equipment to offset the construction costs incurred by the Group upon the completion of Shandong Factory Phase II Development.

Notes to the Condensed Consolidated Financial Statements (continued)

16. 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 2013.

Set out below are the outstanding share options under the Share Option Scheme as at 30 June 2014:

Name or category of participant	Number of share options				At 30 June 2014	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
	At 1 January 2014	Granted during the period	Cancelled or lapsed during the period	Exercised during the period				
Executive directors								
Mr. Cheng Man Tai**	35,000	—	—	—	35,000	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
Madam Ngok Ming Chu	60,000	—	—	—	60,000	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	15,680,000	—	(1,310,000)	—	14,370,000	18 May 2011	18 May 2012 to 17 May 2016*	5.24
	17,535,000	—	(1,310,000)	—	16,225,000			

Notes to the Condensed Consolidated Financial Statements (continued)

16. 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.
- ** Mr. Cheng Man Tai resigned as an executive director of the Company on 24 March 2014 and has been engaged as a consultant of the Company for a term of one year with effect from 25 March 2014. During the period ended 30 June 2014, the consultancy fee of Mr. Cheng Man Tai amounted to HK\$255,000.

For the year ended 31 December 2011, 20,355,000 share options were granted and their fair value was estimated at approximately HK\$41,952,000 (approximately HK\$2.06 each). The Company recognised a share option expense of HK\$754,000 (2013: HK\$3,503,000) during the period.

The fair value of the share options was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	1.5
Expected volatility (%)	52
Risk-free interest rate (%)	1.64
Expected life of options (years)	5
Exit rate — directors (%)	0
Exit rate — staff except directors (%)	14
Weighted average share price (HK\$ per share)	5.24

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The exit rate is based on the historical data on staff/director turnover rates.

No other feature of the options granted was incorporated into the measurement of fair value.

No share options were granted and exercised during the reporting period ended 30 June 2014.

Notes to the Condensed Consolidated Financial Statements (continued)

16. Share Option Scheme (continued)

At the end of the reporting period, the Company had 16,225,000 share options outstanding under the Share Option Scheme. The exercise in full of the share options would, under the present capital structure of the Company, result in the issue of 16,225,000 additional ordinary shares of the Company and additional share capital of approximately HK\$162,000 and share premium account of approximately HK\$84,857,000 (before issue expenses).

Subsequent to the end of the reporting period and at the date of approval of these condensed consolidated financial statements, the Company had 16,035,000 share options outstanding under the Share Option Scheme, which represented approximately 3.85% of the issued share capital of the Company as at that date.

17. 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 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within one year	15,020	4,444
In the second to fifth years, inclusive	48,436	12,546
	63,456	16,990

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)

17. 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 ranging from one to eight 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	31 December
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within one year	103,311	114,152
In the second to fifth years, inclusive	50,896	52,765
After five years	1,893	2,254
	156,100	169,171

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)

18. Commitments

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

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Contracted for commitments in respect of the acquisition of property, plant and equipment	146,173	266,392

19. Approval of the Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 25 August 2014.

Management Discussion and Analysis

Business and Operations Review

In the first half of 2014, China maintained steady economic growth on the back of the smooth progress in the restructuring of its economy, and its retail market was recovering. According to China's National Bureau of Statistics, the country's Gross Domestic Product (GDP) for the first half of 2014 increased by 7.4% to RMB26,904.4 billion as compared to the same period of last year. The government's policies of pursuing stable growth yielded results as the country's consumption increased month on month consistently during the period. Total retail sales of social consumer goods for the first half of 2014 grew by 12.1% year-on-year to RMB12,419.9 billion.

The US Federal Reserve began tapering its quantitative easing policy since the end of last year. Funds began flowing out of emerging markets which led to a depreciation of Renminbi against the US dollars during the first half of the year. This has impact on the overall economy. Although the Group continues to prudently cope with these changes in the market environment, intense competition, as well as to sustain business growth by implementing a cautious business development policy, adopting a flexible multi-brand strategy and fully capitalising on its optimised sales network, the Group's results were still affected by the short-term foreign exchange volatility.

For the six months ended 30 June 2014 (the "Current Period"), the Group's revenue grew by 9.07% to HK\$1,238,479,000 over that for the six months ended 30 June 2013 (the "Prior Period"). Profit attributable to owners of the Company slightly increased by 0.51% to HK\$124,583,000 over that for the Prior Period. Earnings per share slightly increased by 0.50% to HK29.90 cents (2013: HK29.75 cents). Excluding the impact of foreign exchange differences, the Group's net profit increase by 10.60% to HK\$131,507,000 over that for the Prior Period. The Board of Directors of the Company has resolved to declare an interim dividend of HK4.00 cents per share (2013: HK4.00 cents) for the Current Period.

Brand management

In the first half of 2014, consumers became more cautious in spending and more price-sensitive. The Group implemented multi-brand strategy and continued to allocate internal resources flexibly to focus on promoting potential brands which have lower market penetration, such as **E-BRA**. Meanwhile, it also invested resources in cultivating its new brands, namely **IADORE** and **IVU**. In the second half of 2013, the Group launched its first men's underwear brand, **IVU**, on a trial basis. The brand was well received by the market and had successfully made its way into many high-end department stores in Mainland China.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Brand management (continued)

Apart from improving brand portfolio, the Group also promoted and advertised its brands and products more actively to enhance brand equity. During the Current Period, the Group participated in the Ninth Shenzhen International Brand Underwear Fair and 2014 China International Intimate Apparel Culture Week, where it was granted the title of “Annual Public Service Award of China’s Underwear Industry” (「中國內衣行業年度公益大獎」). Moreover, **EMBRY FORM** was awarded the “Annual Achievement Award of China’s Underwear Industry” (「中國內衣行業年度成就大獎」), while **FANDECIE** and **E-BRA** were respectively granted the “Annual Top Ten Brands Award of China’s Underwear Industry” (「中國內衣行業年度十大品牌獎」) and the “Annual Fashion Brands Award of China’s Underwear Industry” (「中國內衣行業年度時尚品牌獎」). In addition, the Group organised a number of marketing and promotional campaigns, including “Embry’s Underwear Experience Week” (「安莉芳內衣體驗週」) at a fashion landmark, Jiuguang Department Store (久光百貨), in Shanghai. The activity integrated art appreciation, shows, salon activities, an exhibition and promotion with an aim of manifesting the character of the brand.

In view of the increasing popularity of online shopping, the Group continued to maintain the image and presence of its various brands on the internet during the Current Period and to ensure the consistency of the Group’s image online and offline.

Sales network

The Group is cautiously optimistic about the market’s potential growth, and continues to efficiently expand and optimise its sales network with a view to achieving steady business development. As at 30 June 2014, the Group had a total of 2,282 retail outlets, including 2,093 concessionary counters and 189 stores. During the Current Period, there was a net increase of 10 retail outlets for the Group. The Group also sold its products through different online platforms.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Product design and research and development

The Group has invested resources in the design, research and development of new products. The improvement in patented designs enhanced 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 "Inside Fragrance Series" (「鳥語芳香系列」), "Superb Impression Series" (「華美印象系列」) and "Romantic Lace Series" (「浪漫蕾絲系列」); **FANDECIE**'s "London Pastoral Wind Series" (「英倫田園風系列」), "Lace Cotton Series" (「蕾絲棉織系列」) and "Firefly Spring Series" (「螢光之春系列」); **COMFIT**'s "FIT Series" (「FIT系列」), "Compact Series" (「高側收緊繖系列」) and "WELLNESS Series" (「WELLNESS系列」); **E-BRA**'s "Elegant Lace Series" (「優雅蕾絲系列」), "Pastoral Walkers Series" (「田園漫步系列」) and "Shining Lace Series" (「炫彩蕾絲系列」); **IADORE**'s "Happy Summer Series" (「歡樂夏日系列」), "Fresh Garden Series" (「Fresh花園系列」) and "Eyelash Lace Series" (「睫毛LACE系列」); **LIZA CHENG**'s "Wing of Oz Series" (「羽翼芳蹤系列」) and "Rose Lace Series" (「薔薇蕾絲系列」); and **IVU**'s "City Elite Series" (「都市精英系列」) and "Breathing Series" (「呼吸系列」).

As at 30 June 2014, the Group had a total of 5 invention patents, 23 utility model patents, and 11 appearance design patents registered in China and/or other parts of the world.

Production capacity

Currently, the Group has three production bases which are respectively located in Shenzhen, Jinan and Changzhou. To satisfy the development needs, the second phase of the Shandong Jinan plant was duly put into trial production in the first quarter of 2014, and the production efficiency is slated to improve in the second quarter of 2014. The relocation of the Changzhou production plant was progressing on schedule, and construction of a new production plant commenced at the end of 2013 and is expected to be completed by the first quarter of 2015.

The Group closely monitors the changes in consumer demands. Through regular review of capacity allocation and flexible deployment of manpower and machine capacity, the Group is committed to achieving better operational effectiveness.

Management Discussion and Analysis (continued)

Business and Operations Review (continued)

Human resources

Tense labour supply and implementation of the minimum wage policy in China have resulted in a continuous increase in wages. The Group endeavored to retain an outstanding work force by adopting such measures as organising training courses, improving employee benefits and enhancing staff loyalty, and has thus improved its overall operational efficiency and has enhanced its development strategy. The number of employees of the Group increased to approximately 9,730 (31 December 2013: approximately 9,120). Total staff costs (including wages and basic salaries, commissions, bonuses, contributions to the retirement benefits scheme and equity-settled share option expense and excluding directors' and chief executive's remunerations) for the Current Period were HK\$360,506,000 (2013: HK\$307,707,000).

Financial Review

Revenue

By sales channel and region

During the Current Period, revenue was HK\$1,238,479,000, representing a 9.07% increase over the Prior Period. Such growth was mainly attributable to the Group's multi-brand strategy, which enables the steady growth in overall customer demand amid a volatile market.

During the Current Period, revenue from the retail sales was HK\$1,046,590,000, accounting for 84.51% of the Group's total revenue and representing an increase of 9.26% over the Prior Period. Due to the popularity of products among wholesalers, revenue of the wholesale business increased by 12.41% from HK\$139,353,000 to HK\$156,641,000, accounting for 12.65% of the total revenue. Revenue from the Group's direct online sales channels decreased from HK\$34,348,000 to HK\$31,622,000, representing a decrease of 7.94% over the Prior Period. During the Current Period, the export business accounted for an insignificant proportion of the Group's total revenue. Revenue from the export business was HK\$3,626,000, accounting for 0.29% of the Group's 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\$1,180,107,000, accounting for 95.29% of the Group's total revenue and representing a 9.39% increase over 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 different customer groups with varying degrees of purchasing power. During the Current Period, the labour supply remained tense and the production plant in Shandong has yet to reach optimum efficiency, during its trial production. **EMBRY FORM**, our signature brand and the main source of income for the Group, and its revenue increased by 6.59% to HK\$602,894,000, accounting for 48.68% of the total revenue for the Current Period. The revenue of **FANDECIE** increased by 9.13% over the Prior Period to HK\$391,672,000, accounting for 31.63% of the total revenue for the Current Period. The revenue of **COMFIT** was HK\$96,806,000, which was similar to that of the Prior Period, and accounted for 7.82% of the total revenue for the Current Period. **E-BRA**'s revenue grew by 20.21% over the Prior Period to HK\$114,579,000, accounting for 9.25% of the total revenue for the Current Period. **LIZA CHENG**'s revenue for the Current Period increased by 35.29% to HK\$15,150,000. New brands **IADORE** and **IVU**, which were still in the start-up stage, received positive market feedbacks, and recorded revenues of HK\$7,814,000 and HK\$5,938,000 respectively during the Current Period. The brands' respective proportions in the revenue mainly reflected the Group's move to align its business focus with the market development.

Lingerie has always been the core product line of the Group. During the Current Period, sales of lingerie were HK\$1,099,742,000, accounting for 88.80% of the Group's revenue and representing an increase of 7.13% over the Prior Period. The sales of sleepwear achieved better performance and increased by 24.57% to HK\$57,396,000, accounting for 4.63% of the Group's total revenue, whereas sales of swimwear reported an outstanding performance and increased by 28.34% to HK\$71,893,000, accounting for 5.80% of the Group's total revenue. The above two product lines enrich the Group's product mix.

Gross profit

During the Current Period, the Group recorded a gross profit of approximately HK\$1,016,272,000, representing an increase of approximately 11.47% over the Prior Period. Gross profit margin was approximately 82.06%, up from that of the Prior Period. The increase in gross profit margin mainly reflected the change in product portfolio which resulted in increase in the average selling price. Although rising labour costs led to an increase in operating costs, the Group still achieved better economy of scale through business expansion, and improved production efficiency and brand equity by enhancing production automation. As a result, the Group's gross profit margin remained stable.

Management Discussion and Analysis (continued)

Financial Review (continued)

Other income and gains

Other income decreased by 50.95% to HK\$18,603,000 in the Current Period, mainly due to the exchange loss recorded by the Group, which was attributable to the depreciation of the earnings in Renminbi from the Group's business operations in Mainland China, and the decrease in subsidy income for the Current Period.

Operating expenses

During the Current Period, selling and distribution expenses increased by 10.81% to HK\$741,283,000 (2013: HK\$668,976,000), accounting for 59.85% (2013: 58.92%) of the Group's revenue.

Selling and distribution expenses generally increased at the same pace as revenue. Increase in contingent rents of the retail outlets, staff costs and expenses, which were incurred because of counter decoration, continued to exert upward pressure on operating costs. Contingent rents of the retail outlets rose by 9.74% to HK\$311,677,000, accounting for 25.17% (2013: 25.01%) of the Group's revenue.

Administrative expenses increased by 12.04% to HK\$115,745,000, accounting for 9.35% of the Group's revenue, compared with 9.10% in the Prior Period.

Net profit

Profit attributable to owners of the Company was HK\$124,583,000 in the Current Period, representing a year-on-year slightly increase of 0.51%. Increase in profit attributable to owners of the Company was mainly attributable to the sustained growth in revenue. Nevertheless, the growth in revenue was offset by the increased operating costs and decreased other income and gains. Net profit margin decreased slightly from 10.92% in the Prior Period to 10.06%. Excluding the impact of foreign exchange differences, the Group's net profit increase by 10.60% to HK\$131,507,000 over that for the Prior Period, with a net profit margin excluding foreign exchange differences of 10.62%.

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 2014, the Group's cash and cash equivalents amounted to approximately HK\$186,095,000 (31 December 2013: HK\$346,327,000). Major reason for the decrease was because of the increase in capital expenditure for the Current Period. As at 30 June 2014, the Group's borrowings amounted to HK\$93,375,000 (31 December 2013: HK\$121,750,000). Equity attributable to owners of the Company as at 30 June 2014 was HK\$1,694,390,000 (31 December 2013: HK\$1,628,246,000). Accordingly, the gearing ratio of the Group was approximately 5.51% (31 December 2013: 7.48%). During the Current Period, the Group did not pledge any assets to secure bank loans.

Management Discussion and Analysis (continued)

Financial Review (continued)

Capital expenditure

The capital expenditure of the Group during the Current Period amounted to HK\$140,573,000 (2013: HK\$66,736,000), after offsetting the subsidy received from the People's Government of Jinan, Shandong Province, the PRC, for the construction cost of basic infrastructure incurred by the Group ("Shandong Factory Phase II Development"), amounted to approximately HK\$23,846,000. As at 30 June 2014, the capital commitments of the Group amounted to HK\$146,173,000, which were contracted but not provided for in the financial statements (31 December 2013: HK\$266,392,000).

Charge on the Group's assets

As at 30 June 2014, the Group did not pledge any assets.

Capital structure

As at 30 June 2014, the total issued share capital of the Company was HK\$4,166,000 (31 December 2013: HK\$4,166,000), comprising 416,661,000 (31 December 2013: 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 2014, the Group had no significant contingent liabilities or any litigation or arbitration of material importance.

Prospect

In the second half of 2014, the world's political and economic environment remains uncertain, and its impact on the economy is difficult to predict. Meanwhile, the downside risks to China's economy still exist, bringing instability to the development of the consumer industry in the near future. Nevertheless, the Directors believe that the national income and living standards will improve as China's urbanisation accelerates. These will in turn drive consumer spending in the long run, thereby laying the foundation for further development of the country's consumer market.

Management Discussion and Analysis (continued)

Prospect (continued)

As the market leader in the lingerie industry in China, the Group will adopt a cautiously optimistic approach to upcoming market challenges. Specifically, it will closely monitor the market conditions while adopting flexible and prudent development strategies. The Group will continuously strengthen its product design and innovation capabilities to meet the diverse consumer needs. Moreover, the Group will continue to capture business opportunities with its multi-brand strategy and enhance the competitiveness of its core brands. In the second half of the year, the Group will mainly focus on the development of its brand of **E-BRA** and allocate more resources for fostering its new brands **IADORE** and **IVU**, so as to realise a more ideal business development.

The sales network serves a vital role in the retail sector. Therefore, the Group will take a more prudent approach when evaluating the market environment and the efficiency of establishing retail outlets, and suitably adjusting its retail network in order to improve its efficiency against the uncertain prospect of the market in the near future. In the second half of the year, the Group maintains the target of a net increase of approximately 50 retail outlets for the year with an aim of boosting business growth. With the advent of online shopping, the Group will closely monitor the market development, adjust the resources flexibly and conduct internet-based promotion to facilitate the development of online shopping business.

The Group will continue to enhance its production efficiency, modernise its production and make its business expansion harmonise with the development of its new brands with an aim of boosting sales growth. The second phase of the Shandong Jinan plant started trial production in the first quarter of 2014 as scheduled. As its production efficiency is being improved gradually, it is expected that the overall production capacity of Shandong Jinan plant will be enhanced. The construction of the new Changzhou production plant commenced at the end of 2013 and is expected to be completed by the first quarter of 2015. The plant is expected to start trial production in the second quarter of 2015.

Although the operating environment remains challenging in the near future, the Group believes that the potential demand in China's underwear market is still enormous. The Group will flexibly capitalise on its multi-brand advantages, adopt a sound and pragmatic approach to its development, continuously optimise its sales network, and enrich its product portfolio through innovation, so as to reinforce the Group's leading position in the retail market. The Group is committed to sustaining its long-term and steady business growth to generate satisfactory returns to shareholders.

Other Information

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

As at 30 June 2014, 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 (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporation(s)"), 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	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital
Madam Ngok Ming Chu	Interest of controlled corporations	Ordinary shares (Note 1)	276,679,557	66.40
	Beneficial owner	Ordinary shares	2,302,000	0.55
	Beneficial owner	Share options (Note 2)	60,000	0.01
Ms. Cheng Pik Ho Liza	Beneficial owner	Ordinary shares	20,685,848	4.96
	Beneficial owner	Share options (Note 2)	1,460,000	0.35
Mr. Lau Siu Ki	Beneficial owner	Ordinary shares	768,000	0.18
	Beneficial owner	Share options (Note 2)	100,000	0.02
Mr. Lee Kwan Hung	Beneficial owner	Ordinary shares	602,000	0.14
	Beneficial owner	Share options (Note 2)	100,000	0.02
Prof. Lee T. S.	Beneficial owner	Ordinary shares	604,000	0.14
	Beneficial owner	Share options (Note 2)	100,000	0.02

Other Information (continued)

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

Notes:

1. These shares are held as to 275,408,367 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.
2. These represent the number of shares which will be allotted and issued to the respective Directors upon the exercise of the share options granted to each of them under the Share Option Scheme, details of which are disclosed in note 16 to the condensed consolidated financial statements.

Long positions in shares of an Associated Corporation:

Name	Name of Associated Corporation	Relationship with the Company	Shares/equity derivatives	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	Ordinary shares	40.09 shares of US\$1 each	Directly beneficially owned	40.91

Save as disclosed above, as at 30 June 2014, 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 those disclosed in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above and in note 16 to the condensed consolidated financial statements, at no time during the Current Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director 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 2014, the following interests of 5% or more of the issued share capital of the Company (other than the interests of the Directors as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital
Mr. Cheng Man Tai	Interest of controlled corporations	Ordinary shares (Note 1)	276,679,557	66.40
	Beneficial owner	Ordinary shares	4,431,000	1.06
	Beneficial owner	Share options (Note 2)	35,000	0.01
Harmonious World	Beneficial owner	Ordinary shares (Note 3)	275,408,367	66.10
FIL Limited	Investment manager	Ordinary shares	37,520,000	9.00

Notes:

1. These shares are held as to 275,408,367 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.
2. These represent the number of shares which will be allotted and issued to Mr. Cheng Man Tai upon the exercise of the share options granted to him under the Share Option Scheme, details of which are disclosed in note 16 to the condensed consolidated financial statements.
3. The relationship between Harmonious World and 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 2014, 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 2013 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 Appointment

With effect from 30 June 2014, Mr. Lau Siu Ki was appointed as an independent supervisor of Beijing Capital International Airport Co., Ltd., the shares of which are listed on the Stock Exchange.

(ii) Emoluments

With effect from 25 March 2014, the monthly salary of each of Madam Ngok Ming Chu and Ms. Cheng Pik Ho Liza increased to HK\$197,000 and HK\$188,000 respectively. Madam Ngok Ming Chu is also entitled to an allowance of HK\$20,000 each month as from 25 March 2014. 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 Statements

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, the unaudited condensed consolidated interim financial information of the Group for the Current Period and discussed internal controls and financial reporting matters.

The external auditors of the Company have reviewed the condensed consolidated interim financial information for the six months ended 30 June 2014 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 2014, the Board resolved to declare the payment of an interim dividend of HK4.0 cents per ordinary share in respect of the Current Period to shareholders registered on the register of members on Friday, 12 September 2014, resulting in an appropriation of approximately HK\$16,666,000. The above-mentioned interim dividend will be payable on 3 October 2014.

Other Information (continued)

Closure of Register of Members

The register of members of the Company will be closed on Friday, 12 September 2014, 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 Thursday, 11 September 2014.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Current Period.

Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Current Period.

Model Code for Securities Transactions

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

On behalf of the Board

Ngok Ming Chu

Chairman

Hong Kong
25 August 2014

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 interim financial statements set out on pages 3 to 23, which comprises the condensed consolidated statement of financial position of Embry Holdings Limited and its subsidiaries as at 30 June 2014, 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.

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim 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 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.

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 interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

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Central

Hong Kong

25 August 2014