



安寧控股有限公司
ENM Holdings Limited

Stock Code : 00128

INTERIM **2022**
REPORT



SWANK



CONTENTS

2	Chief Executive Officer's Statement
18	Independent Review Report
19	Condensed Consolidated Statement of Profit or Loss
20	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
21	Condensed Consolidated Statement of Financial Position
22	Condensed Consolidated Statement of Changes in Equity
23	Condensed Consolidated Statement of Cash Flows
24	Notes to the Condensed Consolidated Financial Statements
37	Other Information
40	Corporate Information

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

In the first half of 2022, the Group experienced a number of adversities concurrently, a situation that was very rare and it had never encountered previously. The Hong Kong Government implemented the most stringent social distancing measures since the beginning of the COVID-19 outbreak in 2019, to combat the 5th wave of the pandemic that saw an exponential rise in cases and related death fuelled by the Omicron variant. In addition to continual restrictions on cross-border and inbound travel, additional measures such as a vaccine pass requirement significantly reduced shopping centre footfall which severely affected the Group's fashion retail business. At the same time, the return of limitation on the number of persons in food and beverage outlets and social gatherings also had a major negative impact on the recreational club operation with cancellation of function and lodging bookings. The Government strongly urged people to avoid going out, dine out less often and stop unnecessary social activities which were effectively similar to a "lockdown".

Furthermore, the downturn in the global financial markets that started in late 2021 persisted into 2022 as inflation continued to climb in the United States, while Europe faced the same inflationary pressure fuelled by the Russia-Ukraine war that began in February 2022. Major equity markets retreated by 20%, with significant sell off in growth and technology stocks which saw the Nasdaq falling more than 25% while the global fixed income markets also experienced its worst ever start in history with the average global bond funds down by nearly 14% in the first half of 2022. For the first time in over 30 years, equities and bonds were falling together, hence the Group's investment portfolio suffered a huge mark-to-market loss up to 30 June 2022.

The total loss recorded by the Group for the period ended 30 June 2022 was an amount of HK\$111,060,000 (2021: profit of HK\$17,051,000) attributable to shareholders of the Company. Excluding the fair value gains on investment properties for 2021, the underlying loss attributable to shareholders of the Company for the period ended 30 June 2022 was HK\$111,060,000 as compared to a profit of HK\$13,351,000 for the same period in 2021.

The Company's rezoning application in relation to the property at Hilltop Road from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 8" was approved by the Chief Executive in Council in February 2022. As mentioned in the Group's 2021 annual report, there remain a number of further steps required and hurdles to overcome, including application for exchange of Land Grant and the assessment of change of land use premium before the site can be used for residential development.

FINANCIAL REVIEW

	Six months ended 30 June		
	2022 HK\$'000	2021 HK\$'000	Change + / (-)
Consolidated Revenue	40,966	51,542	(21%)
Retail of fashion wear and accessories	31,853	34,274	(7%)
Resort and recreational club operation	3,054	3,324	(8%)
Dividend income	4,959	12,831	(61%)
Interest income	1,100	1,113	(1%)
Profit/(loss) from operations	(110,917)	14,500	(865%)
Fair value gains on investment properties	—	3,700	(100%)
Finance costs	(594)	(1,171)	49%
Profit/(loss) for the period	(111,511)	17,029	(755%)
Profit/(loss) attributable to shareholders	(111,060)	17,051	(751%)
Earnings/(loss) per share	HK (6.73) cents	HK1.03 cents	

The loss from operations for the period ended 30 June 2022 of HK\$110,917,000 (2021: profit of HK\$14,500,000) attributable to the Group's reportable segments was:

	Six months ended 30 June		
	2022 HK\$'000	2021 HK\$'000	Change + / (-)
Retail of fashion wear and accessories	(12,597)	(10,600)	(19%)
Resort and recreational club operations	(5,333)	(5,339)	0%
Investments	(89,496)	31,669	(383%)
Unallocated corporate administrative expenses	(3,491)	(1,230)	(184%)
Profit/(loss) from operations	(110,917)	14,500	(865%)

The Group's fashion retail business, SWANK reported a reduction in revenue and gross profit of 7% and 27% respectively compared to the first half of 2021. The shortfall in revenue was primarily attributable to the strict social distancing measures implemented at shopping centres and restaurants in Hong Kong which significantly reduced the footfall in our stores between February and April 2022. The decline in gross profit of HK\$4,706,000 (or -27%) as a result of lower sales revenue and higher discount required to boost sales and move inventory was partly offset by cost savings from outsourcing the warehouse operations to a third-party logistics (3PL) company, reduction in depreciation for the period ended 30 June 2022, lower retail store rental negotiated for lease renewal and wage subsidies to labour cost received from the Hong Kong Government under the Employment Support Scheme (ESS). Nevertheless, for the six months ended 30 June 2022, the operating loss from this business segment increased by 19% to HK\$12,597,000 (2021: HK\$10,600,000).

CHIEF EXECUTIVE OFFICER'S STATEMENT

COVID-19 also continued to adversely affect the revenue of Hilltop, the Group's resort and recreational club operation, due to governmental rules and regulations implemented to combat the pandemic. Specifically, the Hong Kong Government introduced a vaccine pass requirement in response to the 5th wave whereby unvaccinated persons are not allowed to dine in restaurants. Coupled with restrictions on social gathering and strict patronage limit, revenue of HK\$3,054,000 for the period under review was 8% lower compared to HK\$3,324,000 in the first half of 2021, mainly attributable to decrease in venues rental and lodging, as well as regular dining revenue in the months of February to April 2022 when no evening dining was permitted and the maximum number of patrons per table was limited to two. Despite increases in the prices of some food ingredients and supplies due to global supply chain issues, the overheads and operating costs were well under control, together with the ESS subsidies from the Hong Kong Government's Anti-Epidemic Fund, the operating loss of HK\$5,333,000 for the period ended 30 June 2022 was on par with the same period last year (2021: HK\$5,339,000).

As a result of the continuous downturn in the global financial markets, the investment portfolio of the Group, primarily comprised of marketable bond and equity funds investments, returned net realised and unrealised losses (before general and administrative expenses) of HK\$76,338,000 (2021: net realised and unrealised gains of HK\$41,894,000) which included interest and dividend income of HK\$5,549,000 (2021: HK\$13,477,000), net losses on disposal of HK\$10,452,000 (2021: HK\$637,000) and net unrealised fair value losses of HK\$71,435,000 (2021: net unrealised fair value gains of HK\$29,054,000). Distributions and dividends received from our private equity fund investments in ASEAN China Investment Fund III L.P. and ASEAN China Investment Fund IV L.P. were also lower in 2022 at HK\$1,359,000 (2021: HK\$6,574,000) and HK\$37,000 (2021: HK\$2,211,000) respectively, these were partly offset by the gain on disposal of HK\$3,289,000 (2021: unrealised fair value gains of HK\$85,000) of PuraPharm Corporation Limited shares. Overall, for the six months ended 30 June 2022, the Group's investments recorded a segment loss of HK\$89,496,000 (2021: a segment profit of HK\$31,669,000).

The Group's overall gross profit margin declined to 52.3% in the first half of 2022 compared to 66.7% in 2021. The reduction is mostly attributable to the need to adopt a different retail strategy of bringing forward sales discount on current season merchandise to generate sales revenue amid the 5th wave COVID-19 "lockdown" which also had a negative impact on the stock provision and thus lowered SWANK's gross profit margin, plus lower dividend income from the Group's investment portfolio.

The Group's other income and expenditure for the six months ended 30 June 2022 included:

- Other income of HK\$2,728,000, which was HK\$1,825,000 (or 202%) higher compared to the HK\$903,000 in 2021, mainly comprising of:
 - rental income of HK\$490,000 (2021: HK\$510,000) from the Group's investment property situated in Hong Kong; and
 - anti-epidemic subsidies of HK\$2,078,000 (2021: HK\$200,000) received/receivable from the Hong Kong Government.
- Selling and distribution expenses of HK\$18,712,000 being a 4% increase compared to 2021 of HK\$17,993,000, mainly attributable to:
 - increase in occupancy costs with the opening of a new store in Elements in January 2022;
 - increase in advertising & promotion expenses; and
 - partly offset by decrease in occupancy costs for the existing retail store in Chater House as a result of lower rental negotiated on renewal of the lease.

- Administrative expenses of HK\$32,049,000, a 9% increase from the 2021 amount of HK\$29,311,000, mainly attributable to salary increment and other inflationary increase in staff costs, partly offset by cost savings from outsourcing SWANK's warehousing and logistic operations to a third party logistic (3PL) company, thereby reducing staffing, warehouse rental and transportation costs.
- Depreciation for property, plant and equipment and amortisation expenses of HK\$739,000, being 60% reduction from HK\$1,842,000 in 2021, was mainly attributable to fully depreciated and impairment of the cost of leasehold improvement and furniture and fixtures of SWANK's flagship store in December 2021.
- "Other operating gains/(losses), net" mainly comprised of net realised and unrealised fair value losses of HK\$81,887,000 (2021: net realised and unrealised fair value gains of HK\$28,417,000) from investment in financial instruments (before interest and dividend income which are included in "Revenue") and exchange losses, net of HK\$1,603,000 (2021: HK\$44,000).

In accordance with the Hong Kong Financial Reporting Standards ("HKFRS"), and with advice from an independent and reputable valuer, the Group has valued the club property based on its highest and best use by comparing the value based on its current use as a recreational club and the value based on obtaining the approval to rezone the property for residential development, after factoring in the uncertainty and timing of the remaining steps required to carry out the redevelopment. This approach was first adopted for the year ended 31 December 2020. As at 30 June 2022, the fair value of the club property was HK\$423,000,000 (31 December 2021: HK\$340,000,000). This increase in valuation of HK\$83,000,000 was recognised as other comprehensive income and accumulated in the property revaluation reserve which had no impact on the Group's consolidated statement of profit or loss for the period.

For the period ended 30 June 2022, the Group's finance cost included interest on bank loans of HK\$64,000 (2021: HK\$68,000) and interest expenses on lease liabilities of HK\$530,000 (2021: HK\$1,103,000). Since interest expenses on lease liabilities for existing retail stores were recognised on a front-loaded basis under HKFRS 16, the finance cost this period was lower as compared to the same period of 2021.

BUSINESS REVIEW

SWANK

For the first half of 2022, the Hong Kong retail market performed distinctly different in the first and second quarter. Quarter one was severely impacted by the most stringent COVID-19 anti-epidemic restrictions imposed by the Hong Kong Government resulting in dramatically reduced customer foot traffic in shopping malls and dampen consumption sentiments. These social distancing measures disrupted SWANK's original business plan to implement a new strategy to bring customers back into its stores, after two years of the COVID-19 pandemic, with a series of marketing and publicity events. Hence, for the first 3 months of the year, SWANK's sales revenue saw a decrease of 36% against the same period last year, with February this year being the worst performing month since the start of the pandemic in the beginning of 2020, at an overall decline of 50% against February 2021.

The Hong Kong Government began to gradually relax its anti-5th wave-epidemic regulations from the end of April, the business acted swiftly to capture potential "revenge shopping" and this had resulted in some strong sales numbers in the months of May and June to achieve an overall uplift of 15% in the second quarter this year compared to the same period in 2021.

While the overall retail market in 2021 was very challenging, an opportunity arose at the end of 2021 for SWANK to apply its planned strategy to capture new customers through establishing more point of sales with minimal financial risk. A new SWANK womenswear store with a curated brand assortment and different operations strategy was opened in the Elements shopping mall on 26 January 2022. The store has great potential to attract customers of different demographics and to offer SWANK's extraordinary taste and styles of clothes in a new geographic area inside a first-tier shopping mall with high quality shoppers. We were also able to apply a better cost control model to opening this store which limited our financial exposure.

CHIEF EXECUTIVE OFFICER'S STATEMENT

SWANK's online sales continue to flourish through the partnership with a well-established fashion online sales platform and we look to expand the merchandise offerings to capture the growth in online shopping. Merchandising also closely monitors the sales performance of all our brands to ensure that underperforming ones are replaced with more exclusive ones that are sought after by both existing and potential customers. The retail operation and marketing teams are focused on providing renewed customer in-store shopping experience, especially in SWANK's flagship store in Central Building.

We will keep exploring opportunities to create short term pop-up stores with low commitments to showcase brands that are unique, strengthen SWANK's brand image, enhance customer's shopping experience, and welcome more customers to experience the extraordinary merchandise and service that SWANK has to offer.

HILL TOP COUNTRY CLUB ("Hilltop" or "the Club")

The operating performance of Hilltop for the first half of 2022 fell short of the original business plan due to the 5th wave of COVID-19 in Hong Kong. Lodging and banqueting revenue was severely affected by the continued cessation of cross-border traffic and social distancing restrictions imposed by the Government. Nevertheless, the Club was able to limit the operating loss to HK\$5,333,000 which was at a similar level to the same period last year of HK\$5,339,000. This was achieved through proactive marketing initiatives to attract members' patronage of the Club's dining and recreational facilities, put in place as soon as the Government lifted its anti-epidemic measures in late April 2022, together with Management's enhanced costs control initiative in procurement and ESS subsidy from the Hong Kong Government's Anti-Epidemic Fund.

Hilltop's revenue dropped by 8% compared to last year, mainly attributable to a decrease in revenue from venue rental and lodging, partly offset by an increase in patronage and revenue in the Chinese and European restaurants in the months of May and June 2022, after a significant decline in the months of February to April 2022 as a result of the Government's strict social distancing rules and regulations which disallowed evening dining and limiting to 2 diners per table.

For the second half of 2022, the Club will continue to devise attractive dining offers and interesting initiatives in recreational activities, as well as actively market our banquet and function facilities and services to members and their guests.

INVESTMENT

The Group's investment in financial instruments mainly comprises of four categories: (A) Marketable Funds Investment including, unitized open-end fixed income, equity fund and money market investment; (B) Discretionary Investment Portfolios managed by three Private Banks under the control of the Group; (C) Listed Securities Investments; and (D) Other Fund Investments, including Private Equity Funds.

As of 30 June 2022, the total carrying value of the Group's investment portfolio in financial instruments was HK\$584,379,000 (31 December 2021: HK\$683,995,000), representing approximately 47.4% (31 December 2021: 54.5%) of the carrying value of the Group's total assets. During the period under review, the Group disposed all PuraPharm Corporation Limited shares under Listed Securities Investments.

In the first half of 2022, the investment market, across currency, equity and fixed income investments, was highly volatile caused by mounting inflation pressure that turned most central banks around the globe, in particular the United States ("US") Federal Reserve ("Fed"), from a dovish monetary policy stance to a hawkish one. The Fed made four interest rate hikes year to date with a total increase of 225 basis points. In addition, the Fed had also kicked off quantitative tightening (QT) in June 2022 to start reducing assets from its US\$9 trillion balance sheet. Against this backdrop, both the fixed income and equity markets dived sharply, a situation that was rarely seen in the past three decades.

Nevertheless, our diverse investment portfolio delivered a better performance than the overall market for the period under review. The main contributing factor, apart from adhering to cautious asset allocation approved by the Board and selection of investment managers approved by the Investment Committee, was closely monitoring the market conditions and taking timely action to adjust the asset allocation and investment categories. We had increased the weightings on alternative (to the conventional equity and fixed income) investment strategies and cash holding through reallocation in the marketable funds investment portfolio that began in fourth quarter of 2021.

This approach had helped to mitigate the loss in the Group's investment in financial instruments to a net loss of HK\$76,338,000 (2021: a net gain of HK\$41,894,000) for the six months ended 30 June 2022 before general and administrative expenses.

A. Marketable Funds Investment Portfolio – including unitized open-end fixed income, equity fund and money market investment

The marketable funds investment portfolio includes four primary investment strategies, namely money market investment, investment grade & high yield bond funds, enhanced yield funds and equity funds.

The total carrying value of the Group's investment in this category was HK\$339,103,000 as of 30 June 2022 (31 December 2021: HK\$396,668,000), representing approximately 27.6% of the carrying value of the Group's total assets; and the asset allocation in this portfolio was 0.4% in a money market investment, 53.1% in fixed income funds, 28% in enhanced yield funds and 18.5% in equity funds. This category of portfolio recorded a net loss of HK\$43,421,000 (-10.9%) (2021: a net gain of HK\$11,510,000) for the six months ended 30 June 2022. The net loss was attributable to HK\$41,250,000 unrealised mark-to-market loss, HK\$4,946,000 realised loss on disposal and HK\$2,775,000 dividend and interest income received.

Investment Grade & High Yield Bond Funds

In this strategy, the Group held seven fixed income funds which can be grouped into the categories of investment grade bond and high yield bond funds. As at 30 June 2022, the fair value of the Group's investment in this strategy was HK\$180,191,000, representing approximately 53.1% of the carrying value of the marketable funds investment portfolio and 14.7% of the carrying value of the Group's total assets. The net return on this investment was a HK\$22,993,000 loss (-10.4%) for the six months ended 30 June 2022. Below are individual funds with fair value exceeding 5% of the carrying value of the Group's total assets:

PIMCO GIS - Income Fund

The PIMCO Income Fund is a portfolio that is actively managed and utilises a broad range of fixed income securities that seek to produce an attractive level of income with a secondary goal of capital appreciation. The fund (Institutional Income Class USD) has had a 5-year annualised return of 4.7% for the period of 2017 to 2021. As at 30 June 2022, the fair value of the Group's investment in this fund was HK\$66,219,000 (31 December 2021: HK\$83,984,000), representing approximately 5.4% of the carrying value of the Group's total assets. The net return of this fund was HK\$8,402,000 loss (-10.0%) for the six months ended 30 June 2022, comprised of a HK\$8,950,000 unrealised mark-to-market loss, a HK\$1,035,000 realised loss on disposal and HK\$1,583,000 of dividend received. For 2022, we have elected to receive the dividend in cash rather than reinvest into the fund.

Enhanced Yield Funds

As at 30 June 2022, the Group held seven funds in this strategy with a fair value of HK\$94,754,000, representing approximately 28% of the carrying value of the marketable funds investment portfolio and 7.7% of the carrying value of the Group's total assets. This portfolio consist of one China credit hedge fund, two US multi-asset funds, two private real estate funds and two private credit funds. The net return on investment was a HK\$7,492,000 loss (-6.7%) for the six months ended 30 June 2022. The Group's investment in individual fund in this strategy did not exceed 5% of the carrying value of the Group's total assets.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Equity Funds

As of 30 June 2022, the Group held six equity-based funds with a fair value of HK\$62,798,000, representing approximately 18.5% of the carrying value of the marketable fund investment portfolio and 5.1% of the carrying value of the Group's total assets. This portfolio included one U.S. equity fund, one global technology fund, two China A-share funds, one Asian (excluding Japan) equity fund and one global infrastructure fund. The net return on investment was a HK\$12,756,000 loss (-15.7%) for the six months ended 30 June 2022. The Group's investment in individual fund in this strategy did not exceed 5% of the carrying value of the Group's total assets.

B. Discretionary Investment Portfolio divided and managed by Morgan Stanley Asia International Limited ("MS Portfolio"), LGT Bank (Hong Kong) ("LGT Portfolio") and Bank Julius Baer & Co. Ltd. (Singapore) ("JB Portfolio")

MS Portfolio

Morgan Stanley ("MS") offers a bespoke asset allocation solution based upon its Global Investment Committee Model. The Asia Investment Management Services team leverages the extensive research, investment expertise and execution capabilities of MS to invest in traditional and sophisticated multi-asset, equity and fixed income funds, Exchange-Traded Funds ("ETF") and money market instruments. As of 30 June 2022, the total carrying value of the MS Portfolio was HK\$58,417,000 (31 December 2021: HK\$69,854,000) with a total of 24 funds and ETF holdings, representing approximately 4.7% of the carrying value of the Group's total assets. The asset allocation in the portfolio comprised of 35.9% money market investment, 12.5% fixed income funds, 44.2% equity funds and 7.4% other investments. The MS Portfolio has been set up to gradually spread risk with a high flexibility to invest a significant proportion in the Money Market Investment awaiting suitable opportunities to reinvest in other asset classes. The MS Portfolio recorded a net loss of HK\$12,410,000 (-16.3%) during the period under review.

LGT Portfolio

LGT offers a bespoke asset allocation solution based on recommendations from LGT's Investment Committee in Asia and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and fundamentals of securities funds into the portfolio. Investments are largely in equity and fixed income securities, and to a smaller extent, in mutual funds or ETFs. As of 30 June 2022, the total market value of the LGT portfolio was HK\$68,471,000 (31 December 2021: HK\$82,352,000), with 25 fixed income securities, 44 equities, and 7 alternative (including hedge funds and REITs) investment holdings, representing in total approximately 5.6% of the carrying value of the Group's total assets. The asset allocation in the LGT portfolio as of 30 June 2022 was 59.3% in fixed income, 36.8% in equities, and 3.9% in alternative investments. The LGT portfolio has been set up to diversify risk and reduce volatility, thus with fixed income investment as the dominant asset class. The LGT portfolio recorded a net loss of HK\$14,575,000 (-16.9%) during the period under review.

JB Portfolio

Julius Baer offers a bespoke asset allocation solution based upon assessment and recommendations of its Global Chief Investment Officer and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and asset allocation strategy into the portfolio through ETF investment. As at 30 June 2022, the total carrying value of the JB Portfolio was HK\$18,707,000 (31 December 2021: HK\$21,845,000), comprised of three (39.3%) fixed income ETFs, five (55.3%) equity ETFs and one (5.4%) listed REIT, representing in total approximately 1.5% of the carrying value of the Group's total assets. The JB Portfolio have been set up to diversify our investment portfolio to ETF investments and it returned a net loss of HK\$3,702,000 (-15.6%) during the period under review.

C. Listed Securities

In keeping with the investment approach to minimise direct investment in individual listed equities, the Group disposed the entire holding of PuraPharm Corporation Limited (“PuraPharm”) shares during the period under review, realizing a net gain of HK\$3,289,000 with total proceeds of HK\$10,202,000. As of 30 June 2022, the Group had only one listed security in its investment portfolio, namely China Motor Bus Company Limited (“CMB”), with a total carrying value of HK\$25,060,000 (31 December 2021: HK\$27,245,000), representing approximately 2.0% of the carrying value of the Group’s total assets. The investment in CMB recorded a net loss of HK\$1,873,000 (2021: HK\$3,874,000 net gain), comprised of an unrealised fair value loss of HK\$2,185,000 and dividend income of HK\$312,000 for the six months ended 30 June 2022.

D. Other Fund Investments - Private Equity Funds

The total carrying value of the Group’s investment in this category was HK\$74,621,000 as of 30 June 2022 (31 December 2021: HK\$79,117,000) and recorded a net loss of HK\$3,646,000 (2021: a net gain of HK\$20,816,000) for the six months ended 30 June 2022.

ASEAN China Investment Fund III L.P. (“ACIF III”)

The Group has made an investment commitment of US\$4,000,000 (equivalent to HK\$31,120,000) in ACIF III for a 1.532% shareholding. ACIF III is managed out of Singapore by United Overseas Bank Venture Management Private Limited (“UOBVM”) and targets investments in growth-oriented companies operating in East and South East Asia countries and China. As of 30 June 2022, the Group invested a total of HK\$27,366,000 in this fund and its capital value was HK\$44,641,000 based on the management accounts it has provided. The total return on investment of ACIF III was a HK\$5,713,000 net loss for the six months ended 30 June 2022 (2021: net gain of HK\$18,563,000), comprised of HK\$7,072,000 fair value loss and HK\$1,359,000 distribution income. Given the poor equity market performance, this fair value loss mainly stemmed from the fund’s listed securities holdings. Despite this short-term setback, ACIF III is viewed as a long-term investment which helps to diversify the Group’s investment portfolio with exposure to a wider range of potentially profitable private companies managed by a team of tried and tested Managers. Based on the update provided to the Limited Partners of the fund of which we are one, we have confidence in both its performance and upside prospects in the long run.

ASEAN China Investment Fund IV L.P. (“ACIF IV”)

With the success of ACIF III, the Group has made another capital commitment of US\$4,000,000 (equivalent to HK\$31,120,000) in ACIF IV for a 1.649% shareholding. ACIF IV is an exempted limited partnership incorporated in the Cayman Islands on 20 February 2018 and a closed-end private equity fund. The fund is also managed out of Singapore by the UOBVM team, and is a “follow-on” fund to its predecessors (ACIF I, ACIF II and ACIF III) and continues the focus of investing primarily via minority stakes in expansion stage capital opportunities through privately negotiated equity and equity related investments in small and medium sized growing companies that benefit from the continuing expansion of trade and investment among the ASEAN member-states and China, and their respective overseas trading partners. As at 30 June 2022, the Group invested a total of HK\$28,290,000 in this fund and its capital value was HK\$29,980,000 based on the management accounts it has provided. The total return of the Group’s investment in ACIF IV was a HK\$2,067,000 net gain for the six months ended 30 June 2022 (2021: HK\$2,240,000) comprised of fair value gain of HK\$2,030,000 and distribution income of HK\$37,000.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Outlook

As we enter the second half of 2022, it is anticipated that the global financial markets will continue to be volatile, largely influenced by three factors: (i) inflation control and the corresponding monetary policy, (ii) earnings prospects of US equities in the face of high inflation and (iii) supply-side disruption that may be exacerbated by Russia-Ukraine War or lockdown in China due to COVID-19 resurgence. Looking at the key geographical markets that the Group has invested in, the largest exposure is to the US market which will likely remain volatile due to the expectation that monetary policy tightening will continue for the rest of 2022 after the Fed made its fourth rate hike for the year in July. In contrast, the Chinese government is likely to keep its relative loose fiscal and monetary policies given inflation is more manageable and the need to pursue social stability. However, resumption of any major city lockdown due to COVID-19 resurgence or spill-over effects from the ailing property market to the broader economy and financial system will be the key risks to the Chinese financial market. The European ("EU") market is viewed as the most vulnerable major economy as it suffers the most directly from potential energy supply cut-off by Russia, which would spur inflation higher and interrupt its economic activities. The European Central Bank ("ECB") has raised interest rate by a higher-than-signalled 50 basis points and investors doubt the EU's ailing economy could restrict the pace of ECB's rate normalization path. The ECB has also introduced a new "Transmission Protection Instrument" bond-buying programme to prevent the divergence of sovereign borrowing costs among the EU member states.

Given the multiple uncertainties in global market outlook which will make it challenging to maintain stability in the return on investment, the Group's investment strategy will continue to be conservative and cautious with proactive measures taken to diversify risk, preserve capital and maintain liquidity.

Investment Portfolio

The purpose of Investment in financial instruments, which are managed on a fair value basis, is for earning distributions, yield enhancement, capital appreciation and liquidity. Under the above backdrop of the investment environment, in order to improve performance balanced with risk management, the importance to shareholders of the potential returns and the increasing requirement for increasingly specialized and skilled investment management, the Group has determined to minimize its direct investments in individual listed stocks and increase substantially the proportion of its investment mainly in unitized equity and fixed income funds managed by professional and substantial asset managers. Also, the Group has allocated a certain portion of its investment to three discretionary portfolio management portfolios, still under the control of the Group but managed by three Private Banks in Hong Kong.

The details of the purpose, performance and business risks of investments, strategy for future investments and the prospects of investments are set out in other parts of this statement.

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2022 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 30 June 2022 '000	Note	Percentage of shareholding as at 30 June 2022 %	Investment Cost of investments held as at 30 June 2022 HK\$'000	For the period ended 30 June 2022			Fair value as at 30 June 2022 HK\$'000	Percentage to the Group's total assets as at 30 June 2022 %	Fair value as at 31 December 2021 HK\$'000		
							Fair value gain/(loss) HK\$'000	Gain/(loss) on disposal HK\$'000	Interest income HK\$'000				Dividend income HK\$'000	Total HK\$'000
Financial Assets at fair value through profit or loss														
- Current assets														
A. Marketable Funds Investment Portfolio, at fair value														
<i>Unlisted</i>														
<i>Investment Grade & High Yield Bond Funds</i>														
PINCM1D	PIMCO GIS - Income Fund	Fixed income fund	804		N/A	71,570	(8,950)	(1,035)	-	1,583	(8,402)	66,219	5.4%	83,984
FASBYAUX	Fidelity Asian Bond Fund	Fixed income fund	340		N/A	42,790	(5,153)	-	-	-	(5,153)	38,502	3.1%	43,655
RHYBCHULX	Robeco High Yield Bond Fund	Fixed income fund	37		N/A	30,309	(4,246)	(816)	-	727	(4,335)	26,173	2.1%	39,041
BGRBD2ULX	BGF China Bond Fund	Fixed income fund	152		N/A	19,441	(1,384)	-	-	-	(1,384)	17,857	1.5%	19,240
BGATBDULX	BGF Asian Tiger Bond Fund	Fixed income fund	163		N/A	19,450	(2,499)	-	-	-	(2,499)	15,986	1.3%	18,495
	Others	Fixed income fund			N/A	N/A	(1,220)	-	-	-	(1,220)	15,504	1.3%	12,835
							(23,452)	(1,851)	-	2,310	(22,993)	180,191	14.7%	217,190
<i>Subtotal</i>														

CHIEF EXECUTIVE OFFICER'S STATEMENT

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2022 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 30 June 2022 '000	Note	Percentage of shareholding as at 30 June 2022 %	Investment Cost of investments held as at 30 June 2022 HK\$'000 (Note d)	For the period ended 30 June 2022			Fair value as at 30 June 2022 HK\$'000	Percentage to the Group's total assets as at 30 June 2022 %	Fair value as at 31 December 2021 HK\$'000	
							Fair value gain/(loss) HK\$'000	Gain/(loss) on disposal HK\$'000	Interest income HK\$'000				
<i>Enhanced Yield Funds</i>													
PRUEHNKY	Prudence Enhanced Income Fund Class A - Series 1	Alternative fund	7		N/A	40,276	(1,189)	-	-	(1,189)	46,204	3.8%	47,393
JANBA41 ID	Janus Henderson Balanced Fund	Multi assets fund	51		N/A	12,977	(2,978)	(835)	-	(3,813)	13,759	1.1%	34,800
ALZIGIT LX	Allianz Income & Growth Fund	Multi assets fund	0		N/A	4,675	(1,454)	(367)	-	(1,821)	5,600	0.5%	13,696
	Others	Alternative fund			N/A	N/A	(1,116)	-	447	(669)	29,191	2.3%	14,782
<i>Subtotal</i>							(6,737)	(1,202)	-	(7,492)	94,754	7.7%	110,671
<i>Equity Funds</i>													
SOHAEYC LX	Schroder International Selection Fund Asian Equity Yield	Equity fund	72		N/A	23,601	(3,994)	-	-	(3,994)	20,221	1.6%	24,215
DCUSSUA ID	Dodge & Cox Worldwide US Stock-A USD	Equity fund	71		N/A	21,192	(2,628)	-	-	(2,628)	19,889	1.6%	22,517
UBSCHOA	UBS China A Opportunity Fund	Equity fund	3		N/A	6,579	(1,923)	(1,893)	-	(3,816)	8,365	0.7%	17,902
	Others	Equity fund			N/A	N/A	(2,318)	-	-	(2,318)	14,303	1.2%	4,173
<i>Subtotal</i>							(10,863)	(1,893)	-	(12,756)	62,798	5.1%	68,807
<i>Listed Money Market Investment</i>													
	Others	Corporate bond investment			N/A	N/A	(198)	-	18	(180)	1,360	0.1%	-
							(41,250)	(4,946)	18	(43,421)	339,103	27.6%	396,668

Notes:

- 1) Including fund investments disposed during the period and the Group's other 24 investments mainly in unlisted bond and equity fund, money market fund, mutual fund and listed equity ETFs held at the period end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 30 June 2022.
- 2) Including debt investments disposed during the period and other 25 investments in USD corporate bonds with fixed tenor listed in Hong Kong and overseas held at period end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 30 June 2022.
- 3) Including equity/fund investments disposed during the period and other 51 investments in listed equity, equity ETFs and unlisted fund investment held at period end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 30 June 2022.
- 4) Including fund investments disposed during the period and the Group's other 9 investments mainly in listed bond and equity ETFs held at the period end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 30 June 2022.
- 5) It represents the Partners' capital paid-up amount in Thousand US Dollars which the Group had paid as at 30 June 2022.
- 6) For investments held at period end with carrying value more than 1% of the Group's total asset as at 30 June 2022.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

TREASURY MANAGEMENT/POLICIES

As part of the ordinary activities of the Group, Treasury actively projects and manages the cash balance and borrowing requirements of the Group to ensure sufficient funds are available to meet the Group's commitments and day-to-day operations. The Group's liquidity and financial requirements are reviewed regularly.

In order to minimise risk, the Group continues to adopt a prudent approach regarding cash management and foreign currency exposure. Treasury is permitted to invest cash in short-term deposits subject to specified limits and guidelines. Forward foreign exchange contracts are utilised when considered appropriate to mitigate foreign exchange exposures subject to specified limits and guidelines.

The Group's imported purchases are mainly denominated in Euro, with insignificant amounts in Japanese Yen, British Pounds and United States Dollars and a relatively small portion of the investment portfolio is denominated in currencies other than United States Dollars and Hong Kong Dollars. The Group has undertaken appropriate scale of hedging to protect its foreign currency exposure, especially with respect to Euro and will, from time to time, review its position and market conditions to determine the amount of hedging (if any) that is required. Typically, the Group purchases forward contract of Euro and Euro cash amounting to approximately half of its anticipated merchandise purchase requirements in each season for its fashion business.

CHIEF EXECUTIVE OFFICER'S STATEMENT

LIQUIDITY AND FINANCIAL POSITION

As at 30 June 2022, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK\$95,342,000 (31 December 2021: HK\$111,064,000). Total borrowings and lease liabilities amounted to HK\$6,881,000 (31 December 2021: HK\$7,001,000) and HK\$24,566,000 (31 December 2021: HK\$20,899,000) respectively with HK\$18,722,000 (31 December 2021: HK\$21,126,000) repayment falling due within one year. As previously reported and elaborated in more detail above, the Group has invested a substantial proportion of the cash and non-pledged deposit holdings in open-end unitized equity and fixed income funds since the second half of 2018 which continued in this period. The Group will retain sufficient cash deposits for its daily activities in the treasury portfolio, and has chosen to invest in a high proportion of marketable funds to ensure that there is more than adequate liquidity as though the funds had been retained as cash. As at 30 June 2022, the Group's gearing ratio (a comparison of total borrowings and lease liabilities with equity attributable to equity holders of the Company) was 2.7% (31 December 2021: 2.3%) and is in a sound financial position with its current ratio (current assets over current liabilities) standing at 17.4 times (31 December 2021: 18.5 times). As all segments of the Group's operations continue to be adversely impacted by COVID-19 and recovery from the prolonged negative impacts remains uncertain, management will closely monitor the financial position and believes that while the near term remains challenging, our strong liquidity and tight-cost management will provide support for the long-term prospects of the Group.

As at 30 June 2022, the Group's bank balances and borrowings were denominated primarily in United States Dollars, Hong Kong Dollars and Euro and exchange differences were reflected in the unaudited condensed consolidated financial statements. All borrowings of the Group are on a floating interest rate.

PLEDGE OF ASSETS

As at 30 June 2022, HK\$10,000,000 of the Group's fixed deposits (31 December 2021: HK\$10,000,000) were pledged to banks to secure trade banking facilities of up to HK\$30,000,000 (31 December 2021: HK\$30,000,000), and foreign exchange facilities.

IMPORTANT EVENTS AFTER THE FINANCIAL PERIOD

There have been no important events significantly affecting the finances and future prospects of the Group that have occurred since the end of the financial period.

CONTINGENT LIABILITIES

The Group's contingent liabilities as at 30 June 2022 are set out in note 17 to the consolidated financial statements.

A Consent Settlement was entered between the Group and the Hong Kong Building Authority ("BA") as a result of which the Group's investigatory, and potential remedial and maintenance responsibilities is limited to a small part of the slope features adjacent to works near the northernmost portion of the road undertaken by the Group in the early 1980s. Pursuant to a new Dangerous Hillside Order issued on 13 June 2019, the BA approved the Group's remediation work proposal which commenced in October 2020. As at 30 June 2022, the remediation work was substantially completed and the Directors of the Company considered that the cost of the remaining remediation work is immaterial to the consolidated financial statements of the Group.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2022, the Group had a total of 116 staff, including one Executive Director, compared to 122 as at 30 June 2021. Total employee costs (including Directors' emoluments) were approximately HK\$24,050,000 (2021: HK\$23,271,000) for the six months ended 30 June 2022. Employees' remuneration is determined with reference to individual duties, responsibilities and performance. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, sales commissions, discretionary performance bonuses and internal/external training support. Within the period under review, we have also provided incentives to encourage our staff to undertake COVID-19 vaccination. The Group has a comprehensive Code of Conduct to be adhered to by all Group employees (including Executive Directors).

Penny Soh Peng CROSBIE-WALSH

Executive Director and Chief Executive Officer

Hong Kong, 26 August 2022

INDEPENDENT REVIEW REPORT



TO THE BOARD OF DIRECTORS OF ENM HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 36 which comprises the condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2022 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies 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 “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM HONG KONG

Certified Public Accountants

Hong Kong

26 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	5	40,966	51,542
Cost of sales		(19,540)	(17,172)
Gross profit		21,426	34,370
Other income		2,728	903
Selling and distribution costs		(18,712)	(17,993)
Administrative expenses		(32,049)	(29,311)
Depreciation of property, plant and equipment and amortization		(739)	(1,842)
Other operating gains/(losses), net		(83,571)	28,373
Profit/(loss) from operations		(110,917)	14,500
Fair value gains on investment properties		—	3,700
Finance costs	6	(594)	(1,171)
Profit/(loss) before tax		(111,511)	17,029
Income tax expense	7	—	—
Profit/(loss) for the period	8	(111,511)	17,029
Attributable to:			
Owners of the Company		(111,060)	17,051
Non-controlling interests		(451)	(22)
		(111,511)	17,029
		HK\$ (unaudited)	HK\$ (unaudited)
Earnings/(loss) per share			
– Basic	9(a)	(6.73) cents	1.03 cents
– Diluted	9(b)	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit/(loss) for the period	(111,511)	17,029
Other comprehensive income/(loss):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain on revaluation of the club property	83,000	39,000
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(125)	25
Other comprehensive income for the period, net of tax	82,875	39,025
Total comprehensive income/(loss) for the period	(28,636)	56,054
Attributable to:		
Owners of the Company	(28,156)	56,070
Non-controlling interests	(480)	(16)
	(28,636)	56,054

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Note	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	424,818	342,224
Right-of-use assets		24,459	19,881
Investment properties		52,500	52,500
Intangible assets		372	396
Financial assets at fair value through profit or loss	12	74,621	79,117
Total non-current assets		576,770	494,118
Current assets			
Inventories		23,908	21,992
Trade receivables	13	1,124	1,778
Prepayments, deposits and other receivables		12,939	12,349
Financial assets at fair value through profit or loss	12	509,758	604,878
Pledged bank deposits		10,000	10,000
Time deposits		63,987	70,211
Cash and bank balances		31,355	40,853
Total current assets		653,071	762,061
Current liabilities			
Trade and other payables	14	18,711	19,960
Lease liabilities		11,841	14,125
Interest-bearing bank borrowings		6,881	7,001
Total current liabilities		37,433	41,086
Net current assets		615,638	720,975
Non-current liabilities			
Lease liabilities		12,725	6,774
NET ASSETS		1,179,683	1,208,319
Capital and reserves			
Issued capital	15	1,206,706	1,206,706
Accumulated losses		(1,166,725)	(1,055,665)
Other reserves		1,140,773	1,057,869
Equity attributable to owners of the Company		1,180,754	1,208,910
Non-controlling interests		(1,071)	(591)
TOTAL EQUITY		1,179,683	1,208,319

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	<i>(Unaudited)</i>								
	Attributable to owners of the Company								
	Issued capital	Special reserve	Exchange fluctuation reserve	Property revaluation reserve	Accumulated losses	Total	Non- controlling interests	Total equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2021	1,206,706	808,822	1,259	188,724	(1,034,385)	1,171,126	(554)	1,170,572	
Total comprehensive income and changes in equity for the period	—	—	19	39,000	17,051	56,070	(16)	56,054	
At 30 June 2021	<u>1,206,706</u>	<u>808,822</u>	<u>1,278</u>	<u>227,724</u>	<u>(1,017,334)</u>	<u>1,227,196</u>	<u>(570)</u>	<u>1,226,626</u>	
At 1 January 2022	1,206,706	808,822	1,323	247,724	(1,055,665)	1,208,910	(591)	1,208,319	
Total comprehensive loss and changes in equity for the period	—	—	(96)	83,000	(111,060)	(28,156)	(480)	(28,636)	
At 30 June 2022	<u>1,206,706</u>	<u>808,822</u>	<u>1,227</u>	<u>330,724</u>	<u>(1,166,725)</u>	<u>1,180,754</u>	<u>(1,071)</u>	<u>1,179,683</u>	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net cash generated from/(used in) operating activities	(3,479)	2,256
Net cash generated from/(used in) investing activities	(2,202)	4,641
Net cash used in financing activities	(9,884)	(10,325)
Net decrease in cash and cash equivalents	(15,565)	(3,428)
Cash and cash equivalents at beginning of period	111,064	140,022
Effect of foreign exchange rate changes, net	(1,728)	125
Cash and cash equivalents at end of period	93,771	136,719
Analysis of balances of cash and cash equivalents		
Non-pledged time deposits	63,987	72,688
Less: Non-pledged time deposits with original maturity of over three months when acquired	(1,571)	—
Non-pledged time deposits with original maturity of less than three months when acquired	62,416	72,688
Cash and bank balances	31,355	64,031
	93,771	136,719

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The financial information relating to the year ended 31 December 2021 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2022 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

These condensed consolidated financial statements should be read in conjunction with the 2021 annual consolidated financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new and revised Hong Kong Financial Reporting Standards as described in note 2.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Group’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value.

(a) Disclosures of level in fair value hierarchy at the end of reporting period:

Description	Fair value measurements as at 30 June 2022 using:			Total HK\$'000 (unaudited)
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	50,400	–	–	50,400
– Listed debt investments	–	41,959	–	41,959
– Listed fund investments	27,611	–	–	27,611
– Unlisted fund investments	–	389,788	74,621	464,409
	78,011	431,747	74,621	584,379
Investment properties:				
– Industrial property situated in Hong Kong	–	52,500	–	52,500
Property, plant and equipment:				
– The club property situated in Hong Kong	–	–	423,000	423,000
Total recurring fair value measurements	78,011	484,247	497,621	1,059,879

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

3. FAIR VALUE MEASUREMENTS (CONT'D)

(a) Disclosures of level in fair value hierarchy at the end of reporting period: (Cont'd)

Description	Fair value measurements as at 31 December 2021 using:			Total HK\$'000 (audited)
	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	69,767	–	–	69,767
– Listed debt investments	–	44,148	–	44,148
– Listed fund investments	22,651	–	–	22,651
– Unlisted fund investments	–	468,312	79,117	547,429
	<u>92,418</u>	<u>512,460</u>	<u>79,117</u>	<u>683,995</u>
Investment properties:				
– Industrial property situated in Hong Kong	–	52,500	–	52,500
Property, plant and equipment:				
– The club property situated in Hong Kong	–	–	340,000	340,000
Total recurring fair value measurements	<u>92,418</u>	<u>564,960</u>	<u>419,117</u>	<u>1,076,495</u>

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Property, plant and equipment	Financial assets at fair value through profit or loss	2022 Total HK\$'000 (unaudited)
	The club property HK\$'000 (unaudited)	Unlisted fund investments HK\$'000 (unaudited)	
At 1 January 2022	340,000	79,117	419,117
Additions	–	578	578
Amount received in respect of return of capital of unlisted fund investments	–	(32)	(32)
Total fair value gain or loss recognised in other comprehensive income	83,000	–	83,000
Total fair value gain or loss recognised in profit or loss *	–	(5,042)	(5,042)
At 30 June 2022	<u>423,000</u>	<u>74,621</u>	<u>497,621</u>
* Include gains or losses for assets held at end of reporting period	–	(5,042)	(5,042)

3. FAIR VALUE MEASUREMENTS (CONT'D)

(b) Reconciliation of assets measured at fair value based on level 3: (Cont'd)

Description	Property, plant and equipment	Financial assets at fair value through profit or loss	2021 Total HK\$'000 (<i>unaudited</i>)
	The club property HK\$'000 (<i>unaudited</i>)	Unlisted fund investments HK\$'000 (<i>unaudited</i>)	
At 1 January 2021	281,000	78,522	359,522
Additions	—	6,661	6,661
Total fair value gain or loss recognised in other comprehensive income	39,000	—	39,000
Total fair value gain or loss recognised in profit or loss *	—	12,018	12,018
At 30 June 2021	<u>320,000</u>	<u>97,201</u>	<u>417,201</u>
* Include gains or losses for assets held at end of reporting period	<u>—</u>	<u>12,018</u>	<u>12,018</u>

The total fair value gains or losses recognised in profit or loss including those for assets held at end of reporting period arising from unlisted fund investments, are presented in "Other operating gains/(losses), net" in the condensed consolidated statement of profit or loss.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements of its financial instruments at 30 June 2022 and 31 December 2021:

The Group's senior management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The senior management reviews the fair value measurements twice a year, which is in line with the Group's reporting dates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

3. FAIR VALUE MEASUREMENTS (CONT'D)

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements of its financial instruments at 30 June 2022 and 31 December 2021: (Cont'd)

The valuation techniques used and the key inputs to the level 2 and level 3 fair value measurements of its financial instruments are set out below:

Description	Valuation technique and key inputs
<i>Level 2:</i>	
Listed and unlisted debt and fund investments	Quoted price provided by fund administrators/financial institutions
<i>Level 3:</i>	
Unlisted fund investment	Net asset value provided by the administrator of the fund

The information about the significant unobservable inputs of its financial instruments used in level 3 fair value measurement is set out below.

Description	Unobservable inputs	Range		Effect on fair value for increase of inputs
		30 June 2022	31 December 2021	
Unlisted fund investment	Net asset value	N/A	N/A	N/A

There were no changes in the valuation techniques used in fair value measurement at 30 June 2022 and 31 December 2021.

4. SEGMENT INFORMATION

The Group has three reportable segments as follows:

Segment	Activity
Retail of fashion wear and accessories	The trading of fashion wear and accessories
Resort and recreational club operations	The provision of resort and recreational facilities including lodging and catering services
Investments	The holding and trading of investments for short term and long term financial returns

The Group's reportable segments are strategic business units that offer different products and services. Business units that have similar economic characteristics are combined in a single reportable segment. They are managed separately because each business requires different operating and marketing strategies.

4. SEGMENT INFORMATION (CONT'D)

Segment profits or losses do not include the following:

- Unallocated corporate administrative expenses;
- Fair value gains on investment properties;
- Finance costs; and
- Income tax expense.

Segment liabilities do not include interest-bearing bank borrowings.

	Retail of fashion wear and accessories HK\$'000 (<i>unaudited</i>)	Resort and recreational club operations HK\$'000 (<i>unaudited</i>)	Investments HK\$'000 (<i>unaudited</i>)	Total HK\$'000 (<i>unaudited</i>)
6 months ended 30 June 2022:				
Revenue from external customers	31,853	3,054	6,059	40,966
Segment loss	(12,597)	(5,333)	(89,496)	(107,426)
As at 30 June 2022:				
Segment assets	63,536	424,733	741,572	1,229,841
Segment liabilities	(30,993)	(1,581)	(10,703)	(43,277)
6 months ended 30 June 2021:				
Revenue from external customers	34,274	3,324	13,944	51,542
Segment profit/(loss)	(10,600)	(5,339)	31,669	15,730
As at 31 December 2021:				
Segment assets, audited	50,828	341,771	863,580	1,256,179
Segment liabilities, audited	(24,928)	(2,343)	(13,588)	(40,859)

Reconciliations of reportable segment profit or loss:

	2022 HK\$'000 (<i>unaudited</i>)	2021 HK\$'000 (<i>unaudited</i>)
Total profit or loss of reportable segments	(107,426)	15,730
Unallocated corporate administrative expenses	(3,491)	(1,230)
Fair value gains on investment properties	–	3,700
Finance costs	(594)	(1,171)
Consolidated profit/(loss) for the period	(111,511)	17,029

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. REVENUE

The principal activities of the Group are (i) retail of fashion wear and accessories, (ii) resort and recreational club operations, and (iii) investments. An analysis of revenue of the Group by operating activities and timing of revenue recognition are as follows:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<i>Revenue from contracts with customer</i>		
(i) Retail of fashion wear and accessories		
Sale of fashion wear and accessories recognised at a point in time	31,853	34,274
(ii) Resort and recreational club operations		
Catering service income recognised at a point in time	1,709	1,599
Resort and club facilities and other services income recognised over time	217	708
Entrance fee and subscription fee income recognised over time	1,128	1,017
	<u>3,054</u>	<u>3,324</u>
<i>Revenue from other sources</i>		
(iii) Investments		
Dividend income arising from financial assets at fair value through profit or loss:		
– Listed equity investments	560	479
– Listed fund investments	201	–
– Unlisted fund investments	4,198	12,352
Interest income from:		
– Financial assets at fair value through profit or loss	590	646
– Other financial assets	510	467
	<u>6,059</u>	<u>13,944</u>
	<u><u>40,966</u></u>	<u><u>51,542</u></u>

6. FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$'000 (<i>unaudited</i>)	2021 HK\$'000 (<i>unaudited</i>)
Interest on bank loans	64	68
Interest on lease liabilities	530	1,103
	<u>594</u>	<u>1,171</u>

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and overseas income tax has been made for the six months periods ended 30 June 2022 and 2021 since the Group has no assessable profit in Hong Kong and other countries in which the Group operates or has sufficient tax losses brought forward to set off against the assessable profits for both periods.

8. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2022 HK\$'000 (<i>unaudited</i>)	2021 HK\$'000 (<i>unaudited</i>)
Cost of inventories sold [#]	19,540	17,172
Charge for inventories allowances	4,477	947
Depreciation of right-of-use assets	8,404	9,484
Depreciation of property, plant and equipment	715	1,818
Amortisation of intangible assets	24	24
Losses/(gains) from financial assets at fair value through profit or loss, net [*] :		
Fair value losses/(gains), net	71,650	(29,054)
Losses on disposal, net	10,573	637
	<u>82,223</u>	<u>(28,417)</u>
Fair value gains on investment properties	—	(3,700)
Gains on disposal of property, plant and equipment, net [*]	(255)	—
Foreign exchange losses, net [*]	1,603	44

* These amounts are included in "Other operating gains/(losses), net".

Cost of inventories sold included charge for inventories allowances of HK\$4,477,000 (30 June 2021: HK\$947,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the loss for the period attributable to owners of the Company of HK\$111,060,000 (30 June 2021: profit of HK\$17,051,000) and the weighted average number of ordinary shares of 1,650,658,676 (30 June 2021: 1,650,658,676) in issue during the period.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares during the six months periods ended 30 June 2022 and 2021.

10. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2022 and 2021.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$318,000 (30 June 2021: HK\$310,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000 (<i>unaudited</i>)	31 December 2021 HK\$'000 (<i>audited</i>)
Financial assets at fair value through profit or loss:		
Equity investments, at fair value (<i>note a</i>):		
– Listed in Hong Kong	25,308	34,761
– Listed outside Hong Kong	25,092	35,006
	50,400	69,767
Fund investments, at fair value:		
– Listed outside Hong Kong (<i>note b</i>)	27,611	22,651
– Unlisted (<i>note b and note c</i>)	464,409	547,429
	492,020	570,080
Debt investments, at fair value (<i>note d</i>):		
– Listed in Hong Kong*	8,054	12,142
– Listed outside Hong Kong*	33,905	32,006
	41,959	44,148
	584,379	683,995

* Listed as selectively marketed securities on The Stock Exchange of Hong Kong Limited, The Singapore Exchange Securities Trading Limited and other overseas stock exchanges

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

The carrying amounts of the above finance assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Current assets - Financial assets at fair value through profit or loss		
– Listed equity investments (note a)	50,400	69,767
– Listed fund investments (note b)	27,611	22,651
– Unlisted fund investments (note b)	389,788	468,312
– Listed debt investments (note d)	41,959	44,148
	509,758	604,878
Non-current assets - Financial assets at fair value through profit or loss		
– Unlisted fund investments (note c)	74,621	79,117
	584,379	683,995

Notes:

(a) Listed equity investments, at fair value

The fair value of the listed equity investments are based on quoted market prices and the Group managed and evaluated the performance of these listed equity investments on a fair value basis, in accordance with the Group's risk management and investment strategy. These listed investments offer the Group the opportunity for return through dividend income and fair value gains.

(b) Listed and unlisted fund investments, at fair value

The fund investments as at 30 June 2022 amounted to HK\$417,399,000 (31 December 2021: HK\$490,963,000) of which HK\$27,611,000 (31 December 2021: HK\$22,651,000) were listed in overseas exchanges, and HK\$389,788,000 (31 December 2021: HK\$468,312,000) were unlisted and traded over-the-counter. The Group managed and evaluated the performance of these fund investments on a fair value basis, in accordance with the Group's risk management and investment strategy. The fair values of the fund investments are based on quoted market price or the price quoted by the fund administrator/financial institution. The directors believe that the estimated fair value quoted by the fund administrator/financial institution is reasonable, and that it is the most appropriate value at the end of the reporting period.

(c) Unlisted fund investments, at fair value

(i) ASEAN China Investment Fund III L.P.

As at 30 June 2022, carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund III L.P. ("ACIF III"), amounted to HK\$44,641,000 (31 December 2021: HK\$51,530,000) which is not quoted in an active market. The fair value of the investment in ACIF III is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US\$4,000,000 (equivalent to approximately HK\$31,120,000) to ACIF III and the unfunded commitment as at 30 June 2022 amounted to US\$137,000 (equivalent to approximately HK\$1,069,000) (31 December 2021: US\$165,000 (equivalent to approximately HK\$1,284,000)). Contributions will be made when capital call is issued by the general partner of the fund.

The carrying amount of the investment in ACIF III is denominated in US dollar.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Notes: (Cont'd)

(c) Unlisted fund investments, at fair value (Cont'd)

(ii) ASEAN China Investment Fund IV L.P.

As at 30 June 2022, the carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund IV L.P. ("ACIF IV"), amounted to HK\$29,980,000 (31 December 2021: HK\$27,587,000) which is not quoted in an active market. The fair value of the investment in ACIF IV is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US\$4,000,000 (equivalent to approximately HK\$31,120,000) to ACIF IV and the unfunded commitments as at 30 June 2022 amounted to US\$350,000 (equivalent to approximately HK\$2,726,000) (31 December 2021: US\$397,000 (equivalent to approximately HK\$3,089,000)). Contributions will be made when capital call is issued by the general partner of the fund.

The carrying amount of the investment in ACIF IV is denominated in US dollar.

(d) Listed debt investments, at fair value

The fair values of the debt investments as at 30 June 2022 amounted to HK\$41,959,000 (31 December 2021: HK\$44,148,000) are based on quoted market price. These debt investments were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited/overseas stock exchanges. The directors believe that the estimated fair value quoted by the bank is reasonable, and that it is most appropriate value at the end of the reporting period.

As at 30 June 2022, these debt investments have maturity date ranging from 11 October 2023 to 12 January 2032 (31 December 2021: 11 October 2023 to 1 November 2027).

As at 30 June 2022, these debt instruments bear fixed/floating coupon interest rate ranging from 1.00% to 6.25% (31 December 2021: 1.00% to 5.25%). The carrying amounts of the Group's debt investments are denominated in US dollars.

13. TRADE RECEIVABLES

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Overdue balances are reviewed regularly by management.

An ageing analysis of the trade receivables, based on the invoice date and net of impairment, is as follows:

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within 1 month	1,093	1,704
2 to 3 months	31	74
Over 3 months	—	—
	<u>1,124</u>	<u>1,778</u>

14. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2022 are trade and bills payables of HK\$4,671,000 (31 December 2021: HK\$3,654,000) and contract liabilities of HK\$1,292,000 (31 December 2021: HK\$1,258,000).

An ageing analysis of the trade and bills payables, based on the invoice date, is as follows:

	30 June 2022 HK\$'000 (<i>unaudited</i>)	31 December 2021 HK\$'000 (<i>audited</i>)
Within 1 month	4,028	2,565
2 to 3 months	156	886
Over 3 months	487	203
	<u>4,671</u>	<u>3,654</u>

15. ISSUED CAPITAL

	30 June 2022 HK\$'000 (<i>unaudited</i>)	31 December 2021 HK\$'000 (<i>audited</i>)
Issued and fully paid: 1,650,658,676 (31 December 2021: 1,650,658,676) ordinary shares	<u>1,206,706</u>	<u>1,206,706</u>

16. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	Six months ended 30 June	
Note	2022 HK\$'000 (<i>unaudited</i>)	2021 HK\$'000 (<i>unaudited</i>)
Lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies - office	(i) <u>1,740</u>	<u>1,577</u>

Note:

- (i) The lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies controlled by substantial shareholders of the Company were charged in accordance with the terms of the relevant agreements.
- (b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2022 HK\$'000 (<i>unaudited</i>)	2021 HK\$'000 (<i>unaudited</i>)
Short term employee benefits	5,430	4,604
Pension scheme contributions	41	36
Total compensation paid to key management personnel	<u>5,471</u>	<u>4,640</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

17. CONTINGENT LIABILITIES

At 30 June 2022, the Group had the following contingent liabilities:

As reported in previous Annual and Interim reports, the Group has been through a long legal process to define and delimit its liability and obligations with respect to the supporting structures and slopes alongside the Hilltop Road (the relevant part of which is a private road) which provides access to its site in the Lo Wai district of Tsuen Wan.

For Hong Kong Building Authority (“BA”) Dangerous Hillside (“DH”) Orders issued by the BA in 2006, pursuant to a judgement made by the Court of Final Appeal (“CFA”) on 9 May 2018, it was concluded that the Special Condition (31) on its related Land Grant did not impose any maintenance duty on certain slope features that was included in this DH Orders.

For another DH Orders issued by the BA in 2008, the Court of Appeal has remitted the original appeal back to the Appeal Tribunal (Buildings) for further consideration and determination pursuant to its judgement on 11 August 2017. A hearing in the Appeal Tribunal (Buildings) was original scheduled to be held in May 2019.

Prior to the hearing in May 2019, a Consent Settlement was entered into between the Group and the BA. Pursuant to the Consent Settlement, the hearing in May 2019 was vacated, the DH Orders issued by BA in 2008 had been withdrawn and the Group agreed to fully comply with a new single DH Order issued by the BA on 13 June 2019 (the “New Limited Order”). The Group has commenced the remediation work in relation to the New Limited Order in October 2020. As at 30 June 2022, the remediation work was substantially completed and the Directors of the Company considered that the cost of the remaining remediation work is immaterial to the consolidated financial statements of the Group.

18. CAPITAL COMMITMENTS

The Group’s capital commitments at the end of the reporting period are as follows:

	30 June 2022 HK\$’000 (unaudited)	31 December 2021 HK\$’000 (audited)
Contracted, but not provided for:		
– Capital contribution to unlisted funds (note 12(c)(i) and (ii))	3,795	4,372
– Property, plant and equipment	–	654
	<u> </u>	<u> </u>

19. IMPACTS OF CORONAVIRUS PANDEMIC

Since early 2020, the coronavirus outbreak (“the COVID-19 outbreak”) has become a global pandemic, and it has adversely affected our fashion retail business and resort and recreational club operations in Hong Kong and impacted upon the performance of our investments in financial instruments. For the period ended 30 June 2022, the Group’s overall financial performance and liquidity position continued to be impacted by the COVID-19 outbreak. However, the Group is still in a sound financial position with its current ratio as at 30 June 2022 standing at 17.4 times. Our strong liquidity position will provide support for the long-term prospects of the Group’s businesses.

20. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 26 August 2022.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Based on specific enquiry of all Directors, all Directors complied with the required standards set out in the Model Code throughout the six months ended 30 June 2022.

DIRECTORS’ AND CHIEF EXECUTIVE OFFICER’S INTERESTS

As at 30 June 2022, none of the Directors and the Chief Executive Officer of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), Chapter 571 of the Laws of Hong Kong) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity	Number of shares held	Percentage of the Company’s issued shares
Diamond Leaf Limited	Beneficial owner	162,216,503	9.83%
Solution Bridge Limited	Beneficial owner	408,757,642	24.76%
Parasia Limited	Interest of controlled corporations	570,974,145 Note (i)	34.59%
Chime Corporation Limited	Interest of controlled corporations	570,974,145 Note (ii)	34.59%
Mr. JONG, Yat Kit	Trustee	730,974,145 Notes (iii) & (iv)	44.28%
Mr. WONG, Tak Wai	Trustee	730,974,145 Notes (iii) & (iv)	44.28%
Ms. KUNG, Nina (deceased)	Interest of controlled corporations	570,974,145 Note (v)	34.59%

Notes:

- (i) Parasia Limited controlled Diamond Leaf Limited and Solution Bridge Limited and was therefore deemed to be interested in the shares held by such companies.
- (ii) Chime Corporation Limited controlled Parasia Limited and was therefore deemed to be interested in the shares in which such company was deemed to be interested.

OTHER INFORMATION

- (iii) Chime Corporation Limited was a controlled corporation of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai, as joint and several administrators of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang. Thus, each of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was deemed to be interested in the shares in which Chime Corporation Limited was deemed to be interested.
- (iv) Each of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was a trustee of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang.
- (v) The interests disclosed under Ms. KUNG, Nina (deceased) represent her deemed interests in the shares of the Company by virtue of her interests in Diamond Leaf Limited and Solution Bridge Limited (as per the late Ms. KUNG, Nina's last disclosure of interests notice dated 4 April 2006).

Save as disclosed above, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company as at 30 June 2022 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2022.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2022.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information since the date of the Company's 2021 Annual Report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

- (1) With effect from 1 April 2022, the annual Director's fee of Non-executive Directors (including Independent Non-executive Directors) for their service on the Board and, where applicable, on certain Board Committees has been revised as follows:

	HK\$
Board	
– Non-executive Director	172,230
– Independent Non-executive Director	172,230
Board Committees	
– Chairman	57,050
– Member	29,060
Non-executive Chairman	172,230

- (2) With effect from 1 April 2022, the director's fee of Executive Director has been revised to HK\$62,400 per annum.
- (3) Mr. Hing Lun Dennis AU has resigned as a Non-executive Director of the Company with effect from 25 April 2022. Following his resignation, Mr. Au has ceased to be a member of each of the Corporate Governance Committee and the Nomination Committee of the Company.
- (4) Mr. Kin Wing CHEUNG retired as an independent non-executive director of Trio Industrial Electronics Group Limited (whose shares are listed on The Stock Exchange of Hong Kong Limited, stock code: 1710) in May 2022.
- (5) At the Company's annual general meeting held on 16 June 2022 (the "2022 AGM"), Mrs. Penny Soh Peng CROSBIE-WALSH, Executive Director, was re-elected as a Director of the Company for an unspecified term, subject to retirement by rotation in accordance with the Company's Articles of Association.
- (6) At the 2022 AGM, Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O'DONNELL, Independent Non-executive Directors, were re-elected as Directors of the Company for a term of approximately two years expiring at the conclusion of the Company's annual general meeting to be held in 2024, subject to retirement by rotation in accordance with the Company's Articles of Association.
- (7) Mr. Ted Tak Tai LEE retired as an independent non-executive director of East West Bank (China) Limited (a wholly-owned China subsidiary of East West Bancorp, Inc. listed on NASDAQ) in July 2022.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2022 are unaudited, but have been reviewed by the Company's external auditor, RSM Hong Kong, 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, whose unmodified review report is set out on page 18 of this interim report. The condensed consolidated financial statements for the six months ended 30 June 2022 have also been reviewed by the Company's Audit Committee.

BOARD OF DIRECTORS

As at the date of this report, the Executive Director is Mrs. Penny Soh Peng CROSBIE-WALSH (Chief Executive Officer), the Non-executive Directors are Mr. Hung Han WONG (Non-executive Chairman) and Mr. David Charles PARKER, and the Independent Non-executive Directors are Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O'DONNELL.

CORPORATE INFORMATION

EXECUTIVE DIRECTOR

Penny Soh Peng CROSBIE-WALSH (*Chief Executive Officer*)

NON-EXECUTIVE DIRECTORS

Hung Han WONG (*Non-executive Chairman*)

David Charles PARKER

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kin Wing CHEUNG

Kiu Sang Baldwin LEE

Ted Tak Tai LEE

Sarah Young O'DONNELL

COMPANY SECRETARY

Pui Man CHENG

AUDITOR

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