安寧控股有限公司

ENM Holdings Limited

Stock Code : 00128

ANNUAL REPORT 2024

CONTENTS

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and securities trading. The principal activities of the subsidiaries comprise of the retail of fashion wear and accessories, investment holding and securities trading.

On 16 June 2024, the Group discontinued the resort and recreational club operations, further details of which are included in note 17 to the financial statements.

BUSINESS REVIEW

The "Chief Executive Officer's Statement" on pages 9 to 29 provides a fair review of the Group's operations, analysis of financial key performance indicators, future outlook and strategies, liquidity and financial position, description of the principal risks and uncertainties facing the Group, particulars of important events that have occurred after the year ended 31 December 2024 as well as a report on the Group's compliance with the relevant laws and regulations that have a significant impact on the Group. Discussions on the Group's environmental policies and performance, the account of the Group's key relationships with its employees, customers and suppliers and community investment are contained in the "Corporate Social Responsibility Report" on pages 55 to 74. The abovementioned discussions and reporting form part of this Report of the Directors.

RESULT AND DIVIDEND

The result of the Group for the financial year ended 31 December 2024 is set out in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 81 and 83.

The Directors do not recommend the payment of dividend for the year ended 31 December 2024.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets, liabilities and non-controlling interests of the Group for the last five financial years, extracted from the published audited consolidated financial statements and restated/reclassified where appropriate, is set out on page 157.

This summary does not form part of the audited consolidated financial statements.

GROUP PROPERTIES

Particulars of the properties of the Group are set out on page 156.

SHARE CAPITAL

There were no movements in the Company's issued share capital during the year ended 31 December 2024.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the financial year.

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 year ended 31 December 2024.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company had no reserves available for distribution to shareholders of the Company.

DONATIONS

Charitable donations made by the Group during the year amounted to HK$7,740.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for less than 5% of the Group's total revenue from continuing operations for the year. The five largest suppliers and the largest supplier accounted for approximately 63% and 29% of the Group's total purchases from continuing operations for the year, respectively.

None of the Directors of the Company, their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) has any beneficial interest in the Group's five largest suppliers.

Due to the business nature of the investment segment, this is not applicable to this segment.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

EXECUTIVE DIRECTOR

Mrs. Penny Soh Peng CROSBIE-WALSH (Chief Executive Officer)

NON-EXECUTIVE DIRECTOR

Mr. Hung Han WONG (Non-executive Chairman)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kin Wing CHEUNG

Ms. Imma Kit Sum LING (appointed on 19 January 2024)

Mr. Hin Fun Anthony TSANG (appointed on 19 January 2024)

Mr. Kiu Sang Baldwin LEE (resigned on 2 January 2024)

In accordance with Article 94 of the Company's Articles of Association, a Director appointed by the Board of Directors (the "Board") either to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

In accordance with Article 103 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, or such higher number of Directors to be determined by the Board, shall retire from office by rotation but shall be eligible for re-election, provided that every Director shall be subject to retirement at least once every three years. The Directors (including those appointed for a special term) to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

Particulars of Directors seeking re-election at the forthcoming annual general meeting are set out in the related notice to shareholders.

DIRECTORS OF SUBSIDIARIES

The list of persons who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is kept at the registered office of the Company and available for inspection by the shareholders of the Company during office hours.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors of the Group.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the Senior Management of the Group are set out on pages 30 to 33.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company that is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS

As at 31 December 2024, none of the Directors or 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, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (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 for Securities Transactions by Directors of Listed Issuers as adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its specified undertakings was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year. None of the Directors or their respective spouses or minor children, had been granted any rights to subscribe for the securities of the Company or had exercised any such right during the year.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted at any time during the year.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, 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%
Chinachem Investments Holding Limited	Interest of controlled corporations	570,974,145	Note (i)	34.59%
Chinachem Group Holdings 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) Chinachem Investments Holding Limited controlled Diamond Leaf Limited and Solution Bridge Limited and was therefore deemed to be interested in the shares held by such companies.

(ii) Chinachem Group Holdings Limited controlled Chinachem Investments Holding Limited and was therefore deemed to be interested in the shares in which such company was deemed to be interested.

(iii) Chinachem Group Holdings 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 Chinachem Group Holdings 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 31 December 2024 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.

CONNECTED TRANSACTION

On 6 September 2024, the Company, as tenant, entered into a surrender agreement and a side letter (collectively the "Surrender Agreement") with Ying Ho Company Limited, Cheong Ming Investment Co., Limited, Dorfolk Investments Limited, Kwong Fook Investors And Developers Limited, The World Realty Limited, On Lee Investment Company Limited, Yau Fook Hong Company Limited, and Tsing Lung Investment Company Limited, (collectively the "Landlords"), pursuant to which the tenancy agreement (the "Tenancy Agreement") in respect of the premises situated at Suites 3301-3302, 33rd Floor, Tower 2, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong (the "Surrendered Premises") was terminated in advance with effect from 12 September 2024 and the Company delivered the Surrendered Premises to the Landlords in its "as is" condition by paying the Landlords a non-refundable forbearance fee in the sum of HK$1,182,000 in lieu of carrying out the reinstatement work. Details of the Tenancy Agreement and the Surrender Agreement are set out in the Company's announcements dated 30 November 2021 and 6 September 2024, respectively.

As at the date of the entering into the Surrender Agreement, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai jointly hold approximately 44.28% of the issued shares of the Company as trustees 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 and are substantial shareholders of the Company. The Landlords are companies controlled by 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, hence, the Landlords are connected persons of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Therefore, the entering into of the Surrender Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Save as disclosed above, during the year ended 31 December 2024, the Group did not have any other connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements, where appropriate, in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed above, there were no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the financial year nor were there any other contracts of significance in relation to the Group's business between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, subsisted at the end of the year or at any time during the financial year.

CORPORATE GOVERNANCE

The Company's Corporate Governance Report is set out on pages 34 to 54.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

RSM Hong Kong, which will retire and being eligible, offers itself for re-appointment at the forthcoming annual general meeting. A motion for the re-appointment of RSM Hong Kong will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Hung Han WONG
Non-executive Director and Non-executive Chairman

Hong Kong, 27 March 2025

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

As noted in last year's annual report, post COVID-19 improvement in the trading environment of the retail and food and beverage sectors of Hong Kong did not sustain throughout 2023 and started to present weaknesses in the second half of that year. The weakness remained in 2024, consequently, the Group decided to cease the Hill Top resort and recreational club operation and at the same time, also did not renew the lease of the SWANK flagship store in Central. In doing so, the Group was able to reduce the loss attributable to owners of the Company by HK$11,843,000 (or 60%) to HK$7,904,000 for the year ended 31 December 2024 as compared to the loss attributable to owners of the Company in 2023, making it the second year in a row of reduction in the Group's operating losses.

Hong Kong's residential property price index fell sharply by 12.5% in the third quarter of 2024 from the same period last year, its eleventh consecutive quarter of year-on-year decline, according to the data released by the Ratings and Valuation Department. It was also one of the biggest year-on-year price fall in the past two decades, and when adjusted for inflation, residential property prices were down by more than 14% over the same period. Coupled with the volatile Hong Kong and China equity markets, contributed to the poor local consumer sentiment in 2024. Other headwinds included a strong Hong Kong currency against the Euro and Japanese Yen which attracted consumers of all income levels to travel and spend abroad. Better variety of entertainment and shopping in neighboring cities like Shenzhen has to offer, also lured consumers that were looking for better value and service away from Hong Kong. At the same time, Mainland Chinese tourists that have returned during the year, in general, stayed for shorter period and spent less on shopping compared to the past.

Cessation of the Group's loss-making resort and recreational club operation in June 2024, and discontinuation of some of the SWANK stores were the primary contributors to the Group's loss reduction, despite 36% lower revenue from the Group's retail fashion business. The total loss reduction was partly offset by a drop in the valuation of the Group's investment property, as a result of the overall weak property market. The investment return from the marketable securities portfolio of the Group remained steady for the year of 2024 when compared to 2023 amidst volatile global investment markets. However, the Group's private equity funds investment unfortunately suffered a 13.9% loss as a result of the lackluster performance of the Chinese and some of the Asean equity markets.

Hilltop property land exchange application through the Lands Department achieved a milestone of receiving the Provisional Basic Terms of Offer from the Lands Department on 30 July 2024. The next stage of the governmental processes that the Company has to go through is the gazettal of the proposed improvement roadworks to Hilltop road and the neighbouring roads and area, which can take more than 18 months to complete, before the execution of a new lease grant can take place.

FINANCIAL REVIEW

	2024 HK$'000	2023 HK$'000 (restated)	Change +ve/(-ve)
Continuing operations			
Revenue	**74,763**	108,031	(31%)
Retail of fashion wear and accessories	**55,964**	86,867	(36%)
Dividend income	**9,587**	14,466	(34%)
Interest income	**9,212**	6,698	38%
Profit/(Loss) from operations	**1,344**	(7,188)	119%
Fair value gains/(losses) on investment properties, net	**(2,600)**	300	(967%)
Finance costs	**(569)**	(1,123)	49%
Loss for the year from continuing operations	**(1,825)**	(8,011)	77%
Loss for the year from discontinued operations	**(6,080)**	(11,373)	47%
Loss for the year (from continuing and discontinued operations)	**(7,905)**	(19,384)	59%
Exclude: One-time item[(1)]	**–**	6,089	100%
Loss for the year (excluding one-time item[(1)])	**(7,905)**	(13,295)	41%
Loss for the year (from continuing and discontinued operations) attributable to shareholders	**(7,904)**	(19,747)	60%
Loss per share	**HK (0.48) cents**	HK (1.20) cents	

(1) The one-time item consisted of professional fee expenditure of HK$6,089,000 incurred in relation to the privatization offer/proposal received from Solution Bridge Limited.

The results for the Group's reportable segments from continuing operations improved from a loss of HK$7,188,000 for the year ended 31 December 2023 to a profit of HK$1,344,000 for the year ended 31 December 2024, and are summarised as follows:

	2024 HK$'000	2023 HK$'000	Change +ve/(-ve)
– Continuing operations			
Retail of fashion wear and accessories	**(3,900)**	(10,310)	62%
Investments	**8,088**	10,027	(19%)
Unallocated corporate income/expenses, net	**(2,844)**	(6,905)	59%
Profit/(Loss) from operations	**1,344**	(7,188)	119%
– Discontinued operations			
Resort and recreational club operations	**(6,080)**	(11,373)	47%

The Group's fashion retail business, SWANK reported decrease in sales revenue of HK$30,903,000 (or 36%) and gross profit of HK$6,315,000 (or 17%) respectively for the year ended 31 December 2024 as compared to previous year. The one third reduction in revenue was mainly attributable to the closure of our mono-brand store, Paule Ka located in Chater House, in July 2023 and the SWANK flagship store located in Central Building in August 2024. Despite the opening of a pop-up store in Lee Garden Two in September 2024, SWANK's total selling footage was reduced by 50% to approximately 5,700 square feet as at September 2024, compared to approximately 11,100 square feet as at 31 December 2023. Online sales during the year under review had also decreased by 48% compared to 2023, as the volume of online shopping post COVID continued to decline globally.

In response to the shrinking footfall, and to avoid accumulation of aged inventories, increased frequencies and higher discounts were offered to attract more customers into SWANK stores and motivated to purchase, hence putting pressure on the profit margin. Nonetheless, with adequate stock provision made for aged inventories in prior financial reporting periods, SWANK's gross profit margin was increased to 55.9% (2023: 43.3%) for the year under review, mainly attributed to strong sales of aged inventories which enabled substantial write-back of stock provision. Despite a reduction in gross profit as compared to the same period last year, the closure of Paule Ka store and SWANK flagship store which resulted in lower occupancy and staff costs, with reduction in selling expenses such as on-line sales commission and credit card charges, and in conjunction with Management's implementation of various major cost saving actions, this segment reported a significant drop in operating loss of HK$6,410,000 to HK$3,900,000 (2023: loss of HK$10,310,000) for the year ended 31 December 2024.

In 2024, the performance of global fixed income and equity markets were divergent and continued to present a challenging investment environment. The investment portfolio of the Group, primarily comprised of marketable bond and equity funds, for the year ended 31 December 2024 generated net realised and unrealised gains (before general and administrative expenses) of HK$23,415,000 (2023: net realised and unrealised gains of HK$27,681,000) which included interest and dividend income of HK$11,603,000 (2023: HK$16,174,000), net gains on disposal of HK$12,101,000 (2023: net losses on disposal of HK$39,000) and net unrealised fair value losses of HK$289,000 (2023: net unrealised fair value gains of HK$11,546,000). While the discretionary investment portfolio managed by three international financial institutions and the marketable funds investment portfolio delivered steady returns in 2024, the performance of the Group's private equity fund investment in ASEAN China Investment Fund III L.P. was poor and recorded an unrealised fair value loss of HK$6,655,000 and received only HK$171,000 of dividend income (2023: unrealised fair value loss of HK$10,435,000 and dividend income of HK$4,411,000) for the year under review. During the year, the entire holding of China Motor Bus Company Limited shares was disposed and realised a net loss on disposal of HK$2,303,000 (2023: unrealised fair value loss of HK$3,689,000). Overall, the Group's Investments segment recorded a segment profit (after general and administrative expenses and bank interest income) of HK$8,088,000 (2023: segment profit of HK$10,027,000).

Hill Top Country Club (the "Club"), the Group's resort and recreational club operation, which was discontinued on 16 June 2024, reported a decrease in operating loss of HK$5,293,000 (or 47%) to HK$6,080,000 for the year ended 31 December 2024 (2023: loss of HK$11,373,000) over a shorter operating period. The trading conditions for the Hong Kong food and beverage ("F&B") sector in recent years have been extremely challenging, brought upon by the impact of COVID, with rising material cost, shortage of F&B staff and sharp decline in patronage as a result of the popular trend of "Northbound Travelling" to Southern China for better and cheaper dining options. With little prospect of increasing the revenue and considering the prolonged losses that the Club has suffered, the Group's decision to close the Club helped to reduce the loss for the year ended 31 December 2024 and avoid further losses.

The Group's year 2024 overall revenue and gross profit from continuing operations declined by HK$33,268,000 (or 31%) and HK$8,680,000 (or 15%) respectively as compared to the previous year, primarily attributable to the decrease in sales revenue of the fashion and retail business and dividend income. However, the overall gross profit margin from continuing operations of the Group for the year ended 31 December 2024 was higher at 67% (2023: 54.4%). The improvement was mostly contributed by the increase in gross profit margin of the fashion and retail business, which benefited from write-back of prior years' stock provision from strong sales of aged inventories.

The Group's other income and expenditure from continuing operations for the year ended 31 December 2024 included:

- Other income of HK$1,257,000 comprising mainly rental income of HK$984,000 (2023: HK$984,000) from the Group's investment property situated in Hong Kong.
- Selling and distribution expenses of HK$22,813,000, with a 29% decrease compared to the amount of HK$31,991,000 for 2023 which is mainly attributable to a decrease in occupancy and staff costs from the closure of SWANK's mono brand retail store, Paule Ka and the SWANK flagship store, and the reduction in online sales commission and credit card charges as a result of a decrease in both online and retail store sales for the year under review.
- Administrative expenses decreased by 17% to HK$38,612,000 (2023: HK$46,551,000), primarily attributable to:
  - Absence of the one-time item of legal and professional fees incurred in 2023 in relation to a proposal received for the privatization of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance (the "Privatization Offer");
  - Reduction in SWANK's staff costs through the streamlining of manpower structure and oversea travelling expenses via stringent cost control; and
  - Lower directors' costs with savings from having fewer board members and without the additional meetings in relation to the Privatization Offer.
- Deprecation for property, plant and equipment, impairment loss and amortization expenses of HK$1,373,000, being 60% higher than HK$857,000 in 2023, mainly attributable to impairment of the computer software for SWANK retail stores.
- "Other operating gains, net" mainly comprised of net realised and unrealised fair value gains of HK$11,812,000 (2023: net realised and unrealised fair value gains of HK$11,507,000) from investment in financial instruments (before interest and dividend income which are included in "Revenue").

In accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), and with the advice from an independent and reputable valuer, the Group has valued Hilltop property (the "Property") (formerly the "club property" as it was being occupied by the Group's resort and recreational club operation) in Tsuen Wan, Hong Kong, based on its highest and best use with reference to the Property having received approval to be rezoned for residential development, after factoring in the uncertainty and timing of the remaining steps required to proceed with the redevelopment. This approach was first adopted for the year ended 31 December 2020 and as such, the fair value of the Property as at 31 December 2024 was determined to be HK$340,000,000 (31 December 2023: HK$370,000,000). The downward revaluation was mainly attributable to an overall decrease in market value of residential properties in Hong Kong while construction cost has increased. This decrease in valuation was recognised as other comprehensive loss for the year ended 31 December 2024 and accumulated in the property revaluation reserve which had no impact on the Group's consolidated statement of profit or loss for the year.

For the year ended 31 December 2024, the Group's finance cost included interest on bank loans of HK$150,000 (2023: HK$342,000) and interest expenses on lease liabilities of HK$419,000 (2023: HK$781,000). The decrease in finance cost was attributable to the reduction in bank borrowings for merchandise purchase in year 2024 and a decrease in interest on lease liabilities of HK$362,000, from the closure of the SWANK's flagship store in Central Building following the expiry of its lease in September 2024.

BUSINESS REVIEW

SWANK

The woes of Hong Kong's retail market in 2024, outlined in the overview section of this report, significantly impacted SWANK's revenue. Sales of luxury fashion wear was most affected by weaker consumer spending, as a result of the economic downturn in China and Hong Kong, low inbound tourists and increase in "reverse travel" of local residents to Mainland China. Even though the number of inbound tourists in 2024 had improved compared to last year, it was widely recognised that there was a change in their consumption and spending behaviours, away from shopping, especially of luxury goods, in favour of local food and beverages and "experiential" spendings.

The closure of SWANK's Central flagship store was followed by the opening of a new, albeit much smaller, pop-up store in Lee Garden Two, Causeway Bay in September 2024, which also offered both womenswear and menswear. Our experienced frontline sales staff brought their best selling skills over to another prime luxury shopping area of Hong Kong. However, it will take some time for the store to become a destination shopping location of our loyal customers.

SWANK's online sales revenue in 2024 was halved compared to last year, following the global trend of decline in online shopping, as affluent consumers of luxury goods returned to brick-and mortar stores. Despite a 36% decrease in total revenue as compared to previous years, the operating loss of SWANK in 2024 was able to continue in its downward trend to achieve loss of HK$3.9 million, 62% lower than for the year ended 31 December 2023.

Hill Top Country Club ("Hill Top" or "the Club") (Discontinued Operation)

As reported in the 2023 Annual Report, the Board resolved to cease the Club's operation from 16 June 2024 after consideration that with the ongoing challenging operating environment, Hill Top would continue to incur material amount of losses. Consequently, Hill Top's operating loss for the year under review, up to the last trading date of 15 June 2024, was HK$6,080,000 which was HK$5,293,000 or 47% lower compared to the loss of HK$11,373,000 for the year ended 31 December 2023.

The closure procedure was carried out by Management with utmost care and professionalism. Assistance was provided to redundant staff to secure potential employment with another friendly company. In recognition of many of the staff's services and loyalty to Hill Top, their severance packages were better than the statutory entitlement. Management also initiated contact with another Hong Kong private recreational club to offer assistance in communicating to Hill Top's members its offer of special new membership, which helped to address members' disappointment with the Club's closure.

Investments

The Group's investment in financial instruments mainly comprises three categories: (A) Marketable Funds Investment including, unitized open-end bond and equity fund, and money market investment; (B) Discretionary Investment Portfolios managed by three financial institutions with pre-agreed mandate and controlled by the Group; and (C) Other Fund Investments, including Private Equity Funds. As at 31 December 2024, the total carrying value of the Group's investment portfolio in financial instruments was HK$388,771,000 (31 December 2023: HK$525,371,000), representing approximately 37.5% (31 December 2023: 47.6%) of the carrying value of the Group's total assets.

Extending their 2023 strength, the global equity markets repeated a strong performance in 2024, bolstered by the resilience of the respective economy and interest rate cuts by most of the central banks in the world. The performance of the global equity markets, represented by the FTSE All World Index, gained 17.8% in 2024, with the United States ("US") being the biggest weighting country (of 63.6%) in the index as the main driver, gaining 25%. In contrast, clouded by the volatile interest rate expectation, the global fixed income market, represented by the Bloomberg Global Aggregate Index (currency unhedged), fell by 1.7% in 2024, as the unstable US inflation data and the newly elected President Donald Trump's pro-business policies kept the market expectation on interest rate swinging wildly.

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

The marketable funds investment portfolio consists of 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$253,544,000 as at 31 December 2024 (31 December 2023: HK$306,572,000), representing approximately 24.4% of the carrying value of the Group's total assets; and the asset allocation in this portfolio was 16.4% in a money market investment, 57.3% in bond funds, and 26.3% in enhanced yield funds. This category of portfolio recorded a total net gain of HK$18,861,000 or 5.7% (2023: a total net gain of HK$16,561,000) for the year ended 31 December 2024. The net gain was attributable to HK$4,973,000 of unrealised mark-to-market gain, HK$5,588,000 of realised gain on disposal and HK$8,300,000 of dividend and interest income received.

Investment Grade & High Yield Bond Funds

On this strategy, the Group held five funds which can be grouped into the categories of investment grade and high yield bond funds. As at 31 December 2024, the fair value of the Group's investment in this strategy was HK$145,259,000, representing approximately 57.3% of the carrying value of the marketable funds investment portfolio and 14% of the carrying value of the Group's total assets. The net return on this investment strategy was a HK$8,124,000 gain or 4.7% for the year ended 31 December 2024. Below is the individual fund with fair value exceeding 5% of the carrying value of the Group's total assets.

PIMCO GIS- Income Fund

The PIMCO 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 3.0% for the period of 2020 to 2024. As at 31 December 2024, the fair value of the Group's investment in this fund was HK$53,109,000 (31 December 2023: HK$67,470,000), representing approximately 5.1% of the carrying value of the Group's total assets. The net return of this fund was HK$3,703,000 gain or 5.5% for the year ended 31 December 2024, comprised a HK$90,000 realised gain on disposal, a HK$447,000 unrealised mark-to-market loss and HK$4,060,000 of dividend received.

Enhanced Yield Fund

As at 31 December 2024, the Group held six funds in this strategy with a fair value of HK$66,786,000, representing approximately 26.3% of the carrying value of the marketable funds investment portfolio and 6.4% of the carrying value of the Group's total assets. This portfolio consisted of one China long/short credit fund, one infrastructure private fund, two private real estate funds and two private credit funds. The net return on investment was a HK$7,115,000 gain or 8.0% for the year ended 31 December 2024. The Group's investment in individual fund in this strategy did not exceed 5% of the carrying value of the Group's total assets.

Equity Funds

During the year, the Group sold all four of the equity strategy funds which was one U.S. fund, one China offshore fund, one China A-share fund, and one Asian (excluding Japan) fund. The net return on investment of this portfolio was a HK$3,168,000 gain or 7.6% for the year ended 31 December 2024.

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 at 31 December 2024, the total carrying value of the MS Portfolio was HK$50,287,000 (31 December 2023: HK$67,966,000) with a total of 25 funds and ETF holdings, representing approximately 4.9% of the carrying value of the Group's total assets. The asset allocation in the portfolio comprised 2.0% money market investment, 24.0% fixed income funds, 62.2% equity funds (including ETF) and 11.8% 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 gross gain of HK$5,403,000 or 8.7% return 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 into the portfolio. Investments in this portfolio are all fixed income securities following disposal of all of the equity investments in July-August 2024. As at 31 December 2024, the total market value of the LGT portfolio was HK$41,530,000 (31 December 2023: HK$62,327,000), consisting of 47 fixed income securities, representing approximately 4% of the carrying value of the Group's total assets. The LGT portfolio aims to diversify risk and mitigate volatility of the investment markets with fixed income investment as the dominant asset class. The LGT portfolio recorded a gross gain of HK$5,043,000 or 8.8% return 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. This investment portfolio was liquidated in December 2024, realizing a gross gain of HK$3,152,000 or 13.8% return during the period under review.

C. Other Fund Investments - Private Equity Funds

The total carrying value of the Group's investment in this category was HK$43,410,000 as at 31 December 2024 (31 December 2023: HK$49,822,000) and recorded a net loss of HK$7,083,000 (2023: a net loss of HK$6,331,000) for the year ended 31 December 2024.

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 Southeast Asia countries and Mainland China. As at 31 December 2024, the Group has invested a total of HK$24,250,000 in this fund and the Group's share of capital value was HK$16,113,000 based on the management accounts the fund manager has provided. The total return on investment of ACIF III was a HK$6,484,000 net loss for the year ended 31 December 2024 (2023: net loss of HK$6,024,000), comprised of HK$6,655,000 fair value loss and HK$171,000 distribution income received. This fair value loss mainly stemmed from decline in the fair value of the fund's listed and unlisted securities holdings of Mainland Chinese and Indonesia companies. 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 Managers with good track records. ACIF III has delivered a satisfactory 12.00% net internal rate of return since inception.

ASEAN China Investment Fund IV L.P. ("ACIF IV")

With the success of ACIF III, the Group 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 Mainland China, and their respective overseas trading partners. As at 31 December 2024, the Group had invested a total of HK$30,044,000 in this fund and the Group's share of capital value was HK$27,297,000 based on the management accounts the fund manager has provided. The total return of the Group's investment in ACIF IV was a HK$599,000 net loss for the year ended 31 December 2024 (2023: net loss of HK$307,000). This fair value loss was primarily from decline in the fair value of the fund's listed securities in Vietnam and unlisted securities in Mainland China. Similar to ACIF III, ACIF IV is also viewed as a long-term diversified investment of the Group's portfolio.

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 providing liquidity. Under the above backdrop of investment objectives, in order to improve performance whilst balancing with risk management, importance of potential returns to shareholders and necessary specialised and skilled investment management, the Group has determined to minimise its direct investments in individual listed securities and increase the proportion of its investment substantially in unitized equity and bond funds that are managed by professional and recognised asset managers. The Group has also allocated a certain portion of its investment to two Discretionary Investment Portfolios that are managed by two reputable international financial institutions in Hong Kong under specific agreed mandate and controlled by the Group.

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

The Group's investment portfolio as at 31 December 2024 was as follows:

Stock code / ISIN code / Bloomberg code	Company name	Principal businesses	Number of shares / units held as at 31 December 2024 '000	Note	Percentage of shareholding as at 31 December 2024 %	Investment cost of investments held as at 31 December 2024 HK$'000 (Note 4)	For the year ended 31 December 2024: Fair value gain/ (loss) HK$'000	Gain / (loss) on disposal HK$'000	Interest income HK$'000	Dividend income HK$'000	Total HK$'000	Fair value as at 31 December 2024 HK$'000	Percentage to the Group's total assets as at 31 December 2024 %	Fair value as at 31 December 2023 HK$'000
Financial Assets at fair value through profit or loss														
- Current assets														
A. Marketable Funds Investment Portfolio, at fair value														
Unlisted														
Investment Grade & High Yield Bond Funds														
PINCMII ID	PIMCO GIS – Income Fund	Bond fund	639		N/A	56,811	(447)	90	–	4,060	3,703	53,109	5.1%	67,470
RHYBCHU LX	Robeco High Yield Bond Fund	Bond fund	37		N/A	30,309	(364)	–	–	1,969	1,605	27,158	2.6%	27,522
FASBYAU LX	Fidelity Asian Bond Fund	Bond fund	238		N/A	29,953	980	–	–	–	980	28,450	2.8%	27,469
DCGBDUA ID	Dodge & Cox Worldwide Funds Plc - Global Bond Fund	Bond fund	246		N/A	23,340	172	–	–	–	172	25,984	2.5%	25,812
GSAPUDH KY	Goldman Sachs INV UNT TST-AS High Yield Bond Fund	Bond fund	87		N/A	7,780	1,258	–	–	–	1,258	10,558	1.0%	9,301
BGATBDU LX	BGF Asian Tiger Bond Fund	Bond fund	–		N/A	N/A	–	406	–	–	406	–	0.0%	16,545
Subtotal							1,599	496	–	6,029	8,124	145,259	14.0%	174,119

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2024 was as follows:

Stock code / ISIN code / Bloomberg code	Company name	Principal businesses	Number of shares / units held as at 31 December 2024 '000	Note	Percentage of shareholding as at 31 December 2024 %	Investment cost of investments held as at 31 December 2024 HK$'000 (Note 4)	For the year ended 31 December 2024: Fair value gain/ (loss) HK$'000	Gain / (loss) on disposal HK$'000	Interest income HK$'000	Dividend income HK$'000	Total HK$'000	Fair value as at 31 December 2024 HK$'000	Percentage to the Group's total assets as at 31 December 2024 %	Fair value as at 31 December 2023 HK$'000
Financial Assets at fair value through profit or loss														
- Current assets														
Enhanced Yield Funds														
PRUENHN KY	Prudence Enhanced Income Fund Class A - Series 1	Alternative fund	4		N/A	23,026	3,279	2,245	–	–	5,524	30,398	2.9%	47,437
LU2571549042	Brookfield Infrastructure Income Fund	Alternative fund	193		N/A	15,560	470	–	–	587	1,057	16,030	1.5%	15,560
	Others	Alternative fund			N/A	N/A	(772)	(339)	–	1,645	534	20,358	2.0%	26,305
Subtotal							2,977	1,906	–	2,232	7,115	66,786	6.4%	89,302
Equity Funds														
DCUSSUA ID	Dodge & Cox Worldwide US Stock A USD	Equity fund	–		N/A	N/A	–	2,340	–	–	2,340	–	0.0%	24,028
SCHAEYC LX	Schroder International Selection Fund Asian Equity Yield	Equity fund	–		N/A	N/A	–	1,095	–	–	1,095	–	0.0%	11,414
	Others	Equity fund			N/A	N/A	–	(267)	–	–	(267)	–	0.0%	6,367
Subtotal							–	3,168	–	–	3,168	–	0.0%	41,809
Listed and unlisted														
Money Market Investment														
LU0128496485	Pictet SICAV - Pictet - Short-Term Money Market USD	Money market fund	12		N/A	14,782	314	–	–	–	314	15,096	1.5%	–
LU0904783460	Blackrock ICS USD Liquidity Fund accumulation class	Money market fund	28		N/A	24,977	82	18	–	–	100	25,059	2.4%	–
	Others	Corporate bond investment			N/A	N/A	1	–	39	–	40	1,344	0.1%	1,342
Subtotal							397	18	39	–	454	41,499	4.0%	1,342
Subtotal							4,973	5,588	39	8,261	18,861	253,544	24.4%	306,572

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2024 was as follows:

Stock code / ISIN code / Bloomberg code	Company name	Principal businesses	Number of shares / units held as at 31 December 2024	Note	Percentage of shareholding as at 31 December 2024	Investment cost of investments held as at 31 December 2024	For the year ended 31 December 2024: Fair value gain/ (loss)	Gain / (loss) on disposal	Interest income	Dividend income	Total	Fair value as at 31 December 2024	Percentage to the Group's total assets as at 31 December 2024	Fair value as at 31 December 2023
			'000		%	HK$'000 (Note 4)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	%	HK$'000
Financial Assets at fair value through profit or loss														
- Current assets														
B. Discretionary Investment Portfolio, at fair value														
1) Managed by Morgan Stanley Asia International Limited														
Listed and Unlisted														
	Others	Mainly Money market fund, Bond fund, Equity fund and Equity ETF		1	N/A	N/A	2,459	2,842	–	102	5,403	50,287	4.9%	67,966
Subtotal							2,459	2,842	–	102	5,403	50,287	4.9%	67,966
2) Managed by LGT Bank (Hong Kong)														
Listed and unlisted														
	Others	Corporate and government bond		2	N/A	N/A	(330)	(307)	1,977	–	1,340	41,530	4.0%	43,500
	Others	Equity and Fund investment			N/A	N/A	–	3,540	–	163	3,703	–	0.0%	18,827
Subtotal							(330)	3,233	1,977	163	5,043	41,530	4.0%	62,327
3) Managed by Julius Baer														
Listed and unlisted														
	Others	Mainly Bond and Equity ETF			N/A	N/A	–	2,741	–	411	3,152	–	0.0%	21,883
Subtotal							–	2,741	–	411	3,152	–	0.0%	21,883
Subtotal							2,129	8,816	1,977	676	13,598	91,817	8.9%	152,176

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2024 was as follows:

Stock code / ISIN code / Bloomberg code	Company name	Principal businesses	Number of shares / units held as at 31 December 2024 '000	Note	Percentage of shareholding as at 31 December 2024 %	Investment cost of investments held as at 31 December 2024 HK$'000 (Note 4)	For the year ended 31 December 2024: Fair value gain/ (loss) HK$'000	Gain / (loss) on disposal HK$'000	Interest income HK$'000	Dividend income HK$'000	Total HK$'000	Fair value as at 31 December 2024 HK$'000	Percentage to the Group's total assets as at 31 December 2024 %	Fair value as at 31 December 2023 HK$'000
<u>Financial Assets at fair value through profit or loss</u>														
- Non-current assets														
C. Other Fund Investments, at fair value														
Unlisted investments														
N/A	ASEAN China Investment Fund III L.P.	Private Equity Fund	3,967	3	1.532%	24,250	(6,655)	–	–	171	(6,484)	16,113	1.6%	22,548
N/A	ASEAN China Investment Fund IV L.P.	Private Equity Fund	3,862	3	1.649%	30,044	(736)	–	–	137	(599)	27,297	2.6%	27,274
Subtotal							(7,391)	–	–	308	(7,083)	43,410	4.2%	49,822
- Current assets														
D. Listed Equity Investments, at fair value														
Listed in Hong Kong														
26	China Motor Bus Company Limited	Property Development and Investment	–		N/A	N/A	–	(2,303)	–	342	(1,961)	–	0.0%	16,801
Subtotal							–	(2,303)	–	342	(1,961)	–	0.0%	16,801
Total							(289)	12,101	2,016	9,587	23,415	388,771	37.5%	525,371

Notes:

1) Including fund investments disposed during the year and the Group's current holding of 25 investments, mainly in unlisted bond, equity and money market fund, and listed equity ETFs held at the year end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 31 December 2024.

2) Including fixed income investments disposed during the year and current holding of 47 investments in USD corporate bonds with fixed tenor, listed in Hong Kong and overseas, and unlisted USD corporate bond held at year end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 31 December 2024.

3) It represents paid-up amount of the Partners' capital in Thousand US Dollars which the Group had paid as at 31 December 2024.

4) For investments held at year end with carrying value more than 1% of the Group's total asset as at 31 December 2024.

Other Group Assets

The Group will continue to focus on the land exchange application of Hilltop property. A number of external consultants with appropriate expertise have been engaged to support Management and work closely with all the relevant government departments to promptly deliver the necessary responses to facilitate, and where possible, expediate the land exchange application process.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

KEY RISKS AND UNCERTAINTIES

The Group's business prospects, operating results and financial position have been and will continue to be affected by a number of risks and uncertainties. The following sections identify the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties additional to the ones outlined below.

Business Risk

Fashion Retail Business

Shop premises

A key factor to the success of a fashion retail business is the establishment of physical retail stores at suitable locations for our targeted customers. Given the scarcity of reasonably priced prime retail premises, there is no assurance of SWANK's ability to secure premises that are suitable for its retail stores or to lease them at commercially attractive terms. SWANK's business plans and performance may be adversely affected and hence it is important to keep up to date and maintain good connections with the key leasing personnel of desirable retail premises.

eCommerce competition

During the COVID-19 pandemic, the luxury fashion E-Commerce market began to flourish. Post pandemic, although the volume of online shopping is on a downward trend, it continues to offer ease of purchase, competitive pricing and wide offerings that could still potentially impact SWANK's in-store sales revenue, although this threat is gradually reducing. SWANK will have to ensure that its experienced sales team continue to provide the unique "in store shopping" experience to be more than just a transactional destination to mitigate this risk.

Supplier and brand partnership

The decrease in our sales volume might impact the partnership with key brands in their willingness to continue to supply smaller quantities of merchandise to SWANK. We need to work closely with key brands and maintain good relationships to keep up the trust and loyalty. We try to work with reputable partners and have adopted a supplier selection policy whereby brands and suppliers are evaluated on the quality of their product, price rate, popularity and trend, trading terms, advertising and promotion support and credibility.

Customer database

SWANK runs a customer loyalty program that requires our customers to provide personal data and other sensitive information. Hence, we have developed policy in handing data security and privacy, and applied IT security controls to protect the data.

Resort and Recreational Club Operation

As mentioned elsewhere in this report, the Club ceased operation from 16 June 2024. Prior to its closure, the Club faced the following business risks:

Aging of facilities

Majority of the Club's facilities were very old and had not been refurbished, which would have affected the efficiency of their usage and carried higher maintenance costs to ensure compliance with various statutory and relevant regulations. Appropriate repair and maintenance works were undertaken as and when needed.

Membership database

As a Club operator with possession of membership data and other personal information, we had to be careful with the security and privacy in the handling of these data. IT security controls and employee guidelines on handling such private and sensitive information are provided at a company-wide basis to ensure that they are protected. The Club would ensure that the handling of all membership data followed relevant privacy regulations in Hong Kong in relation to dealing with such data during and after the closure of the Club's operation.

Tight labour market

The labour market for the food and beverage industry is known to be tight in Hong Kong in recent years, the Club had to depend on the supply of casual staff engaged via external recruitment agencies to support banqueting events.

After the closure of the Club, maintenance of the grounds and security of the premises are required to ensure the safety and compliance with rules and regulations of relevant government agencies including the Fire Services Department, Buildings Department and Lands Department. The Company has engaged relevant external professional vendors to assist in meeting all the requirements.

Investments in Financial Instruments

The Group's investment portfolio faces different kinds of market risk. In recent years, central bank of major financial markets had tightened monetary policy by raising interest rates to achieve economic goals of controlling inflation or defending the local currencies. Such tightening action has caused volatilities in both fixed income and equity markets of different magnitude which can significantly impact the marked to market price of the Group's investments. In addition, fluctuation in the global, regional or local financial market conditions, and the political and economic factors in relevant countries or business sectors may also result in realised or unrealised loss on the Group's investment portfolio.

In addition to the above market risks, financial instruments investment also faces issuer risk, liquidity risk and currency risk. Issuer risk refers to the ability of an Issuer, and/or a Guarantor (if any) associated with a specific security, to meet its payment obligation to investors. This could have major impact on the return and valuation of the investment. Liquidity risk consists of secondary market risk and redemption risk. An investment product may have no buyer, or the bid price may be below the original purchase price in the secondary market and/or there might be redemption restriction for certain investment. Currency risk refers to the fact that if a product is denominated in a currency other than the Group's base currency, fluctuation in the rate of exchange may have an adverse effect on the value, price or income in respect of the investment.

After the strong performances in major financial markets in 2024, the investment market is expected to remain highly volatile as the US president Donald Trump's policies are expected to be highly uncertain and central banks' monetary policies are still susceptible to macro factors such as inflation, employment, and the condition of financial system liquidity. Against this backdrop of uncertainties, the Group will continue its prudent approach to balance the risks and returns of its investment portfolio. Furthermore, the Group has not used any leverage in its investment and does not invest in speculative derivatives, to avoid exposure to high-risk investment products.

Strategic Direction Risk

The success of the Group's operations depends on achieving the strategic objectives, tied in with creating long-term value for shareholders, which may be through acquisitions, joint ventures, dispositions or restructurings. The Group faces risk in its application of assets and capital towards suitable investments and seizure of business and investment opportunities when they arise.

Appropriate measures have been put in place by Management to implement strong budget control and appropriate variance analysis to enable intelligent input to strategic decisions. The Board of Directors, with its broad and diverse knowledge and experience, has continued to provide strategic thinking and leadership, as well as oversight on behalf of all shareholders, in steering the direction and setting the parameters of the Group's decision-making. Implementation of, and performance against, appropriate strategy is monitored at both Management and Board level through regular updates and open communication.

Cyber risk and security and data fraud or theft

Cyber-attack on the Group's information technology ("IT") system, can have serious impact on its retail operation and also disrupt the overall business, and data breaches can lead to unauthorised disclosure of customer data and access to Group information that may adversely affect the business integrity of the Group, potentially be in breach of various laws and regulations, as well as adversely affect our customers. In a global environment whereby cyber-attack and data breach are common occurrence, cyber security and data protection is critical and hence the Group has developed comprehensive internal control guidelines for information technology security policy, which are documented in the Internal Control handbook and reviewed periodically and updated, as required.

The Group has put in place the following key IT security measures:

(a) Implemented Next Generation Firewall and firewall upgraded with feature of zero-day protection.

(b) Used End Point Protection (anti-virus) with periodical update.

(c) Engaged email filtering service of a professional security vendor.

(d) Periodically back up data.

(e) Appropriate operating system security patch update provided by software vendors.

(f) Review the IT Risk Register and Internal Control Handbook annually.

(g) Perform regular network security assessment.

Manpower and Retention Risks

Following the social unrest in 2019, there were a number of changes in the Hong Kong government's policies, rules and regulations which coincides with the highest number of local populations migrating overseas and expat repatriation. Hence the competition for acquiring high calibre and competent talent in the open market within which the Group operates is high, making the goal to minimise input costs challenging. This in turn increases the risk of not being able to attract and retain key staff personnel and talent with appropriate and required skills, experience and competence to deliver the Group's business objectives. Therefore, the Group, in recognizing this risk whilst keeping consistent with the need to manage expenditure, has continued to provide attractive remuneration packages and training opportunities to suitable candidates and appropriate personnel. Effective and regular performance evaluation has also been adopted in order to reward outstanding employees and provide career path development. Furthermore, the Group has also implemented flexible work arrangements to retain and attract the work-life balance workforce.

Legal and Compliance Risks

Legal and compliance risks relate to risks arising from the government and regulatory environment which the Group trades in, including those arising from our obligations to The Stock Exchange of Hong Kong Limited and Securities and Futures Commission, and action risks in relation to legal proceedings and compliance with local laws and regulations, including those relating to financial reporting, labour and environmental protection, prevention of corruption and health and safety.

We are exposed to certain legal risks in the course of our businesses, which may lead to enforcement actions, fines and penalties or the assertion of litigation claims and damages. While we believe that we have adopted appropriate risk management and compliance programs, and where necessary taken appropriate steps or made what we consider to be appropriate provisions, legal and compliance risks will continue to exist with possible legal exposures and other contingencies, the outcome of which cannot be predicted with certainty.

Financial Risks

The Group is exposed to financial risks including foreign exchange risk, pricing risk, credit risk, liquidity risk and interest rate risks in the normal course of its business. For further details of such risks and relevant policies, please refer to Note 6 to the consolidated financial statements.

Macro-economic, Political Instability and Business Continuity Risk

The Group runs diverse business operations and is exposed to changing economic, social and political developments that may impact consumer demand, disrupt operations and impact profitability. Adverse macro-economic conditions, social unrest or virus spread may impact the spending habits of consumers, investment returns and in turn our operations and overall financial performance. Any major disruption could make it challenging for the Group to continue its normal day-to-day business activities.

Our diversified operating strategy helps to mitigate the risk of reliance on particular investments or business operation. The Group has developed and continues to refine its business contingency plans and arrangements to ensure preparedness and business continuity. The Group's IT systems have specific disaster recovery arrangements and is able to support remote working, away from the head office operation if employees are unable to travel to the office.

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. 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 that are also in place for forward foreign exchange contracts which are utilised when considered appropriate to mitigate foreign exchange exposures.

The Group's purchases of merchandise from overseas 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.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2024, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK$236,464,000 (31 December 2023: HK$109,576,000). The increase in the amount is in line with the Group's prevailing investment strategy and actively managed by the investment department. Total borrowings and lease liabilities amounted to HK$ Nil (31 December 2023: HK$5,079,000) and HK$3,158,000 (31 December 2023: HK$8,396,000) respectively with HK$2,323,000 (31 December 2023: HK$13,475,000) repayment falling due within one year. As previously reported and elaborated in detail above, the Group has invested a substantial proportion of the cash and non-pledged deposit holdings in unitized open-end equity and bond funds since the second half of 2018 and continued to stay invested. The Group will retain sufficient cash deposits for its regular operation activities in the treasury portfolio and has chosen to invest a high proportion in marketable funds to ensure that there is more than adequate liquidity. As at 31 December 2024, the Group's gearing ratio (a comparison of total borrowings and lease liabilities with equity attributable to equity holders of the Company) was 0.3% (31 December 2023: 1.3%) and is in a sound financial position with its current ratio (current assets over current liabilities) standing at 46.3 times (31 December 2023: 16.9 times).

Management will closely monitor the financial position of the Group and believes that while the near term remains challenging for business operation, our strong liquidity and tight-cost management will provide support for the long-term prospects of the Group.

As at 31 December 2024, 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 audited consolidated financial statements. All borrowings of the Group are on a floating interest rate.

PLEDGE OF ASSETS

As at 31 December 2024, HK$10,000,000 of the Group's fixed deposits (31 December 2023: HK$10,000,000) were pledged to a bank to secure trade banking facilities of up to HK$30,000,000 (31 December 2023: HK$30,000,000) and foreign exchange facilities.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

SWANK, the fashion retail business, complies with the requirements under the Sales of Goods Ordinance, the Trade Descriptions Ordinance and the Competition Ordinance in respect of the sale of merchandise in Hong Kong. During the year, before the resort and recreational club operation ceased in June 2024, Hill Top operated strictly in compliance with the Clubs (Safety of Premises) Ordinance and related laws and regulations. The Group's investments in financial instruments complies with the Securities and Futures Ordinance ("SFO") and the disclosure requirements under the Listing Rules.

In relation to Human Resource Management, the Group is committed to complying with the requirements of all applicable ordinances including the Employment Ordinance, the Employees' Compensation Ordinance, the Minimum Wage Ordinance, the Mandatory Provident Fund Schemes Ordinance, the Occupational Retirement Schemes Ordinance, the Personal Data (Privacy) Ordinance, ordinances which deal with discrimination against disability, sex, family status and race, and ordinances relating to occupational safety of staff, so as to safeguard the interests and well-being of employees. The Group also values good conduct of employees and wishes to safeguard shareholder funds and integrity of its businesses and business decisions and has thus adopted a Code of Conduct which sets out clear guidelines on prevention of bribery and to regulate and restrict the acceptance of benefits by employees.

The Group is committed to safeguarding personal data, specifically to protect the privacy of SWANK customers when collecting and processing their personal information, the Group complies with the Personal Data (Privacy) Ordinance.

At the corporate level, the Group complies with the requirements under the Companies Ordinance, the Listing Rules and the SFO for, among other things, the disclosure of information and proper and effective corporate governance.

To ensure that the Group complies with relevant laws and regulations, Management regularly reviews its practices to keep up to date with the latest developments in regard to all relevant laws and regulations. Training on important topics such as the anti-corruption procedures and practices are provided periodically. Appropriate policies and procedures have been put in place to ensure compliance with the relevant laws and regulations. These policies and procedures are reviewed and updated where necessary. Management and business unit/department heads attend external seminars and workshops on a regular basis to keep informed of the latest developments in regard to all relevant laws and regulations. During the year ended 31 December 2024, the Group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Group.

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

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 year.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 39 staff, including one Executive Director, compared to 97 staff as at 31 December 2023. Total employee costs (including Directors' emoluments) were approximately HK$28,800,000 (2023: HK$36,309,000) from continuing operations and HK$6,981,000 (2023: HK$13,619,000) from discontinued operations, totally HK$35,781,000 (2023: HK$49,928,000) from all operations for the year ended 31 December 2024. Employees' remuneration is determined with reference to individual's duties, responsibilities and performance. The Group provides employee benefits such as staff medical and life insurance schemes, provident and pension funds, sales commissions, discretionary performance bonuses and internal/external training support. The Group has a comprehensive Code of Conduct to be adhered by all Group employees and Executive Directors.

FUTURE OUTLOOK AND STRATEGIES

SWANK

As anticipated in last year's annual report, the Group's fashion retail business encountered strong headwinds in 2024. The challenging Hong Kong retail market, especially for the luxury fashion segment, materially impacted SWANK's sales revenue. To that end, the flagship store was closed to reduce merchandise purchase and operating expenses, and mitigate the Group's operating loss. Management will continue to apply the same approach on the operating of the remaining stores.

With modest economic recovery in Hong Kong and China expected in 2025, consumer spending in luxury retail can be expected to continue to be weak. Therefore, it is foreseeable that the sales revenue of SWANK will continue on a downward trend. The cost reduction measures undertaken in 2024 will continue into 2025 to minimise fixed operating costs.

Hilltop Property

After the closure of Hill Top's club operation on 16 June 2024, which has helped to reduce the Group's operating loss, the focus will continue to be on expediting the land exchange application to enable fulfilment of the approved change in use of the land.

Investments in Financial Instruments

The performance of global fixed income and equity markets continued to be divergent into 2025, with the European and Chinese equity markets surprisingly outperforming the United States (the "US"). On the other hand, the US fixed income market has outperformed its European and Asian counterparts.

It is widely expected that the financial markets, in particular the equity markets, to remain highly volatile in the coming year as the policies implemented by the new US administration may create high uncertainties in the geo-political environment, the economic growth and inflation outlooks, posing threats to the sustainability and continuity of the gains in the investment markets. Hence, the Group will continue a prudent approach to balance the risks and reward of investment through diversification of securities type, geography and industries.

Penny Soh Peng CROSBIE-WALSH
Executive Director and Chief Executive Officer

Hong Kong, 27 March 2025

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTOR

Mrs. Penny Soh Peng CROSBIE-WALSH (Former Name: Soh Peng LEE), aged 57, has been an Executive Director of the Company since November 2021 and the Chief Executive Officer of the Company since February 2022. Mrs. Crosbie-Walsh is the chair of the Investment Committee and a member of the Corporate Governance Committee of the Company, and a director of all principal subsidiaries of the Company. She was the Chief Operating Officer of the Company from July 2021 to January 2022.

Before joining the Group, Mrs. Crosbie-Walsh held various positions in areas of operations, accounting and finance, internal audit and board directorship in a variety of industries that span across non-governmental organisation ("NGO"), consumer goods, fashion retail, professional accounting and legal firms. Mrs. Crosbie-Walsh held the positions of Director of Operations for the Corporate Finance & Reconstruction division of PricewaterhouseCoopers Hong Kong and financial controller at Marks and Spencer (Hong Kong) Limited (now known as ALF Retail Hong Kong Limited). Mrs. Crosbie-Walsh has been working in Hong Kong since she joined the internal audit department of Philip Morris (Hong Kong) Limited in 1993. Mrs. Crosbie-Walsh obtained her Chartered Accountant qualification during her employment at KPMG Australia in Melbourne and holds a Bachelor of Economics degree in Accounting from La Trobe University in Melbourne, Australia.

Mrs. Crosbie-Walsh is currently a Board director of a local NGO, Harmony House Limited ("HHL"), and also holds positions as chair of their staffing committee as well as a member of HHL's various other board-level committees.

NON-EXECUTIVE DIRECTOR

Mr. Hung Han WONG, aged 53, has been a Non-executive Director and the Non-executive Chairman of the Board of the Company since June 2021. Mr. Wong is a member of the Audit Committee, the Investment Committee and the Remuneration Committee of the Company.

Mr. Wong is currently an executive director and the Chief Operating Officer of Chinachem Group, an appointment he held since 2018. He has been a member of the Executive Committee since 2016 which subsequently transitioned to be the Chinachem Group board in 2024. Mr. Wong has over 29 years of experience spanning the information technology, consultancy and real estate industries. His career started with Hewlett-Packard, a US multi-national corporation which provided IT products and services. Thereafter, he spent a couple of years as a consultant in PricewaterhouseCoopers prior to joining Chinachem Group in 2013. Mr. Wong holds a Master of Science in Real Estate degree from the University of Hong Kong, a Master of Business Administration degree from the Hong Kong University of Science and Technology and a Bachelor of Science (Computer and Information Sciences) degree from the National University of Singapore.

Mr. Wong was a non-executive director of Pine Care Group Limited (delisted from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 February 2024) from October 2022 to February 2024.

Mr. Wong is a director and a member of the Strategic Investment Committee of Chinachem Group Holdings Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Furthermore, he is a director of Milestone Management Limited, which is a corporate director of Chinachem Investments Holding Limited, Diamond Leaf Limited and Solution Bridge Limited, entities that are also substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kin Wing CHEUNG, aged 70, has been an Independent Non-executive Director of the Company since June 2016. Mr. Cheung is the chair of the Audit Committee and the Nomination Committee, and a member of the Investment Committee and the Remuneration Committee of the Company.

Mr. Cheung has extensive experience in information technology, financial accounting, auditing and management. Since February 1999, he has been a director and lead consultant of Sunplex Consultants Limited, a company providing human resources management and information technology consultancy services to its clients (including government organisations and private companies). Mr. Cheung had held several positions, including assistant manager, manager and senior manager in Coopers & Lybrand (now known as PricewaterhouseCoopers) between September 1980 and March 1995 and was a partner of Coopers & Lybrand (now known as PricewaterhouseCoopers) from March 1995 until his resignation in May 1999. He was a director of the finance and operation department of the Hong Kong Institute of Certified Public Accountants between July 2004 and April 2008 and a consultant of the Hong Kong Institute of Certified Public Accountants between April 2008 and August 2008. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Institute of Chartered Accountants in England and Wales. Mr. Cheung holds a Bachelor of Commerce degree from the University of Calgary, Canada.

Mr. Cheung is currently an independent non-executive director of BaWang International (Group) Holding Limited (stock code: 1338) and Kin Pang Holdings Limited (stock code: 1722), all being companies listed on the Main Board of the Stock Exchange. He is also a director of Self Strengthening Service Centre Limited, which is an NGO engaged in charitable activities to help the underprivileged.

Mr. Cheung was an independent non-executive director of Trio Industrial Electronics Group Limited (stock code: 1710), a company listed on the Main Board of the Stock Exchange from February 2017 to May 2022. He was also an independent director of AXA China Region Trustees Limited, a provider of investment and retirement solutions, from August 1999 to August 2015, and an independent non-executive director of Bank of Communications Trustee Limited, a trust company, from November 2003 to January 2018.

Ms. Imma Kit Sum LING, aged 70, has been an Independent Non-executive Director of the Company since January 2024. Ms. Ling is the chair of the Remuneration Committee, and a member of the Audit Committee, the Corporate Governance Committee and the Nomination Committee of the Company.

Ms. Ling is a Certified Public Accountant (Practising) and is a retired assurance partner of PricewaterhouseCoopers. She has extensive experience in accounting, auditing, due diligence and initial public offerings. Ms. Ling is a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants, a member of the Chartered Professional Accountants of Ontario, Canada and a member of Chartered Institute of Management Accountants. She is also an accredited general mediator of the Hong Kong Mediation Accreditation Association Limited. Ms. Ling holds a Diploma in Accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and a Master of Science in Corporate Governance and Directorship (Distinction) from the Hong Kong Baptist University.

Ms. Ling is currently an independent non-executive director of Arta TechFin Corporation Limited (stock code: 279), Chinney Kin Wing Holdings Limited (stock code: 1556), EVA Precision Industrial Holdings Limited (stock code: 838), Melbourne Enterprises Limited (stock code: 158) and Raymond Industrial Limited (stock code: 229), all being companies listed on the Main Board of the Stock Exchange. Ms. Ling currently holds the following key positions in public service: council member and treasurer of The Education University of Hong Kong, member of the Advisory Board of Hong Kong Institute of Information Technology of Vocational Training Council, member of the Panel of Review Boards on School Complaints of the Education Bureau (for two years from 17 January 2025 to 16 January 2027), executive committee member of Hong Kong Youth Hostels Association, council member and honorary secretary of The Hong Kong Federation of Youth Groups, and independent manager of the incorporated management committee of Ng Yuk Secondary School, an aided school.

Ms. Ling was an independent non-executive director of Digital Hollywood Interactive Limited (stock code: 2022) from November 2017 to June 2021 and Wise Ally International Holdings Limited (stock code: 9918) from December 2019 to June 2023, all being companies listed on the Main Board of the Stock Exchange. In public service, Ms. Ling was a member of the Appeal Board Panel (Town Planning) from October 2016 to September 2022, a member of the Hospital Governing Committee of Rehabaid Centre, Kwong Wah Hospital and TWGHs Wong Tai Sin Hospital from April 2015 to March 2022, a board member of the Estate Agents Authority from November 2015 to October 2021, and a board member of the Employees Compensation Assistance Fund Board from July 2006 to June 2012.

Mr. Hin Fun Anthony TSANG, aged 64, has been an Independent Non-executive Director of the Company since January 2024. Mr. Tsang is the chair of the Corporate Governance Committee, and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Tsang is a Certified Public Accountant with extensive experience in auditing, accounting, risk management and corporate restructuring. He started his career in Coopers & Lybrand (now known as PricewaterhouseCoopers) and left after working there for nine years. Since then, he held various senior positions in different companies in Hong Kong, including five companies listed on the Stock Exchange. He is currently the managing director of a consultancy firm advising on corporate and debt restructuring. Mr. Tsang holds a Master of Business Administration degree from the City Polytechnic of Hong Kong (now known as City University of Hong Kong) and is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Tsang is currently an independent non-executive director of Goldwind Science & Technology Co., Ltd. (stock code: 2208) and Yangtze Optical Fibre and Cable Joint Stock Limited Company (stock code: 6869), all being companies listed on the Main Board of the Stock Exchange. Mr. Tsang currently holds the following key positions in public service: board member of the Hospital Authority and chairman of its Audit and Risk Committee, member of the Hospital Governing Committee of Pamela Youde Nethersole Eastern Hospital, member of the Finance and Capital Works Sub-committee of Tuen Mun Hospital, member of Audit Committee of Hong Kong Anti-Cancer Society, and member of the School Management Committee of Diocesan Preparatory School, an aided primary school.

Mr. Tsang was an independent non-executive director of Crown International Corporation Limited (stock code: 727), a company listed on the Main Board of the Stock Exchange from November 2021 to March 2022.

Notes:

1. Directors' emoluments are determined with reference to the Company's Directors Remuneration Policy, a summary of which is set out in the Corporate Governance Report on page 45. The details of the emoluments of the Directors on a named basis are disclosed in note 15 to the consolidated financial statements.

2. An Executive Director does not have any fixed term of service with the Company and is subject to retirement by rotation in accordance with the Company's Articles of Association.

3. All Non-executive Directors and Independent Non-executive Directors are appointed for a specific term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and are subject to retirement by rotation in accordance with the Company's Articles of Association.

4. Save as disclosed above, none of the Directors (i) holds any other position with the Company or any of its subsidiaries; (ii) held a directorship in any other listed public companies in the past three years; and (iii) has any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

BIOGRAPHIES OF SENIOR MANAGEMENT

Ms. Ha Wan TONG, aged 41, joined the Group in June 2018 and is currently the Finance Director of the Company. Ms. Tong was the Head of Internal Audit before her appointment as Finance Director in July 2024. Ms. Tong has extensive experience in accounting, auditing and internal control at a senior level in both listed and unlisted companies in Hong Kong. Prior to joining the Company, Ms. Tong held senior positions at a Hong Kong listed apparel company with over a thousand points-of-sale in China (including Hong Kong and Macau), as well as at one of the big four international accounting firms. Ms. Tong is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and holds a Bachelor of Business Administration degree from the City University of Hong Kong.

Ms. Pui Man CHENG, aged 52, joined the Group in September 1999. Ms. Cheng is the Company Secretary of the Company. Prior to her current role, Ms. Cheng was a financial controller of the Company until June 2001. Before joining the Group, Ms. Cheng worked in the audit and assurance department of an international accounting firm in Hong Kong. Ms. Cheng is a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Cheng holds a Bachelor of Business Administration degree.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance standards and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance shareholders' value and safeguard the rights of shareholders and other stakeholders.

The Stock Exchange's Corporate Governance Code (the "CG Code") in Appendix C1 of the Listing Rules forms the basis of the Company's Corporate Governance Practice Manual (the "CG Practice Manual"). The Board recognises the principles underlying the CG Code and has incorporated all of them to the CG Practice Manual and other corporate governance policies of the Group.

In the opinion of the Directors, the Company has complied with all Code Provisions of the CG Code throughout the year ended 31 December 2024.

CORPORATE CULTURE

The Board believes that a healthy and clearly defined corporate culture underpins the sustainable development of the Group. The Board sets and promotes corporate culture that aligns with the Group's purpose, values and business strategies in the following key aspects:

(a) Integrity in business dealings and compliance with regulations;

(b) Accountability;

(c) High transparency and open communication throughout the Group;

(d) Value human capital with staff incentive scheme; and

(e) Corporate responsibility to the environment and community.

BOARD OF DIRECTORS

Board Composition

As of the date of this report, the Board comprised five Directors, including (i) one Executive Director, namely Mrs. Penny Soh Peng CROSBIE-WALSH (Chief Executive Officer); (ii) one Non-executive Director, namely Mr. Hung Han WONG (Non-executive Chairman); and three Independent Non-executive Directors ("INEDs"), namely Mr. Kin Wing CHEUNG, Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG. The Directors' biographical details are set out in "Biographies of Directors" on pages 30 to 32 of this annual report and are also available on the Company Website. An up to date list of the Directors and their roles and functions is available on the Company Website and Hong Kong Exchanges and Clearing Limited's Website ("HKEx Website"). All Directors, including INEDs, are also identified as such in all corporate communications that disclose the names of Directors.

To the best knowledge of the Directors, there is no financial, business, family or other material relationship among the Directors. All of them are free to exercise their independent judgment.

The changes to the composition of the Board and Board Committees during the year and up to the date of this report are as follows:

2 January 2024	Mr. Kiu Sang Baldwin LEE resigned as an Independent Non-executive Director and ceased to be the chair of the Remuneration Committee, and a member of each of the Audit Committee, the Corporate Governance Committee and the Nomination Committee of the Company.
19 January 2024	Ms. Imma Sum Kit LING was appointed as an Independent Non-executive Director, the chair of the Remuneration Committee, and a member of each of the Audit Committee, the Corporate Governance Committee and the Nomination Committee of the Company.
19 January 2024	Mr. Hin Fun Anthony TSANG was appointed as an Independent Non-executive Director, the chair of the Corporate Governance Committee, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.
19 January 2024	Mr. Kin Wing CHEUNG was appointed as a member of the Remuneration Committee of the Company.
19 January 2024	Mrs. Penny Soh Peng CROSBIE-WALSH stepped down as a member of the Remuneration Committee of the Company.

Each of Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG confirmed that she/he (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 16 January 2024; and (ii) has understood her/his obligations as a director of a listed issuer under the Listing Rules.

Non-compliance with the Listing Rules and terms of reference of Board committees

Due to the resignations of Mr. Ted Tak Tai LEE on 8 December 2023, Ms. Sarah Young O'DONNELL on 31 December 2023, and Mr. Kiu Sang Baldwin LEE on 2 January 2024, the Company did not meet the following requirements of the Listing Rules and the terms of reference of Board committees of the Company at different times:

(i) the requirement under Rule 3.10(1) of the Listing Rules, which stipulates that the board of directors of a listed issuer shall include at least three independent non-executive directors;

(ii) the requirements under Rule 3.21 of the Listing Rules, which stipulate that the audit committee shall comprise a minimum of three members and the majority of the audit committee members shall be independent non-executive directors of a listed issuer;

(iii) the requirements under Rule 3.25 of the Listing Rules, which stipulate that the remuneration committee shall be chaired by an independent non-executive director and comprise a majority of independent non-executive directors;

(iv) the requirement under article 1 of the terms of reference of the Audit Committee, which stipulates that the Audit Committee shall consist of not less than three members and the majority of the Audit Committee members shall be independent non-executive directors;

(v) the requirement under article 1 of the terms of reference of the Nomination Committee, which stipulates that the Nomination Committee shall consist of not less than three members;

(vi) the requirements under articles 1 and 2 of the terms of reference of the Remuneration Committee, which stipulate that the Remuneration Committee shall consist of not less than three members and the majority of the Remuneration Committee members shall be independent non-executive directors, and the chair shall be an independent non-executive director; and

(vii) the requirement under article 1 of the terms of reference of the Corporate Governance Committee, which stipulates that the Corporate Governance Committee shall consist of not less than three members.

Upon the appointments of Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG to the Board and certain Board committees on 19 January 2024, the Company has then fully complied with the requirements under Rules 3.10(1), 3.21 and 3.25 of the Listing Rules, article 1 of the terms of reference of the Audit Committee, the Corporate Governance Committee and the Nomination Committee, and articles 1 and 2 of the terms of reference of the Remuneration Committee.

Board Independence

The Company acknowledges that the independence of the Board is crucial to good corporate governance. To ensure independent views and input are available to the Board, the Company has put in place the following mechanisms in its corporate governance framework:

(a) Composition of the Board and Board Committees

The number of INEDs represents at least one-third of the Board as required by Rule 3.10A of the Listing Rules. In addition, as required by Rule 3.10(2) of the Listing Rules, at least one of the INEDs has appropriate professional qualifications, or accounting or related financial management expertise.

Save as disclosed in the section above headed "Non-compliance with the Listing Rules and terms of reference of Board committees", during the year ended 31 December 2024, the Board comprises three INEDs, and all the Board Committees complied with the requirements prescribed by the Listing Rules as to the composition of each Board Committee.

A minimum of one INED has been appointed to all the Board Committees to ensure independent views are available.

(b) Independence Assessment

The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination, appointment and re-appointment of INEDs.

Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.

All INEDs met the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules (the "Independence Guidelines") during the year ended 31 December 2024. The Company has received from each of the INEDs an initial/annual confirmation of independence and still considers them to be independent.

(c) Compensation

No equity-based remuneration (e.g. share options or grants) with performance related elements is granted to INEDs as this may lead to bias in their decision making and compromise their objectivity and independence.

(d) Board Decision Making

INEDs (similar to other Directors) are entitled to seek further information and documentation from Management on the matters to be discussed at Board meetings. They can also seek independent professional advice, in accordance with the stated procedures set out in the CG Practice Manual, at the Company's expense.

INEDs (as with other Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

The Chairman of the Board shall hold meetings with the INEDs without the presence of other Directors to discuss any major issues or concerns at least annually.

The Board has reviewed the implementation and effectiveness of the above mechanisms and considered them to have been effectively implemented throughout the year ended 31 December 2024.

Role of the Board

The Board is accountable to the Shareholders for leading the Group in a responsible and effective manner. Directors are responsible to the Shareholders for the manner in which the affairs of the Company are managed, controlled and operated and for promoting the success of the Company by directing and supervising its affairs. The Board has adopted its terms of reference which set out the duties, powers and functions of the Board. The primary responsibilities of the Board are as follows:

- To manage the business of the Group;
- To lead and provide direction to Management by laying down strategies and overseeing their implementation;
- To oversee all matters relating to, and to formulate policies in relation to the Group's internal control, risk management, corporate governance and social responsibility, investment management, the succession, remuneration and compensation for Directors and employees, and to supervise the implementation of such policies;
- To monitor the Group's operational and financial performance;
- To review and approve the annual report and accounts of the Group; and
- To ensure sufficient communication with stakeholders, including shareholders and employees.

Non-executive Chairman and Chief Executive Officer

The Non-executive Chairman and the Chief Executive Officer positions are currently held by Mr. Hung Han WONG, a Non-executive Director and Mrs. Penny Soh Peng CROSBIE-WALSH, an Executive Director respectively.

The Non-executive Chairman is responsible for leading the Board, drawing up and approving Board meeting agenda, making sure that matters proposed by all Directors are taken into account for inclusion, facilitating effective contributions from and dialogue with all Directors and promoting constructive relations between them, ensuring that all Directors are properly briefed on issues arising at Board meeting and that they receive accurate, timely and clear information, and ensuring that good corporate governance practices and procedures are established. The Chief Executive Officer is responsible for leading Management in the day-to-day operation and management of the Group's business, managing the Company's relationships with its stakeholders, proposing, developing and implementing the Group's strategies and policies in pursuit of its objectives set by the Board, and putting in place programmes for management development and succession. Division of responsibilities between the Non-executive Chairman and the Chief Executive Officer is clearly defined in the Company's CG Practice Manual.

Appointments, Re-election and Removal of Directors

All Directors have received a formal letter of appointment setting out the key terms of their appointment. In accordance with Article 94 of the Company's Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election. In accordance with Article 103 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, or such higher number of Directors to be determined by the Board, shall retire from office by rotation but shall be eligible for re-election, provided that every Director shall be subject to retirement at least once every three years. The Directors (including those appointed for a special term) to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

All Non-executive Director and INEDs are appointed for a specific term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and are subject to retirement by rotation in accordance with the Company's Articles of Association.

Diversity and Succession Planning

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board has adopted a Board Diversity Policy that sets out the approach to achieving diversity in its composition. In deciding the members of the Board, consideration is given to a number of measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experiences, skills, knowledge and the length of service with the Company. The Nomination Committee also considers that the ability to achieve the Company's corporate strategy should serve as a measurable objective for determining the desired level of board diversity.

All Board appointments are based on merit against the objective criteria and contribution that the candidate will bring to the Board, having due regard to the benefits of diversity on the Board and also taking into account the corporate strategy and business operations of the Company. The Nomination Committee reviews the implementation of the Board Diversity Policy annually to ensure its effectiveness.

The following chart shows the profile of the Board as at the date of this Corporate Governance Report:

Designation	ED	NED	INED
	1 Director	1 Director	3 Directors

Gender	Female	Male
	2 Directors	3 Directors

Age Group	51 – 60	61 – 70
	2 Directors	3 Directors

Ethnicity	Chinese
	5 Directors

Directorship with the Company	<6 years	6 - 9 years
	4 Directors	1 Director

Directorship(s) with other listed company	0	1 – 4	5
	2 Directors	2 Directors	1 Director

Remarks:
ED – Executive Director
NED – Non-executive Director
INED – Independent Non-executive Director

The Board has a balanced mix of skills, knowledge and experience, including management, finance, accounting, auditing, information technology, risk management, corporate restructuring, retailing, investment and real estate. The Nomination Committee formed the view that the current Board composition has provided the Company with a good balance and diversity in gender, skills and experience that are appropriate to manage the Group's business operations and for its future development.

Gender Diversity of the Board

The Board currently has 40% of female members (two out of five Directors). The Board believes that gender diversity in the Board would introduce viewpoints from different but complementary perspectives of the two genders. The Board further believes that gender diversity will promote effective decision making and enhance corporate governance, and to achieve this, the Board aims to maintain the level of female representation on the Board of "at least two female Directors" or "not less than 25% of female Directors", whichever is the lower.

The Company will try to recruit gender diverse management staff so that it may be able to have a pipeline of senior management staff as potential successors to the Board in the future.

Gender Diversity of Workforce

As at 31 December 2024, the gender ratio of the Group's total workforce (including Senior Management) was 87% female and 13% male. As the main business of the Group is fashion retail, it is an industry segment that traditionally has a bigger size of female workforce, hence it is challenging for the Company to achieve a more balanced gender ratio. Notwithstanding that, the Group has strived to keep a workable balance between male and female employee numbers.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry of all Directors was conducted and based on the confirmation received, all Directors complied with the required standards set out in the Model Code during the year.

Directors' Induction and Continuing Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Group's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. All corporate policies would also be provided to new Directors by the Company Secretary.

Directors participate in continuous training and development activities that keep them up to date on developments in all areas pertaining to the business of the Group and the performance of their duties as Directors. The Company Secretary from time to time provides Directors with updates on the latest development and changes in the Listing Rules, anti-bribery and corruption reading materials and other relevant legal and regulatory requirements to keep them abreast of the relevant rules and regulations affecting the Group's businesses.

The Directors provide the Company with their training records annually and such records are maintained by the Company Secretary. The training records of Directors for the year ended 31 December 2024 are reflected on page 45.

Board Meetings

The Board held four regular meetings and two non-regular meetings during the year ended 31 December 2024.

A schedule of the dates for regular Board meetings in each financial year is provided to Directors at the end of the preceding year and any amendments to the schedule are notified to Directors at least 14 days before the meetings. All Directors are invited to include matters that they would like to discuss in the agenda. For regular Board meetings, the agenda and accompanying papers are circulated to all Directors at least three calendar days in advance of the meetings. The Directors can attend Board meetings in person, by phone or through other means of electronic communication in accordance with the Company's Articles of Association. The Directors may approve matters by way of passing written resolutions. Additional Board meetings may be convened, where necessary.

Matters discussed and decisions resolved by the Board are recorded in minutes of the Board meeting and Directors' written resolutions. The minutes would be sent to all Directors within a reasonable timeframe after each meeting for comments and agreement. The minutes and written resolutions would be made available for inspection any time by the Directors.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, such a matter should be dealt with in a physical Board meeting, as opposed to being dealt with by a written resolution. INEDs with no conflict of interest will be present at Board meetings that deal with conflict issues.

The Company has an appropriate and relevant Directors' and Officers' liability insurance in place.

DELEGATION BY THE BOARD

Management

Management, under the leadership of the Chief Executive Officer, is responsible for the day-to-day running of the Group's operations and implementation of the strategies and policies as the Board may from time to time determine, except for the matters stated in the Statement of Matters Reserved for the Board as set out in the Company's CG Practice Manual which would require the approval of the Board.

Where the Board delegates aspects of its management and administrative functions to Management, it gives clear directions as to the powers granted to Management and periodically reviews the delegations to Management to ensure that they are still appropriate and continue to be beneficial to the Group as a whole.

Board Committees

The Board has established five Board Committees to oversee various aspects of the Group's affairs: the Audit Committee, the Corporate Governance Committee, the Investment Committee, the Nomination Committee and the Remuneration Committee. The Board Committees are governed by their respective terms of reference which clearly define their authorities and duties, and are provided with sufficient resources to discharge their duties. The chairs of the Board Committees report regularly to the Board on their work, decisions and recommendations. The terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the Company Website and HKEx Website.

The membership of each Board Committee as at the date of this Corporate Governance Report is shown below:

Name of Directors	Audit Committee	Corporate Governance Committee	Investment Committee	Nomination Committee	Remuneration Committee
Executive Director					
Mrs. Penny Soh Peng CROSBIE-WALSH		Member	Chair		
Non-executive Director					
Mr. Hung Han WONG	Member		Member		Member
Independent Non-executive Directors					
Mr. Kin Wing CHEUNG	Chair		Member	Chair	Member
Ms. Imma Kit Sum LING	Member	Member		Member	Chair
Mr. Hin Fun Anthony TSANG	Member	Chair		Member	Member

Audit Committee

The Audit Committee is responsible for (i) monitoring and reviewing the effectiveness of the Group's financial reporting system, risk management and internal control systems; (ii) reviewing the Group's financial information; (iii) overseeing the relationship with the external auditor of the Company; and (iv) monitoring and reviewing the effectiveness of the whistleblowing policy and system.

During the year, the Audit Committee held five meetings. Below is a summary of the work it carried out up to 31 December 2024:

- Reviewed the 2023 Annual Report and the annual results announcement, and the 2024 Interim Report and the interim results announcement;
- Reviewed the approach and methodology applied with respect to the key audit matters included in the year end auditor's report;
- Reviewed the annual audit plan of external auditor;
- Reviewed the interim review plan of external auditor;
- Reviewed and approved the external auditor's audit services and fees for 2024;
- Reviewed and approved the external auditor's non-assurance services for 2024;
- Recommended the re-appointment of RSM Hong Kong as the external auditor of the Company at the annual general meeting;
- Reviewed the adequacy and effectiveness of the risk management and internal control systems;
- Reviewed the Group's internal control handbook;
- Reviewed the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, and environmental, social and governance ("ESG") performance and reporting function;
- Reviewed the Group's Risk Register and discussed the enhancements;
- Reviewed and monitored the external auditor's independence and engagement to provide non-audit services;
- Reviewed the effectiveness of the Group's internal audit functions;
- Reviewed and approved the internal audit plans for 2024 and 2025;
- Reviewed periodic reports from the Internal Audit Department and the progress in resolving matters identified in the reports;
- Monitored the operation of the whistleblowing policy and system;
- Reviewed the revisions to the whistleblowing policies; and
- Approved the revisions to the Internal Audit Charter.

None of the members of the Audit Committee is a former or existing partner of the Group's external auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

Corporate Governance Committee

The Corporate Governance Committee is responsible for (i) formulating, reviewing and making recommendations on the Company's policies and practices of corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and Senior Management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewing and monitoring the Code of Conduct of the Group; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the year, the Corporate Governance Committee held one meeting and below is a summary of the work it carried out up to 31 December 2024:

- Reviewed the Company's compliance with the CG Code;
- Reviewed the 2023 Corporate Governance Report;
- Reviewed the Company's CG Practice Manual;
- Reviewed the implementation and effectiveness of the mechanisms for ensuring independent views and input available to the Board; and
- Reviewed the continuous professional development of Directors and Senior Management.

Investment Committee

The Investment Committee is responsible for (i) formulating and reviewing the investment strategies, policies and guidelines; (ii) reviewing and approving investment; and (iii) presenting to and advising the Board on material investment for the Group.

During the year, the Investment Committee held four meetings and passed two written resolutions and below is a summary of the work it carried out up to 31 December 2024:

- Obtained advice from independent professional consultant and reviewed the investment markets and performance of fund managers;
- Reviewed and updated (as required) the Investment Policies and Guidelines;
- Reviewed and formulated the investment strategies and asset allocation parameters in response to the changes in the conditions of financial markets and the advice from independent professional consultant;
- Reviewed investment opportunities in accordance with the formulated investment strategies and asset allocation parameters; and
- Reviewed the investment portfolio and its performance regularly.

Nomination Committee

The Nomination Committee is responsible for (i) reviewing the structure, size and composition of the Board; (ii) assessing the suitability and qualification of any proposed director candidate; (iii) assessing the independence of the INEDs; (iv) making recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors; (v) reviewing the implementation and effectiveness of the Board Diversity Policy; and (vi) reviewing the Nomination Policy.

The Nomination Committee, in its process of recommending new Director appointment, is guided by the Nomination Policy, which sets out the selection and nomination process as well as criteria for selection of directors. Under the Nomination Policy, the Nomination Committee will evaluate potential candidate on his/her cultural and educational background, ethnicity, professional experiences and skills with due regard to the benefits of diversity as set out in the Board Diversity Policy. The Nomination Committee will also consider the independence of a candidate with reference to the Independence Guidelines in the case of the appointment of an independent non-executive director.

During the year, the Nomination Committee held one meeting and below is a summary of the work it carried out up to 31 December 2024:

- Reviewed the structure, size, gender diversity and composition of the Board;
- Assessed and reviewed the independence of INEDs;
- Recommended the re-election of retiring Directors at the annual general meeting;
- Reviewed the implementation and effectiveness of the Board Diversity Policy; and
- Reviewed the disclosure of Board Diversity in the Corporate Governance Report.

As disclosed in the section above headed “Non-compliance with the Listing Rules and terms of reference of Board committees”, the Nomination Committee had only one member during the period from 2 January 2024 to 18 January 2024, hence there was insufficient quorum to hold a committee meeting to consider and make recommendation on the appointment of new Directors. Therefore the Board had, after reviewing the suitability according to the assessment criteria as set out in the Nomination Policy of the Company and with due regard of the benefits of diversity as set out in the Board Diversity Policy of the Company, approved the appointment of Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG as INEDs with effect from 19 January 2024.

Remuneration Committee

The Remuneration Committee is responsible for (i) formulating remuneration policies; (ii) determining remuneration packages of individual Executive Directors and Senior Management; (iii) making recommendations to the Board on the Directors fee structure; (iv) reviewing and approving compensation-related issues; and (v) reviewing and/or approving matters relating share schemes.

During the year, the Remuneration Committee held one meeting and passed one written resolution and below is a summary of the work it carried out up to 31 December 2024:

- Approved the remuneration packages of the Senior Management;
- Approved the Group’s 2024 annual salary increment percentage; and
- Reviewed the discretionary bonus proposals and approved certain bonus payments.

During the year ended 31 December 2024, there was no appointment of new Executive Director, hence there was no service contract for new Executive Director that require the approval of the Remuneration Committee. The level of fees payable to the new INEDs is in line with that payable to other INEDs of the Company.

Directors’ Remuneration Policy

The Board has adopted a Directors’ Remuneration Policy that aims to attract, retain and motivate qualified industry professionals and high caliber talent to be the Company’s Directors. The policy provides guidelines to set Directors’ remuneration in a fair and transparent manner.

Remuneration package of Executive Directors shall be determined by the Remuneration Committee and is reviewed annually. Remuneration package of Executive Directors, comprised various components (including benefits and provident fund), are benchmarked against companies of comparable businesses, similar scale and complexity. It is also based on the individual’s qualification, seniority, and experience in the role. Executive Directors are also remunerated with Director’s fee which is reviewed periodically.

Remuneration of Non-executive Directors shall be approved by the Board with the authorisation granted by the Company’s shareholders at its an annual general meeting based on recommendation by the Remuneration Committee. Non-executive Directors are remunerated with respect to their duties and responsibilities. No equity-based remuneration with performance-related elements is granted to INEDs.

2024 BOARD AND BOARD COMMITTEE ATTENDANCE AND TRAINING RECORDS

	Meetings attended/eligible to attend in 2024[1]							
	Board	Audit Committee	Corporate Governance Committee	Investment Committee	Nomination Committee	Remuneration Committee	Annual General Meeting	Training & Development Programme[2]
No of meetings held in 2024	6	5	1	4	1	1	1	
Executive Director								
Mrs. Penny Soh Peng CROSBIE-WALSH	6/6		1/1	4/4			1/1	✓
Non-executive Director								
Mr. Hung Han WONG	6/6	5/5		4/4		1/1	1/1	✓
Independent Non-executive Directors								
Mr. Kin Wing CHEUNG	6/6	5/5		4/4	1/1	1/1	1/1	✓
Ms. Imma Kit Sum LING[3]	5/5	5/5	1/1		1/1	1/1	1/1	✓
Mr. Hin Fun Anthony TSANG[4]	5/5	5/5	1/1		1/1	1/1	1/1	✓

Notes:

(1) Directors may attend meetings in person, by phone or through other means of electronic communication in accordance with the Company’s Articles of Association.

(2) Directors who undertook training and development through attending seminars/conferences and webinars which are relevant to the business or directors duties, and reading regulatory/corporate governance and industry related updates. Topics included anti-bribery and corruption, corporate governance, sustainability, regulatory compliance and directors duties.

(3) Ms. Imma Kit Sum LING has been appointed as an Independent Non-executive Director with effect from 19 January 2024.

(4) Mr. Hin Fun Anthony TSANG has been appointed as an Independent Non-executive Director with effect from 19 January 2024.

(5) Mr. Kiu Sang Baldwin LEE resigned as an Independent Non-executive Director with effect from 2 January 2024. During his tenure in 2024, no Board or Board committee meetings were held.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the Group's performance, position and prospects in all corporate communications. Management provides the Board with monthly updates, with a view to giving it a balanced and understandable assessment of the Group's performance, financial position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Directors are responsible for the preparation of the Group's consolidated financial statements which give a true and fair view of the Group's state of affairs, results and cash flows for the year. In preparing the consolidated financial statements, the Directors have selected suitable accounting policies and applied them consistently; made prudent, fair and reasonable judgments and estimates; and prepared the consolidated financial statements on a going concern basis.

The statement of the auditor of the Company about its responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 75 to 80.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Risk Management and Internal Control

Responsibility

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained. Management is responsible for designing, implementing and monitoring the risk management and internal control systems to manage risks. Sound and effective risk management and internal control systems are designed to identify and manage the risk of failure to achieve business objectives. Such systems are designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems.

Risk Management Framework

Risk management is enhanced continually, linking to our corporate strategies and as a continuous part of day-to-day business operations for all key decision making processes and core business activities. Major activities of the risk management process include risk assessment, which constitutes the sub-processes of risk identification, risk analysis and risk evaluation. There also involves risk assessment documentation, methodologies, risk treatment, monitoring, and review for ensuring the overall effectiveness of risk management. Fraud risk management through code of conduct and whistleblowing policies is adopted to uphold honesty, integrity, and fair play as our core values of the Group at all times.

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. The Audit Committee supports the Board in monitoring the Group's risk exposures, and the design and operating effectiveness of the underlying risk management and internal control systems. The Audit Committee, acting on behalf of the Board, oversees the following processes:

(i) Regular reviews of the principal business risks, and control measures to mitigate, reduce or transfer such risks; the strengths and weaknesses of the overall internal control system and action plans to address the weaknesses or to improve the assessment process;

(ii) Regular reviews of the business process and operations reported by the Internal Audit Department, including action plans to address the identified control weaknesses and status update and monitor in implementing its recommendations; and

(iii) Regular reports by the external auditor, if any, of any control issues identified in the course of their work and the discussion with the external auditor of the scope of their respective review and findings.

The Audit Committee will then report to the Board after due review as to the effectiveness of the Group's risk management and internal control systems. The Board considers the works and findings of the Audit Committee in forming its own view on the effectiveness of these systems.

Internal Control System

The Group's internal control system aims to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. Policies and procedures are laid down for its key business processes and business units covering business operations, financial reporting, human resources, and computer information systems.

The Group has developed a Code of Conduct for its employees. All employees are required to strictly follow the Group's Code of Conduct to prevent potential bribery, extortion, fraud, and money laundering which may exploit their positions against the Group's interests in the course of business. Employees are required to submit an annual declaration with respect to compliance with the Code of Conduct. The Group has also adopted a Code of Conduct for External Parties, which aims to strengthen the Group's high level of integrity and also prevent any potential bribery situations between suppliers and its employees. The Code of Conduct for External Parties is published on the Company Website.

The Group has developed whistleblowing policies for employees and external parties respectively, which aim to provide reporting channels and guidance on reporting possible improprieties in financial reporting, internal control or other matters related to the Group, and reassurance to whistleblowers of the protection that the Company will extend to them against unfair dismissal or victimisation for any genuine reports made under these whistleblowing policies. The Whistleblowing Policy for External Parties is published on the Company Website.

COSO Internal Controls

The Group's internal control model is based on that set down by the Committee of Sponsoring Organisations of the U.S. Treadway Commission ("COSO") for internal controls, and has five components, namely Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In developing the Group's internal control model based on the COSO principles, Management has taken into consideration the Group's organisational structure and the nature of its business activities.

(i) Control Environment

The Board has demonstrated a commitment to integrity and ethical values. It works with independence from Management and exercises oversight of the development and performance of internal control. Management establishes the structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives. The Board is committed to attracting, developing, and retaining competent individuals in alignment with objectives. It holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

(ii) Risk Assessment

The risk assessment specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. It identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed. It also considers the potential for fraud in assessing risks to the achievement of objectives by identifying and assessing changes that could significantly impact the system of internal control.

(iii) Control Activities

Management selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. It also develops general control activities over technology to support the achievement of objectives. Control activities through policies and procedures are established to put into practice.

(iv) Information and Communication

Management obtains, generates, and uses relevant, quality information to support the functioning of internal control. There is internal communication of objectives and responsibilities necessary to support the functioning of internal control. External communication regarding matters affecting the functioning of internal control is made where necessary.

(v) Monitoring

Management has ongoing evaluations to ascertain whether the components of internal control are present and functioning. It evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including Senior Management and the Board, as appropriate.

Internal Audit Department

The Group's Internal Audit Department ("IA Department") assists the Board, the Audit Committee and Management to protect the assets, reputation and sustainability of the Group and its stakeholders through independently reviewing the adequacy and effectiveness of the Group's governance, risk management and internal control systems. The IA Department is an independent and objective function that reports directly to the Audit Committee, it has full, free and unrestricted access to all activities, information, records, properties and personnel of the Group as stipulated in the Internal Audit Charter. The Internal Audit Manager maintains regular communication with and has direct access to the Chair of the Audit Committee for discussion on internal audit matters as and when required.

IA Department adopts a risk-based approach in formulating the audit plan. The Audit Committee reviews and approves the annual audit plan and all major subsequent changes made in the regular meetings. Audit assignments covering the entire business cycle of the Group are designed and prioritised based on the results of the risk assessment.

During the year, IA Department executed the internal audit assignments according to the approved annual internal audit plan. These assignments included but not limited to:

(i) Conducting independent and regular audits which cover financial, operational and compliance controls in accordance with the internal audit plan;

(ii) Reviewing the systems of internal control and risk management of the Group and proposing enhancements to these systems for consideration by the Audit Committee and/or the Senior Management and/or the individual department concerned;

(iii) Conducting special reviews and investigations of areas of concern identified by the Board, the Audit Committee and Management; and

(iv) Overseeing the Whistleblowing mechanism and conducting special investigations as and when appropriate.

All audit findings and recommendations on internal control deficiencies, if any, are reported by the IA Department to the Audit Committee and Management on a regular basis. Post-audit follow-up reviews are performed to ensure that relevant corrective measures on the previously identified internal control deficiencies have been properly implemented as intended and on a timely basis. The significant audit findings and the status of corresponding corrective measures taken by Management will be brought to the attention of the Audit Committee.

Review of the Effectiveness of Risk Management and Internal Controls Systems

During the year, on behalf of the Board, the Audit Committee conducted an annual review of the effectiveness of risk management and internal control systems that covered all material controls, including financial, operational, environmental, social and compliance controls and considered:

(i) Areas of risks identified by Management;

(ii) Adequacy of the resources, qualification and experience of staff, training programmes and budget of the Group's accounting, internal audit, financial reporting function, and ESG performance and reporting function; and

(iii) Enhancement to the risk management and internal control systems identified as being necessary or proposed by the IA Department.

The Audit Committee concluded that the Group's risk management and internal control systems remained appropriate and effective for dealing with identified risks, safeguarding the Group's assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of the Group's financial reports and achieving compliance with applicable laws and regulations.

The Chief Executive Officer of the Company also provided a confirmation to the Board on the effectiveness of the risk management and internal control systems in December 2024 after receiving the confirmations on the effectiveness of these systems provided by the Finance Director and individual managers across the Group as well as Internal Audit Department.

As a result of the above, the Board whilst keeping it under review, in light of experience, also considered the Group's risk management and internal control systems remained appropriate and effective for dealing with identified risks, safeguarding the Group's assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of the Group's financial reports and achieving compliance with applicable laws and regulations.

Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

(i) is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules;

(ii) conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;

(iii) upon receipt of a statutory or other demands or a threat for legal proceedings, takes the situation seriously and if necessary, seeks legal advice in relation to any disclosure obligations;

(iv) has included in employment contracts (or an addendum to the employment contract) a strict prohibition on the unauthorised use of confidential information; and

(v) has established and implemented the Policy on Disclosure and Handling of Inside Information.

External Auditor

The Audit Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of the external auditor in non-audit services will not impair its audit independence or objectivity. The Company has adopted the policy on the engagement of external auditor to supply non-audit services, which set out: (i) the classification of services as permitted audit-related or non-audit services and prohibited non-audit services; and (ii) the approval process for non-audit services.

The remuneration in respect of audit and non-audit services provided to the Group by the Company's auditor, RSM Hong Kong and other RSM network firms for the year ended 31 December 2024 was:

	HK$'000
Audit services	
Continuing operations (disclosed in note 13 to the consolidated financial statements)	950
Discontinued operations	40
Non-audit services	
Other assurance services	250
Non-assurance services	16
	1,256

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Shareholders Communication Policy ("SCP"), which is available on the Company Website, sets out the provisions with the aim to provide the Shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, in order to enable them to make informed assessments of the Company, and to allow the Shareholders and the investment community to engage with the Company.

Information is communicated to the Shareholders and the investment community through (i) disclosures submitted to the Stock Exchange; (ii) the Company Website; (iii) Corporate Communications (as defined in the Listing Rules, including, but not limited to, annual and interim reports, announcements, circulars, notices of general meeting); and (iv) general meetings of the Company.

In accordance with the SCP:

(i) Shareholders' Enquiries

Shareholders shall direct questions about their shareholdings to the Company's Registrar. The contact details of the Company's Registrar are:

Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong
Tel: (852) 2862 8628

Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available.

Shareholders and the investment community who have any other query in respect of the Company are most welcome to contact the Company Secretary whose contact details are:

Company Secretary
ENM Holdings Limited
Suite 2503, 25th Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong
Email: comsec@enmholdings.com
Fax: (852) 2827 1491

(ii) Corporate Communications

Corporate Communications are made out to the Shareholders in plain language and in both English and Chinese to facilitate Shareholders' understanding. Shareholders are encouraged to access the Corporate Communications electronically via the Company Website to be more environmental. Shareholders have the right to choose their preferred language of communication (either English and/or Chinese) or the means of receipt (electronic or paper format).

(iii) Company Website

The Company Website provides a wide range of information about the Company and its operations and contains all Corporate Communications. The Company Website is reviewed and updated on a regular basis. Information released by the Company to the Stock Exchange is also posted on the Company Website immediately thereafter.

(iv) General Meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote for and on their behalf at meetings if they are unable to attend personally. Appropriate arrangements for the general meetings shall be in place to encourage Shareholders' participation. The chair of the meeting shall allow relevant questions to be asked at the meetings. Board members, in particular the chairs of Board Committees or their delegates, appropriate management executives and external auditor shall attend general meetings to answer Shareholders' questions.

(v) Investment Community Communications

To facilitate communication with the Shareholders and the investment community, the Company may arrange investor/analyst briefing, one-on-one meeting, roadshow, media interview and marketing events from time to time. Directors and employees of the Company who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the disclosure obligations and requirements under the Company's Policy on Disclosure and Handling of Inside Information.

To ensure that disclosures and communications are consistent and authorised, only the following designated Directors and employees of the Company are authorised to discuss the Company's corporate matters with Shareholders, investors, analysts, the media or other members of the public:

(a) The Chairman of the Board;

(b) Chief Executive Officer; and

(c) Chief Financial Officer.

(vi) Shareholders' Privacy

The Company recognises the importance of Shareholders' privacy and shall not disclose Shareholders' information without their consent, unless required by law to do so.

The Company gives sufficient notice of general meetings to the Shareholders. To facilitate enforcement of shareholders' rights, separate resolutions are proposed at general meetings on each substantially separate issue. All resolutions put to vote at general meetings are taken by poll. Procedures regarding the conduct of the poll are explained to shareholders at each general meeting, and questions from shareholders regarding the voting procedures are answered.

The Board has reviewed the implementation and effectiveness of the SCP and considered it to have been effectively implemented during the year ended 31 December 2024.

SHAREHOLDERS' RIGHTS

Calling of General Meeting by Shareholders

Under the Companies Ordinance, registered shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings may request to call a general meeting of the Company. The request (a) must state the general nature of the business to be dealt with at the meeting, (b) must be signed by the shareholder(s) who requested the general meeting, and (c) must be deposited at the registered office of the Company (the "Registered Office") at Suite 2503, 25th Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for the attention of the Company Secretary. If the resolution is to be proposed as a special resolution, the request should include the text of the resolution and specify the intention to propose the resolution as a special resolution. The request may consist of several documents in like form, each signed by one or more shareholder(s) who requested the general meeting.

Procedures for Putting Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board through the Company Secretary by mail to the Registered Office or by email to comsec@enmholdings.com or by fax at (852) 2827 1491.

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committee of the Company, where appropriate, for a response.

Procedures for Putting Forward Proposals at General Meetings by Shareholders

Circulation of shareholders' statement

Under the Companies Ordinance, registered shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote, or at least 50 shareholders who have a relevant right to vote may request the Company to circulate to shareholders of the Company entitled to receive notice of a general meeting a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting. The request (a) must be signed by the shareholder(s) who requested the circulation of the statement, (b) must be deposited at the Registered Office for the attention of the Company Secretary, (c) must identify the statement to be circulated, and (d) must be received by the Company at least 7 days before the meeting to which it relates.

Circulation of resolution for annual general meeting

Under the Companies Ordinance, registered shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate, or at least 50 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate, may request the Company to give, to shareholders of the Company entitled to receive notice of the annual general meeting, notice of a resolution that is intended to be moved at that meeting. The request (a) must be signed by the shareholder(s) who requested the circulation of such resolution, (b) must be deposited at the Registered Office for the attention of the Company Secretary, (c) must identify the resolution of which notice is to be given, and (d) must be received by the Company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

Nomination of a person for election as a Director

Pursuant to Article 107 of the Company's Articles of Association, a shareholder can propose a person (not being the shareholder himself/herself) for election to the office of Director at any general meeting by giving the Company notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected. The period for lodging such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting, appointed for such election, and end no later than 7 days prior to the date of such general meeting.

DIVIDEND POLICY

The Company has adopted its Dividend Policy. In determining the dividend amount, the Board will take into account a number of factors such as the Group's current and future operations, strategic and business plans, capital expenditure and future development requirements, liquidity position, financial results, general financial condition as well as the economic outlook. No predetermined dividend payout ratio is set in the Dividend Policy.

ARTICLES OF ASSOCIATION

No amendment was made in the Company's Articles of Association during the year. The latest version of the Company's Articles of Association is available on the Company Website and HKEx Website.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company. The Company Secretary supports the Board by ensuring good information flow within the Board, and that the Board's policy and procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for advising the Board on corporate governance matters and facilitating the induction and continuous professional development of Directors. During the year, the Company Secretary undertook over 15 hours of relevant professional training to update her skills and knowledge.

Hin Fun Anthony TSANG
Chair of the Corporate Governance Committee

Hong Kong, 27 March 2025

CORPORATE SOCIAL RESPONSIBILITY REPORT

ABOUT THIS REPORT

This Corporate Social Responsibility Report ("CSR Report") is prepared in accordance with the Environmental, Social, and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix C2 of the Listing Rules. This CSR Report has complied with the "comply or explain" provisions in the ESG Reporting Guide.

This CSR Report covers only the social and environmental aspects of the ESG Reporting Guide. The governance aspect of the ESG Reporting Guide is addressed in the Corporate Governance Report of this Annual Report.

BOARD STATEMENT

The Group recognises its corporate social responsibility to the society. The Board is committed to ensuring that the Group's business operations incorporate consideration of impact on the environment, relevant social aspects and good corporate governance. The Board accepts full responsibility for the Group's Environmental, Social and Governance ("ESG") strategies and reporting. The Company has adopted an ESG Policy which sets out the framework for managing and applying the Group's ESG commitment. The Board reviews and approves the Group's ESG strategies, priorities, targets and goals, as well as the related policies and frameworks regularly. The Board also ensures the effectiveness of risk management and internal control mechanism applicable to ESG.

The Corporate Governance ("CG") Committee plays a crucial role in supporting the Board's ESG responsibility, and is tasked with the following duties:

- To review and advise the Board on relevant environmental and social ("ES") matters to ensure responsible and sustainable business operations.
- To oversee the assessment of the Group's ES impacts and related risks, and report significant issues to the Board.
- To oversee the Group's ESG performance, including strategy, reporting, and structure.
- To review and approve the Group's ESG strategies, goals, and targets, and monitor progress, and make recommendations to the Board as needed.
- To identify and evaluate ESG and climate-related risks and opportunities in the context of the Group's strategic objectives, and ensure effective risk management and internal control systems are in place.
- To review and endorse proposed amendments to ESG-related policies.
- To review the annual CSR Report and recommend it to the Board for approval.

In addition, a Corporate Social Responsibility ("CSR") working group is established as an executive team to support the CG Committee on ES matters which includes community investment. The CSR working group is governed by terms of reference that clearly define its authority and duties, and is provided with sufficient resources to discharge its duties. The CSR working group, led by the Chief Executive Officer of the Company, comprises management staff including the Finance Director, the Company Secretary and Heads of all business units, and reports directly to the CG Committee. The CSR working group is tasked with the following duties:

- To develop a formal ESG policy for the CG Committee's approval and periodically review it to ensure relevance.
- To identify, evaluate, prioritize, and address material ES issues in the Group's operations.
- To propose ES-related goals and targets for CG Committee approval.
- To develop and implement ES strategies, frameworks, and policies, and report progress to the CG Committee.
- To prepare the annual CSR Report and other required reports in compliance with applicable laws, rules, and regulations.

The operational structure of corporate governance and risk management and internal control framework of the Group are set out in the Corporate Governance Report of this Annual Report.

REPORTING PERIOD AND SCOPE OF THIS CSR REPORT

The reporting period of this CSR Report is from 1 January 2024 to 31 December 2024 (the "Reporting Period"), which is the same as the financial reporting period of this Annual Report.

Unless otherwise specified, the reporting scope of this CSR Report covers: (i) Group head office and (ii) Fashion Retail Business, operated by The Swank Shop Limited ("Swank"). During the Reporting Period, the key performance indicators presented in this CSR Report reflect the performance of both the Group head office and the Fashion Retail Business, providing a comprehensive view of the Group's current status.

In the previous year's CSR Report, the CSR report included: (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation. However, due to the ongoing financial losses of Hill Top Country Club (the "Club"), the Board decided on 26 March 2024 to discontinue the Resort and Recreation Club operation, effective from 16 June 2024. Therefore, this CSR Report does not include the Resort and Recreation Club Operation.

The Group's investment activities are conducted at the head office. Given that the number of employees involved in this business segment is minimal relative to the Group's total workforce, the associated emissions and office resource usage are considered negligible, and therefore has not been reported separately.

REPORTING PRINCIPLES

This CSR Report is prepared based on four reporting principles: materiality, quantitative, balance, and consistency.

1. Materiality: The Group identifies key environmental and social aspects of its operations through a materiality assessment.
2. Quantitative: This CSR Report discloses the environmental and social key performance indicators ("KPIs") in quantitative terms. Information about the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used for these KPIs are stated where appropriate.
3. Balance: This CSR Report is prepared in an objective and impartial manner to ensure that the information is disclosed faithfully to reflect the overall performance of the Group in the environmental and social aspects.
4. Consistency: The methodologies used in this CSR Report are consistent with those used in the prior years in terms of data statistics and calculations to ensure the comparability of information. Any changes in reporting scope or methodologies are clearly stated in this CSR Report.

STAKEHOLDER ENGAGEMENT

The Group values the stakeholders and their feedback on the relevant ES aspects of its business operations. To understand and address any major concerns, the Group has maintained regular communication with key stakeholders, including but not limited to shareholders and investors, employees, customers and suppliers. The Group takes into consideration stakeholders' expectations when formulating the business and ESG strategies via diverse mode of engagement and communication channels, as shown below.

Major Stakeholders	Communication Channels
Shareholders and Investors	Annual general meeting and other shareholders' meetings Annual and interim reports Announcements and circulars Company Website
Employees	CSR working group meetings Staff engagement events Performance appraisal Internal circulars Trainings
Customers	Social media Company Website In-person communication
Suppliers	Business engagements and meetings Periodical review and assessment

MATERIALITY ASSESSMENT

Management conducted an annual materiality assessment to identify key environmental and social aspects of the Group's operations. This process included stakeholder questionnaires, evaluation of the Group's business operations, review of last year's issues, and reference to the ESG Reporting Guide. The material environmental and social considerations identified for the Reporting Period are:

1. Energy consumption and management
2. Employee remuneration and welfare benefits
3. Diversity and equal opportunity of employees
4. Product and service quality
5. Customer satisfaction
6. Customer and staff privacy
7. Protection of intellectual property rights
8. Anti-corruption
9. Legal compliance

ENVIRONMENTAL SUSTAINABILITY

In recent decades, more evidence of the importance of environmental protection has surfaced from further studies on and data collected from global climate change together with air, water and other pollution caused by human activities. The Group has taken actions and implemented measures in its operations and activities that would contribute to the protection of the environment and help curb global warming by reducing its carbon footprint.

Air Emissions

The Group Head Office and Fashion Retail Business do not engage in production processes or vehicle use, and therefore do not generate air emissions. During the year the approximate amounts of air emissions generated by the Group's business operations are as follows:

	Nitrogen oxides (NOx)		Sulphur oxides (SOx)		Particulate matter (PM)	
	2024[2] **kg**	2023[1] kg	**2024[2]** **kg**	2023[1] kg	**2024[2]** **kg**	2023[1] kg
Emission from gaseous fuel consumption						
– LPG	–	4.47	–	0.02	–	–
Emission from vehicles						
– Diesel	–	117.33	–	0.23	–	8.71
Total air emissions	–	121.80	–	0.25	–	8.71

Notes:

1. 2023 emissions data covers (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation.
2. 2024 emissions data covers (i) Group head office and (ii) Fashion Retail Business. For changes to the key performance indicator coverage in this CSR Report, please refer to the "Reporting Period and Scope of This CSR Report" section.
3. The air emissions are calculated according to methods and conversion factors mentioned in "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 March 2022)" issued by The Stock Exchange of Hong Kong Limited.

Since January 2022, Swank has outsourced the storage and transportation of merchandise to a third-party logistics company ("3PL"). As the 3PL does not provide traveling distance and diesel consumption data, the emissions from vehicles related to the Fashion Retail Business are not available for reporting.

Even though the Group is not involved in any activities that generate air emissions, the Group still complies with relevant laws and regulations and pays attention to other environmental impacts of its operations.

Greenhouse Gas Emissions

Greenhouse Gas (GHG) emissions are generated by various everyday activities, including electricity consumption, air travel, and paper disposal at landfills. The increase in GHG emissions is one of the main contributing factors to rising temperature of earth and carbon dioxide is the major GHG emitted through human activities.

The Group is committed to managing its GHG emissions by reducing its use of and improving the efficiency in the use of energy and resources in its day-to-day operations. The Group aims to progressively reduce the GHG emission on the same scale of operation and to achieve a reduction in the intensity of GHG emission, the Group has implemented several measures to reduce energy, water and paper consumption, as well as the amount of non-hazardous waste produced.

The Group continues to closely monitor its GHG emissions and other environmental data, and review the effectiveness of existing measures, to maximise energy efficiency and improve on its environmental performance.

The major sources of GHG emissions of the Group are:

- Use of electricity in all stores and office premises of the Group;
- Paper waste disposed at landfills;
- Electricity used for processing fresh water and sewage by the relevant government departments; and
- Business air travel.

During the year, the approximate amounts of the Group's GHG emissions from various sources are as follows:

Group Head Office	**Unit**	**2024[2]**	2023[1]
Scope 2 - Indirect emissions			
• Purchased Electricity	kg CO_2e	**39,035**	43,393
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	**2,676**	6,749
• Water consumption	kg CO_2e	**38**	38
• Business air travel	kg CO_2e	**788**	226
Total GHG emission	kg CO_2e	**42,537**	50,406

Fashion Retail Business	**Unit**	**2024[2]**	2023[1]
Scope 2 - Indirect emissions			
• Purchased Electricity	kg CO_2e	**51,392**	75,699
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	**6,179**	12,495
• Business air travel	kg CO_2e	**1,284**	25,414
Total GHG emission	kg CO_2e	**58,855**	113,608
Total GHG emission Intensity	kg CO_2e/thousand revenue	**1.05**	1.31

Resort and Recreation Club Operation	Unit	2024[2]	2023[1]
Scope 1 - Direct emissions			
• LPG	kg CO_2e	N/A	73,251
• Charcoal	kg CO_2e	N/A	4,638
• Diesel	kg CO_2e	N/A	38,612
Scope 2 - Indirect emissions			
• Purchased Electricity	kg CO_2e	N/A	482,872
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	N/A	2,220
• Water consumption	kg CO_2e	N/A	10,951
Total GHG emission	kg CO_2e	N/A	612,544
Total GHG emission Intensity	kg CO_2e/thousand revenue	N/A	47.84

Total GHG emission	Unit	2024[2]	2023[1]
Scope 1	kg CO_2e	–	116,501
Scope 2	kg CO_2e	90,427	601,964
Scope 3	kg CO_2e	10,995	58,093
Total GHG emission	kg CO_2e	101,392	776,558
Total GHG emission intensity	kg CO_2e/thousand revenue	1.36	6.43

Notes:

1. 2023 emissions data covers (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation.

2. 2024 emissions data covers (i) Group head office and (ii) Fashion Retail Business. For changes to the key performance indicator coverage in this CSR Report, please refer to the "Reporting Period and Scope of This CSR Report" section.

3. The GHG emissions are calculated according to methods and conversion factors mentioned in "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 March 2022)" issued by The Stock Exchange of Hong Kong Limited and Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition) jointly published by Environmental Protection Department and Electrical and Mechanical Services Department.

Waste Management

The Group does not produce any hazardous waste consequential of the nature of its business operations.

Non-hazardous waste from the Group's operations mainly includes (i) paper used in the office and stores and (ii) carton boxes and plastic bags used in logistical/packaging process. Non-hazardous wastes generated at the Group's head office and the retail stores are handled by the respective building management companies, which do not provide specific data for individual premises.

During the year, the approximate amounts of various types of non-hazardous waste disposed by the Group are as follows:

Types of non-hazardous wastes	Unit	2024[2]	2023[1]
Paper for office use	kg	**570**	965
Carton boxes and plastic bags for logistical/packaging purposes	kg	**138**	216
Solid waste at the Club	kg	**N/A**	23,365
Total non-hazardous wastes	kg	**708**	24,546
Total non-hazardous wastes intensity	kg/thousand revenue	**0.01**	0.20

Notes:

1. 2023 data covers (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation.
2. 2024 data covers (i) Group head office and (ii) Fashion Retail Business. For changes to the key performance indicator coverage in this CSR Report, please refer to the "Reporting Period and Scope of This CSR Report" section.

The Group aims to reduce the intensity of non-hazardous waste progressively on the same scale of operation. To achieve this, the Group has adopted the following waste management initiatives:

- Discouraging the printing of e-mails;
- Using digital storage instead of filing paper documents whenever possible;
- Setting double sided printing/copying as the default mode;
- Reusing one-sided printed paper for printing and copying draft documents whenever possible;
- Replacing written communications in paper form with electronic version/mode for daily workings;
- Reusing office stationaries (e.g. envelopes and folders) whenever practicable;
- Reusing carton boxes and plastic bags whenever practicable;
- Promoting "Food Wise" culture - cutting down on take-away food containers, thinking how much you can eat before ordering, and taking away leftovers;
- Encouraging the use of personal cups and cutlery to avoid disposables;
- Providing microwave lids in staff pantry to replace cling wrap for reheating food; and
- Setting up recycling boxes in the pantry to encourage appropriate disposal of metal cans, "single-use" plastic containers and paper items.

The Group adheres to the general provisions of the Waste Disposal Ordinance (Chapter 354 of the laws of Hong Kong), which prohibits dumping wastes in public places or on private premises without the consent of the owner or occupier.

Use of Resources

The Group strives to save on energy and resources through implementation of internal operating policies and use of advanced technologies which ensure that resources are consumed in a responsible manner. To encourage staff to embrace green policies in daily operations, the Group has published an "Environmental Friendly Guideline" covering areas such as printing paper consumption/usage, energy saving actions and reusing of stationeries.

In addition to the abovementioned waste management initiatives, the Group also promotes the following eco-friendly behaviours:

- Turn off lighting or electrical equipment whenever away from the office for long periods of time, for example, during lunch or after work hours or before long holidays, to reduce energy consumption;
- Set central air-conditioning temperature at an eco-friendly level of 25.5 degree Celsius;
- Lower the brightness for computer monitors;
- Maximise the use of daylight whenever practicable;
- Remove or unscrew unused light bulbs/tubes;
- Inspect water taps regularly to identify leakage or dipping and rectify promptly;
- Place "Save Water" labels next to water taps to encourage reduced usage; and
- Place "Green boxes" next to photocopiers to collect paper for reuse or recycling.

Swank encourages customers to recycle and reuse the shopping bags and avoids serving customers with drinking water in "single-use" plastic bottle. Swank also complies with the Product Eco-responsibility Ordinance (Chapter 603 of the laws of Hong Kong) with respect to the levy on plastic and non-woven shopping bags.

Since September 2011, shareholders have been given the option to receive corporate communications of the Company by electronic means through the Company Website and HKEx website. Hence paper used for printing interim and annual reports has been substantially reduced.

The Group continues its commitment to install and switch to energy-saving lighting fixtures and source energy efficient equipment that would function in optimal conditions and efficiency. Only LED lightings are used in new retail stores. Efficient use of resources does not only reduce waste and emissions, but also reduces operating expenses, which is ultimately beneficial to both the Group and the environment. Therefore, the Group continues to promote savings in the operations and efficient use of resources, and aims to progressively reduce the amount of resource consumption on the same scale of operation.

Energy Consumption

During the year, the approximate amounts of the Group's energy consumption are as follows:

Group Head Office	Unit	2024[2]	2023[1]
Electricity consumption	kWh	**100,089**	111,264
Energy consumption intensity	kWh/gross floor area	**10.74**	10.68

Fashion Retail Business	Unit	2024[2]	2023[1]
Electricity consumption	kWh	**84,255**	113,289
Electricity consumption intensity	kWh/gross floor area	**6.18**	6.78
Energy consumption intensity	kWh/thousand revenue	**1.51**	1.30

Resort and Recreation Club Operation	Unit	2024[2]	2023[1]
Electricity consumption	kWh	**N/A**	1,238,134
Electricity consumption intensity	kWh/gross floor area	**N/A**	18.07
Charcoal consumption	kg	**N/A**	1,481
Diesel consumption	litre	**N/A**	14,040
LPG consumption	kg	**N/A**	24,279
Total energy consumption	kWh	**N/A**	1,738,329
Total energy consumption intensity	kWh/thousand revenue	**N/A**	135.75

Notes:

1. 2023 data covers (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation.

2. 2024 data covers (i) Group head office and (ii) Fashion Retail Business. For changes to the key performance indicator coverage in this CSR Report, please refer to the "Reporting Period and Scope of This CSR Report" section.

Water Consumption

During the year, the Group did not encounter any issue in sourcing water resource.

Water consumption at the Head Office is primarily for drinking and sanitation purposes and is relatively minimal. As a result, the Group did not set water efficiency targets for the Head Office.

Water consumption data for the stores of the fashion retail business is not available, as there are no separate meters for individual shop units to record their water usage.

During the year, the approximate amounts of the Group's water consumption are as follows:

Group Head Office	Unit	2024[2]	2023[1]
Water consumption	m^3	**59**	59

Resort and Recreation Club Operation	Unit	2024[2]	2023[1]
Water consumption	m^3	**N/A**	18,817
Water consumption intensity	m^3/thousand revenue	**N/A**	1.47

Notes:

1. 2023 data covers (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation.
2. 2024 data covers (i) Group head office and (ii) Fashion Retail Business. For changes to the key performance indicator coverage in this CSR Report, please refer to the "Reporting Period and Scope of This CSR Report" section.

Packaging Material Consumption

During the year, the approximate amounts of packaging material consumption of the Fashion Retail Business are as follows:

Type of packaging material	Unit	2024	2023
Plastic			
• Bag for logistical/packaging purposes	kg	**173**	191
Paper			
• Shopping bag	kg	**656**	1,002
• Carton box for logistical purposes	kg	**—**	63
• Box for packaging purposes	kg	**357**	1,066
Total packaging material	kg	**1,186**	2,322

The Group Head Office does not use any packaging material.

Paper Consumption

During the year, the approximate amounts of the Group's paper consumption for office use, retail stores and corporate communications are as follows:

Segments	Unit	**2024[2]**	2023[1]
Group Head Office	kg	**558**	1,406
Retail Fashion Business	kg	**274**	472
Resort and Recreation Club Operation	kg	**N/A**	463
Total paper consumption	kg	**832**	2,341

Notes:

1. 2023 data covers (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation.
2. 2024 data covers (i) Group head office and (ii) Fashion Retail Business. For changes to the key performance indicator coverage in this CSR Report, please refer to the "Reporting Period and Scope of This CSR Report" section.

The Environment and Natural Resources

The Group strives to contribute to the protection of the environment by integrating a range of environmental initiatives across its business operations. The Group is committed to minimising the environmental impact of its business operations by promoting environmental awareness and implementing measures that conserve resources, enhance energy efficiency, and ensure effective waste management

Although the nature of the Group's business operations does not involve daily activities that have a significant impact on the environment and natural resources, the Group still consider the effects of its business activities on the surrounding environment and climate change when making major business decisions.

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations in relation to air and greenhouse gas emissions, discharges into water sewages and land, and generation of hazardous and non-hazardous waste.

Climate Change

The Group recognises climate change as a critical environmental issue and is committed to reducing emissions in its operations. Extreme weather conditions resulting from climate change can disrupt the daily operations of fashion retail stores and create commuting difficulties for employees. To enhance climate resilience, the Group has established work arrangements for typhoons, adverse weather, "extreme conditions," and rainstorms. Employees are promptly informed of these special work arrangements to ensure their safety. The Group will continue to monitor climate-related issues and assess and manage climate-related risks to optimize its response over time.

SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group treasures its human talent and acknowledges that it is one of the Group's most valuable assets and key to driving success and achieving sustainable development of its business operations. The Group strives to provide a safe working environment and offer market competitive remuneration.

The Group's Human Resource ("HR") policies strictly adhere to all applicable employment laws and regulations in Hong Kong, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) and are duly applied to determine employees' welfare and benefits. The Group's HR Department regularly reviews and updates the HR policies to keep up with the latest relevant laws and regulations.

Talent acquisition and retention are vital to the future development of the Group's business. The Group offers comprehensive and competitive remuneration and welfare packages to attract and retain talents, and remuneration policies are reviewed on a regular basis. The Group also makes reference to market benchmarks to attract and maintain a high-calibre workforce. The Group conducts annual staff performance assessments and offers promotion opportunities and salary increments to reward employees' contributions. Discretionary or performance bonus may be awarded to employees in recognition of their specific work achievements and to encourage them to stive for continuous improvement. At the same time, termination of employment contract are based on reasonable, fair and lawful grounds. The Group strictly prohibits unfair dismissals.

The Group determines working hours and rest periods for employees according to their employment category and offers flexibility on the starting work time, depending on the job nature and position, to help employees to have a healthy balance between work and family commitments. In addition to stipulated statutory holidays, employees may also have other leave entitlements such as marriage leave, jury leave, compassionate leave and examination leave.

To cultivate employees' sense of belonging, the Group offers additional employee benefits such as medical insurance, staff discounts and early leave on the eve of festival days. During the year, the Group hosted a variety of activities including staff parties and a Christmas lucky draw, and provided other benefits such as heavily discounted merchandise sales, mooncakes, Tuen Ng Festival rice dumplings, healthy drinks, and soups. The Group also subsidises membership fee of the relevant professional bodies that employees join and grants long service awards to eligible staff.

In terms of internal coaching and communication, effective and frequent two-way communication between general and managerial staff is encouraged. Employees can communicate timely and smoothly with colleagues and Management through a number of channels such as Teams, bulletin board posting, emails, training, website, internal public folders and meetings. Such an interactive communication system benefits the Group's decision-making process and can lead to a barrier-free employer-employee relationship.

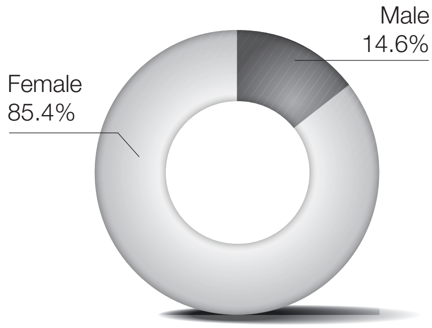
As an equal opportunity employer, the Group is committed to create a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are determined irrespective of gender, race, age, disability, family status, marital status, sexual orientation, religious beliefs, nationality or any other non-job related factors. The Group's equal opportunity policy enforces zero tolerance to any workplace discrimination, harassment or victimisation in accordance with relevant government legislation and regulations, such as the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), the Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong), and the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong). If there are any discrimination incidents, employees can report to HR Department or to the Internal Audit Department (including anonymously in the latter case if the reporter so wish to). Disciplinary action would be taken on non-compliance or breach of legislation in relation to the Group's equal opportunity policy.

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations in relation to employment and labour practices.

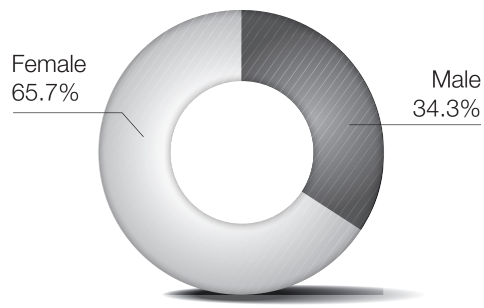
As at 31 December 2024, the Group had 41 employees (2023: 105 employees) and all of them were situated in Hong Kong.

Gender Distribution

2024[2]

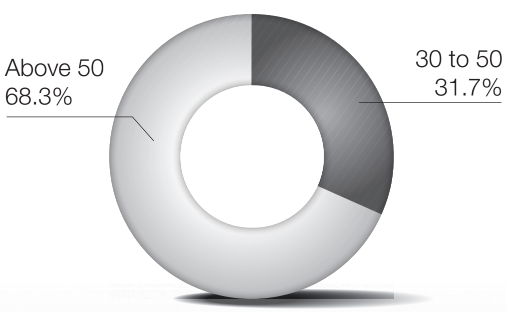


2023[1]

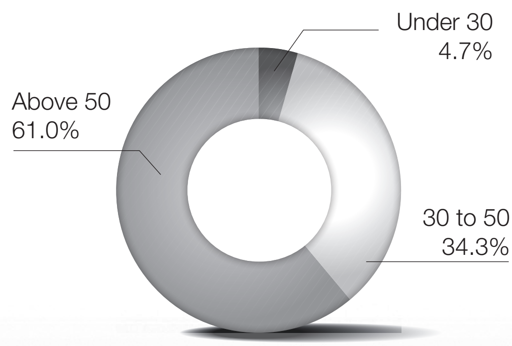


Age Distribution

2024[2]



2023[1]



Notes:

1. 2023 data covers (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation.

2. 2024 data covers (i) Group head office and (ii) Fashion Retail Business. For changes to the key performance indicator coverage in this CSR Report, please refer to the "Reporting Period and Scope of This CSR Report" section.

Health and Safety

To provide and maintain good working conditions and a safe and healthy working environment, the Group's staff handbook sets out the safety and emergencies policies, which are in line with various laws and regulations, including the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

Management is committed to workplace health and safety, and has incorporated a range of occupational health and safety measures for employees in the office and retail shops. Posters providing tips on postures and other safety actions while working on computer and suggestions of stretching exercise are displayed in the office pantry. The Group has arranged for a number of employees to acquire Qualified First Aider status for the benefit of its employees and customers in the event of a medical emergency or accident. The Group adopts the Government's guidelines in ensuring safety of employees in relation to severe weather conditions such as typhoons and major rainstorms.

The Group also strives to provide a healthy and safe working environment for its employees in other ways such as prohibiting smoking and drinking liquor (except for special celebration occasions) in any workplace; regular cleaning of the air-conditioning systems; regular disinfection treatment of carpets; regular inspections on fire prevention systems and conducting fire drills. The Group offers free annual flu vaccination to its employees.

Work-related injuries are protected by the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). There were no work-related fatalities for the years ended 31 December 2022, 2023 and 2024. In 2024, there were no lost working days due to work injuries (2023: 280 days (2 cases)).

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations in relation to health and safety of employees.

Development and Training

The Group offers different training and development opportunities to employees to strengthen their work-related skills and knowledge, and to improve operational efficiency and productivity. Regular in-house training and development are also provided to employees, such as occupational safety and health training, anti-corruption training, IT related training, and product training sessions and workshops on fabric used, styling and pattern to frontline staff in the retail stores. The Group encourages and subsidises employees to pursue relevant educational or training opportunities to enhance employees' competitiveness and improve the quality of work through continuous learning.

Labour Standards

The Group does not employ child or forced labour. The HR Department regularly reviews hiring practices of the Group to ensure that no child or forced labour is employed. The recruitment process consists of age verification and identification examination to avoid child labour. If the use of forced labour or child labour is discovered, the employment contract will be terminated, and an investigation will be conducted if needed. The brands of merchandise that the Group purchases are all manufactured in regulated environments (mainly the EU) where child or forced labour are banned.

During the year, the Group was not aware of any material non-compliance with the relevant laws, rules or regulations in relation to preventing child or forced labour.

Social Performance Indicators

	2024[2]	2023[1]
Total workforce		
Number of employees	**41**	105
By gender		
Male	**6**	36
Female	**35**	69
By employment type		
Full-time	**39**	97
Part-time	**2**	8
By age group		
Under 30	**0**	5
30 to 50	**13**	36
Above 50	**28**	64
By geographical region		
Hong Kong	**41**	105
Employee Turnover Rate		
Total turnover rate	**19.2%**	30.1%
By gender		
Male	**19.0%**	40.0%
Female	**19.2%**	24.7%
By age group		
Under 30	**80.0%**	90.9%
30 to 50	**32.7%**	39.5%
Above 50	**8.7%**	18.6%
By geographical region		
Hong Kong	**19.2%**	30.1%
Development and Training		
Number and Percentage (%) of employees who received training	**67 (163.4%)**	118 (112.4%)
By gender		
Male	**11 (16.4%)**	38 (32.2%)
Female	**56 (83.6%)**	80 (67.8%)
By employee category		
Senior Management	**3 (4.5%)**	3 (2.5%)
Middle management	**13 (19.4%)**	18 (15.3%)
General staff	**51 (76.1%)**	97 (82.2%)

	2024[2]	2023[1]
Training Hours		
Average number of training hours per employee	**9.5**	4.7
By gender		
Male	**23.4**	4.4
Female	**7.1**	4.8
By employee category		
Senior Management	**14.2**	21.4
Middle management	**14.5**	6.4
General staff	**6.9**	3.7

Notes:

1. 2023 data covers (i) Group head office, (ii) Fashion Retail Business, and (iii) Resort and Recreation Club Operation.
2. 2024 data covers (i) Group head office and (ii) Fashion Retail Business. For changes to the key performance indicator coverage in this CSR Report, please refer to the "Reporting Period and Scope of This CSR Report" section.

OPERATING PRACTICES

Supply Chain Management

As a socially responsible enterprise, it is critical and vital for the Group to both maintain and manage a sustainable and reliable supply chain. The current supply chain management practice includes establishing mutual trust and understanding between the Group and relevant business partners. The Group expects suppliers to comply with the laws and regulations in the countries and regions where their operations are located, and operate in good faith by adhering to proper business ethics. The Group endeavours to follow up on the implementation of remedial measures, if any, to ensure that they are carried out properly and effectively. The Group also understands the importance of maintaining good relationships with suppliers and business partners to ensure sustainable development of the business. Accordingly, Management has kept good communication, exchange ideas and share business updates with them when appropriate.

Swank's Management is responsible for monitoring the quality of the suppliers and implementing the supply chain practices. Swank selects suppliers that meet its merchandise requirements and market positioning of "Luxury & Sophisticated". Swank has a formal brand selection policy and procedure that governs the selection and evaluation of merchandise brand, which the key criteria include product design, styling, price, sales track record, product workmanship or quality, brand awareness, accountability, trade terms, delivery, the suppliers' background, credit rating and their awareness of social and environmental responsibility. To avoid any disruptions to supply chain in the fashion retail operation, Swank maintains a frequent dialogue with suppliers through regular meetings, phone calls and emails. Most of Swank's suppliers produce in highly regulated and "safe" environments, such as the European Union.

During the year, there was no material or significant dispute between the Group and its suppliers. Swank purchased from 44 suppliers around the globe, 28 from Europe, 7 from the United Kingdom, 9 from other countries including the United States of America, Japan, China, India, and Korea.

Product and Service Responsibility

Swank is in the business of retailing premium fashionwear of prestigious names and strives to secure the finest store locations for its sophisticated clientele which is guided by four core principles, "STYLING", "QUALITY", "SERVICE" and "SELECTION". Under these principles, Management has placed great importance on product quality through systematic inspection procedures whereby procured merchandise undergoes meticulous manual inspection. Swank requires suppliers to provide relevant internationally recognised certification(s) to ensure that the merchandise has been produced under good quality conditions. The merchandise must comply with the standards and local laws and regulations of the relevant country of origin. Swank will recall unqualified merchandise if necessary, in accordance with pre-agreed return procedures. Swank strictly abides by the Competition Ordinance (Chapter 619 of the Laws of Hong Kong) and the Sales of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) relating to the sale of goods.

Products and Services Satisfaction

All sales and marketing materials aim to provide accurate and precise information to customers and are reviewed and approved in accordance with internal procedures. The Group strictly abides by the Trade Descriptions Ordinance (Chapter of 362 of the Laws of Hong Kong) and the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong).

Swank promotes offerings and activities to customers through its website, newsletters and social media platforms, such as Facebook and Instagram, and other channels. These platforms also serve to gather comments and feedback. Additionally, a suggestion box is placed in the retail stores for customers to share their opinions and comments. Management reviews and responds to feedback and comments promptly, and takes follow up action where necessary.

Complaints received are handled by Management in accordance with internal procedures. Management investigates the complaints and takes appropriate action in a timely manner. During the year, Swank did not receive any complaints from its customers.

During the year, a customer satisfaction survey was conducted to help Management collect feedback and monitor services.

During the year, the Group did not recall any merchandise due to safety and health reasons and there was no material or significant dispute between the Group and any retail store customers.

Protection of Intellectual Property Rights

The Group builds up and protects its intellectual property rights through prolonged use and registration of domain names and trademarks. The Group has registered trademarks in various classes in Hong Kong in accordance with the Trademark Ordinance (Chapter 559 of the Laws of Hong Kong) and in other jurisdictions under the relevant laws and regulations. In addition, the Group's trademarks and domain names are constantly monitored and renewed upon their expiration.

Consumer Data Protection

The Group places utmost importance on protecting the privacy of its customers in the collection, usage, processing and storage of their personal data. The Group strictly abides by the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) to ensure that customers' rights are protected. All personal data collected are treated confidentially, kept securely and processed only for the purpose for which it has been collected. Swank's Privacy Policy is clearly stated on its website. Data privacy e-learning materials are regularly sent to employees to increase awareness of handling business-related personal data.

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations in relation to product and service responsibility.

Anti-corruption

To maintain a fair, ethical and efficient business environment, the Group strictly abides by the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and has developed a Code of Conduct for its employees with reference to the ordinance. All employees are required to strictly follow the Group's Code of Conduct to prevent potential bribery, extortion, fraud and money laundering which may exploit their positions against the Group's interests in the course of business. Any breach of the rules will be disciplined, including termination of employment, and may be reported to the relevant authorities for possible prosecution under applicable laws. All employees are required to submit an annual declaration of compliance with the Code of Conduct. The Group has also adopted the Code of Conduct for External Parties, which aims to strengthen the Group's high level of integrity and prevent any potential bribery situations between employees and vendors. This code is available for access on the Company Website.

During the year, there were no cases of bribery, extortion, fraud and money laundering. There were also no concluded legal cases regarding corruption brought against the Group or its employees.

During the year, the Group arranged the following anti-corruption trainings for its Directors and employees:

(i) Distribution of anti-corruption e-learning materials to Directors as a refresher on anti-corruption laws and regulations.

(ii) All employees were required to attend an online anti-corruption training session as a refresher on anti-corruption laws and regulations.

(iii) Directors and Management were enrolled to attend an integrity training webinar "Ethics Legacy – Ethical and Governance Roles of Directors and Senior Management of Publicly Listed Companies", organised by the Hong Kong Ethics Development Centre of the Independent Commission Against Corruption of Hong Kong.

These initiatives underscore the Group's commitment to maintaining high ethical standards and ensuring that its Directors and employees are well-informed about anti-corruption practices.

Whistleblowing Policy

The Group has formulated an internal whistleblowing policy named "Policy for Employees Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters" (the "Employee Whistleblowing Policy"), which outlines the reporting channels and provides guidance on reporting possible improprieties in matters of financial reporting, internal control or other matters with reassurance to whistleblowers (i.e. the reporting staff member) of the protection that the Company will extend to them against any unfair dismissal or harassment for a genuine report made under this Employee Whistleblowing Policy. The Group provides a confidentiality mechanism to protect the whistleblowers without fear of threats or retaliation. A training session for employees on whistleblowing was conducted in 2018, presided over by an Independent Non-executive Director who is also the Chair of the Company's Audit Committee. This whistleblowing training session was video recorded and all new joined staff are shown the video as part of their induction course.

The Group has also developed and adopted the "Whistleblowing Policy for External Parties" (the "Policy") to provide its customers, suppliers and any other business partners with the reporting channels and guidance on reporting possible improprieties in any matter related to the Group, and the Policy has been made available for any external parties to access on the Company Website.

COMMUNITY INVESTMENT

The Group places emphasis on cultivating awareness of social responsibility among its staff through encouraging and supporting staff to engage in community activities. The Group takes the lead by identifying charitable events that provide opportunities for staff to take part in and encourages participation by allowing staff to take time off work or by matching staff donations. The Group aims to support the work of charity organizations that help to fulfil the needs of the society and the community continually.

During the year, the Group undertook the following activities:

(i) Staff were invited to participate in the "Dress Casual Day" fund-raising programme organised by The Community Chest of Hong Kong (the "Chest"). This programme benefits over 160 social welfare member agencies in six major areas of services: children and youth, elderly, family and child welfare, medical and health, rehabilitation and aftercare, and community development. The total amount of funds raised from staff and matched by the Company, donated to the Chest, was HK$7,980;

(ii) Staff were invited to participate in the "Flag Day" fund-raising programme organised by The Hong Kong Society for Rehabilitation ("HKSR"). Proceeds raised were used towards the HKSR rehabilitation and social welfare services supporting people with disabilities, chronic illnesses, and elderly in need. The total amount of funds raised from staff and matched by the Company, donated to the HKSR, was HK$7,500;

(iii) Swank sponsored to the annual event of the Hong Kong Cancer Fund by donating gift vouchers worth HK$6,000. This sponsorship helped to support their mission of providing holistic supportive care to cancer patients and their caregivers; and

(iv) To promote sustainability and reduce waste, the Group donated excess used store furniture to staff. This initiative not only supported the Group's environmental goals but also benefited its staff by providing them with useful items.

In addition, the Group received a certificate of participation in the Chinachem Green Tenant Engagement Programme initiated by Chinachem Group, which is the landlord of the Group's office premises. This 12-month programme aimed to foster collaboration with tenants to achieve sustainability goals and ignite a sustainable workplace and lifestyle.

Penny Soh Peng CROSBIE-WALSH
Executive Director and Chief Executive Officer

Hong Kong, 27 March 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENM HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of ENM Holdings Limited and its subsidiaries ("the Group") set out on pages 81 to 155, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The key audit matter we identified is:

1. Fair values of Hilltop property

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair values of Hilltop property *(Refer to note 5 and note 19 to the consolidated financial statements)*	
The Group has a property ("Hilltop property") situated in Hong Kong with aggregate value of HK$340,000,000 as at 31 December 2024. As described in note 4(e) to the consolidated financial statements, Hilltop property is stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. In determining the fair values of Hilltop property, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group determined the highest and best use of Hilltop property to be development for residential on the basis of the rezoning approval as further explained in note 19 to the consolidated financial statements. The Group appointed an independent professional valuer to assist management to assess the fair value of Hilltop property for redevelopment to residential use using the residual approach, whereby the valuation was derived from the gross development value upon completion (using a direct comparison approach) less estimated development costs and allowance for developer's risk and profit.	Our procedures in relation to management's valuation assessment of Hilltop property included: – Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity; – Understanding and evaluating key control over the group's estimation of the fair value of Hilltop property; – Evaluating the outcome of prior period estimation of the fair value of Hilltop property to assess the effectiveness of management's estimation process; – Evaluating the Group's determination that the highest and best use of Hilltop property is redevelopment for residential use based on our understanding of the progress and status of the rezoning approval; – Evaluating the external valuer's competence, capabilities and objectivity; – Holding discussions with management and the Group's external valuer to understand the valuation methodologies and key input used;

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair values of Hilltop property (cont'd) *(Refer to note 5 and note 19 to the consolidated financial statements)*	
The Group recognised a revaluation decrease of HK$35,713,000 for the year ended 31 December 2024 (note 19). The determination of the highest and best use of Hilltop property requires significant management judgement. The fair value measurement of Hilltop property is categorised as level 3 as the residual approach requires the use of certain unobservable inputs and assumptions about the risks that involve greater estimation uncertainty. The inherent risk in relation to the fair value estimate of Hilltop property is considered significant. Therefore, we identified the fair value of Hilltop property as a key audit matter.	– With the assistance of an auditor's valuation specialist: i) Assessing the appropriateness and mathematical accuracy of the valuation model; ii) Challenging the reasonableness of the key assumptions in light of available market information; iii) On a sample basis, checking the relevance and reasonableness of input data used, including the market price of nearby residential properties, estimation of market construction cost, anticipated developer's profit margin, and reasonableness of adjustments to the input data to reflect the specific characteristics of Hilltop property; iv) On a sample basis, comparing the data used by the Group's external valuer against the development plan approved by the government authority, published industry benchmarks and comparable market transactions. – Assessing the adequacy of the fair value disclosures in respect of Hilltop property in the consolidated financial statements.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yam Tak Fai, Ronald.

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000 (restated)
Continuing operations			
Revenue	9	**74,763**	108,031
Cost of sales		**(24,669)**	(49,257)
Gross profit		**50,094**	58,774
Other income	10	**1,257**	1,073
Selling and distribution costs		**(22,813)**	(31,991)
Administrative expenses		**(38,612)**	(46,551)
Depreciation of property, plant and equipment, impairment loss and amortisation		**(1,373)**	(857)
Other operating gains, net	13	**12,791**	12,364
Profit/(loss) from operations		**1,344**	(7,188)
Fair value gains/(losses) on investment properties, net		**(2,600)**	300
Finance costs	11	**(569)**	(1,123)
Loss before tax		**(1,825)**	(8,011)
Income tax expense	12	**—**	—
Loss for the year from continuing operations	13	**(1,825)**	(8,011)
Discontinued operations			
Loss for the year from discontinued operations	17	**(6,080)**	(11,373)
Loss for the year		**(7,905)**	(19,384)
Attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(1,824)**	(8,374)
Loss for the year from discontinued operations		**(6,080)**	(11,373)
Loss for the year attributable to owners of the Company		**(7,904)**	(19,747)
Non-controlling interests			
Proft/(Loss) for the year from continuing operations attributable to non-controlling interests		**(1)**	363
		(7,905)	(19,384)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$	2023 HK$ (restated)
Loss per share			
From continuing and discontinued operations			
– Basic	16(a)(i)	**(0.48) cents**	(1.20) cents
– Diluted	16(b)	**N/A**	N/A
From continuing operations			
– Basic	16(a)(ii)	**(0.11) cents**	(0.51) cents
– Diluted	16(b)	**N/A**	N/A
From discontinued operations			
– Basic	16(a)(iii)	**(0.37) cents**	(0.69) cents
– Diluted	16(b)	**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
Loss for the year		**(7,905)**	(19,384)
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Fair value loss on revaluation of Hilltop property (formerly known as "club property")	7(b)	**(35,713)**	(55,000)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**–**	(24)
Other comprehensive loss for the year, net of tax		**(35,713)**	(55,024)
Total comprehensive loss for the year		**(43,618)**	(74,408)
Attributable to:			
Owners of the Company		**(43,617)**	(74,766)
Non-controlling interests		**(1)**	358
		(43,618)	(74,408)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	19	**340,661**	371,060
Right-of-use assets	20	**3,351**	8,746
Investment properties	21	**50,200**	52,800
Financial assets at fair value through profit or loss	23	**43,410**	49,822
Total non-current assets		**437,622**	482,428
Current assets			
Inventories	24	**655**	11,925
Trade and other receivables	25	**7,697**	14,857
Financial assets at fair value through profit or loss	23	**345,361**	475,549
Pledged bank deposits	26	**10,000**	10,000
Time deposits	26	**220,658**	93,396
Cash and bank balances	26	**15,806**	16,180
Total current assets		**600,177**	621,907
Current liabilities			
Trade and other payables	27	**10,652**	23,253
Lease liabilities	28	**2,323**	8,396
Interest-bearing bank borrowings	29	**—**	5,079
Total current liabilities		**12,975**	36,728
Net current assets		**587,202**	585,179
Non-current liabilities			
Lease liabilities	28	**835**	—
NET ASSETS		**1,023,989**	1,067,607

	Note	2024 HK$'000	2023 HK$'000
Capital and reserves			
Issued capital	31	**1,206,706**	1,206,706
Accumulated losses		**(1,233,979)**	(1,226,075)
Other reserves	33	**1,052,020**	1,087,733
Equity attributable to owners of the Company		**1,024,747**	1,068,364
Non-controlling interests		**(758)**	(757)
TOTAL EQUITY		**1,023,989**	1,067,607

Approved by the Board of Directors on 27 March 2025 and are signed on its behalf by:

Hung Han WONG
Non-executive Director and Non-executive Chairman

Penny Soh Peng CROSBIE-WALSH
Executive Director and Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company							
	Issued capital HK$'000	Special reserve HK$'000 *(Note 33(b)(i))*	Exchange fluctuation reserve HK$'000 *(Note 33(b)(ii))*	Property revaluation reserve HK$'000 *(Note 33(b)(iii))*	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	1,206,706	808,822	1,206	332,724	(1,206,328)	1,143,130	(1,115)	1,142,015
Total comprehensive loss and change in equity for the year	—	—	(19)	(55,000)	(19,747)	(74,766)	358	(74,408)
At 31 December 2023	1,206,706	808,822	1,187	277,724	(1,226,075)	1,068,364	(757)	1,067,607
At 1 January 2024	**1,206,706**	**808,822**	**1,187**	**277,724**	**(1,226,075)**	**1,068,364**	**(757)**	**1,067,607**
Total comprehensive loss and change in equity for the year	**—**	**—**	**—**	**(35,713)**	**(7,904)**	**(43,617)**	**(1)**	**(43,618)**
At 31 December 2024	**1,206,706**	**808,822**	**1,187**	**242,011**	**(1,233,979)**	**1,024,747**	**(758)**	**1,023,989**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:			
From continuing operations		**(1,825)**	(8,011)
From discontinued operations	17	**(6,080)**	(11,373)
		(7,905)	(19,384)
Adjustments for:			
Depreciation of property, plant and equipment		**745**	564
Depreciation of right-of-use assets		**10,712**	11,791
Impairment loss of property, plant and equipment		**631**	213
Impairment loss of intangible assets		**—**	300
Amortisation of intangible assets		**—**	48
Impairment loss of trade receivables		**9**	8
Finance costs		**569**	1,123
Net charge/(write-back) of inventories allowances		**(6,324)**	9,280
Dividend income from:			
Financial assets at fair value through profit or loss		**(9,587)**	(14,466)
Interest income from:			
Financial assets at fair value through profit or loss		**(2,016)**	(1,708)
Other financial assets		**(7,196)**	(4,990)
Fair value losses/(gains) on investment properties, net		**2,600**	(300)
Losses/(gains) on disposal of property, plant and equipment		**(327)**	5
Fair value losses/(gains) from financial assets at fair value through profit or loss, net		**289**	(11,546)
Gains on disposal of financial assets at fair value through profit or loss, net		**(12,101)**	(72)
Gain on modification of a lease agreement		**(71)**	—
Write-back of provision for reinstatement cost		**(578)**	(12)
Write-back of accrued payables		**—**	(439)
Foreign exchange loss/(gain), net		**22**	(51)
Operating loss before working capital changes		**(30,528)**	(29,636)
Decrease in inventories		**17,594**	1,305
Decrease/(increase) in trade and other receivables		**7,493**	(1,421)
Increase/(decrease) in trade and other payables		**(13,372)**	2,413
Cash used in operations		**(18,813)**	(27,339)
Interest received		**7,989**	6,535
Dividends received from:			
Financial assets at fair value through profit or loss		**10,094**	14,801
Purchases of financial assets at fair value through profit or loss		**(201,321)**	(192,395)
Proceeds from disposal of financial assets at fair value through profit or loss		**351,085**	196,617
Net cash generated from/(used in) operating activities		**149,034**	(1,781)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plants and equipment		**(6,279)**	(782)
Purchases of financial assets at fair value through profit or loss		**(979)**	(870)
Proceeds from disposal of property, plant and equipment		**328**	—
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**(53,308)**	8,323
Net cash generated from/(used in) investing activities		**(60,238)**	6,671
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans raised	35(a)	**11,724**	23,792
Repayment of bank loans	35(a)	**(16,803)**	(24,595)
Interest paid	35(a)	**(150)**	(342)
Capital element of lease rentals paid	35(a)	**(9,547)**	(10,621)
Interest element of lease rentals paid	35(a)	**(419)**	(781)
Net cash used in financing activities		**(15,195)**	(12,547)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**73,601**	(7,657)
Effect of foreign exchange rate changes, net		**(21)**	27
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**88,708**	96,338
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**162,288**	88,708
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged time deposits		**220,658**	93,396
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(74,176)**	(20,868)
Non-pledged time deposits with original maturity of less than three months when acquired		**146,482**	72,528
Cash and bank balances		**15,806**	16,180
		162,288	88,708

1. CORPORATE INFORMATION

ENM Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Suite 2503, 25/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 34 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the requirements of the Companies Ordinance (Cap. 622, Laws of Hong Kong).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRS Accounting Standards (Cont'd)

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as follow:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of ENM Holdings Limited's borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Other than the effect of HKAS 1 Amendments as mentioned above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and not expected to significantly affect the current or future periods.

(b) Revised HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following which may be relevant to the Group up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (CONT'D)

(b) Revised HKFRS Accounting Standards in issue but not yet effective (Cont'd)

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 - Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 - Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
HKFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 - Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards is not expected to have material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. The Directors of the Company anticipate that the application of HKFRS 18 is expected to have no significant impact on the financial position and performance of the Group, but has impact on presentation and disclosure of the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (CONT'D)

(b) Revised HKFRS Accounting Standards in issue but not yet effective (cont'd)

Amendments to the Classification and Measurement of Financial Instruments - Amendments to HKFRS 9 and HKFRS 7

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 21 "Lack of Exchangeability"

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (CONT'D)

(b) Revised HKFRS Accounting Standards in issue but not yet effective (cont'd)

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments to HKFRS 10 "Consolidated Financial Statements" and HKAS 28 "Investments in Associates and Joint Ventures" deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments is yet to be determined by the HKICPA. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. revaluation of investment properties, Hilltop property and certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires Senior Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured either at fair value or at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(c) Business combination and goodwill (Cont'd)

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(e) Property, plant and equipment

Property, plant and equipment, except the Hilltop property (previously used to operate Hill Top Country Club and currently held for future development), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance expenses, are recognised in profit or loss during the period in which they are incurred.

Hilltop property (previously used to operate Hill Top Country Club and currently held for future development), is stated in the consolidated statement of financial position at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any increase in value arising from the revaluation of Hilltop property is recognised as Other Comprehensive Income and accumulated in the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such Hilltop property is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued Hilltop property is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values, over their estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Hilltop property	Over the remaining term of the lease
Leasehold improvements	Over the shorter of the remaining lease period or 5 to 6 years
Furniture, fixtures and equipment	2 to 5 years
Motor vehicles	3 to 5 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rentals and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time.

Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or if the investment property is withdrawn from use. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 4(r).

(g) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a leasee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected to separately account for them.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term lease of 12 months or less and leases of low-value assets. The Group decides on whether to capitalise leases of low value assets on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the term of the lease.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(g) Leases (Cont'd)

(i) The Group as a leasee (Cont'd)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the total amount of lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 4(f).

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis or the actual basis and comprises invoiced value of purchases, and where appropriate, freight, insurance and delivery charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(w) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(k) Financial assets

All regular way of purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("SPPI"). Interest income from the investment is calculated using the effective interest method.

– Fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as revenue.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(o) Borrowings (Cont'd)

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(r) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Retail of fashion wear and accessories

Revenue from the sale of fashion wear and accessories is recognised when control of the goods has transferred, being at the point the customer purchases the fashion wear and accessories at the retail shops or upon the delivery of fashion wear and accessories through an external e-commerce platform. Payment of the transaction price is due immediately at the point the customer purchases the fashion wear and accessories. Under the Group's standard contract terms, customers normally have a right of return our goods within 7 days and 30 days of sales via retail stores and an on-line retail channel respectively. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned the goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(r) Revenue recognition (Cont'd)

(ii) Resort and recreational club operations

Member's entrance fee income and subscription fee income are recognised over the membership and subscription period respectively. Revenue from the provision of resort and club facilities and other services is recognised over time as the services are rendered. Revenue from catering service is recognised at a point in time when the goods are transferred or the services are provided to the customer, being at the point that the customers have received the services or obtained control of the goods.

(iii) Dividend income

Dividend income is recognised when the Group's rights as a shareholder to receive payment has been established.

(iv) Interest income

Interest income from financial assets at FVPL is included in the revenue, see note 9.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of revenue. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(v) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(vi) Management and other services

Revenue from the provision of management and other services is recognised over the period in which the services are rendered.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(s) Employee benefits (Cont'd)

(ii) Pension obligations

The Group operates only the defined contribution retirement schemes.

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

For long service payment ("LSP") obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(u) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(u) Taxation (Cont'd)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(v) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(v) Impairment of non-financial assets (Cont'd)

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(w) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, trade and other receivables and cash and cash equivalents. The amount of expected credit losses ("ECL") is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(w) Impairment of financial assets (Cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in the financial instrument's external (if available) credit rating;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor; and

– significant increases in credit risk on other financial instruments of the same debtor.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(w) Impairment of financial assets (Cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(w) Impairment of financial assets (Cont'd)

Measurement and recognition of Expected Credit Losses ("ECL")

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(x) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(y) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

(z) Discontinued operation

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

5. CRITICAL JUDGMENTS AND KEY ESTIMATES

Critical judgments in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgments that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the Directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Allowances for inventories

Allowances for inventories are made based on the ageing and estimated net realisable value of inventories. The assessment of the amount of the allowance involves judgment and estimates which take into consideration the current and projected market conditions and the historical experience of selling products of similar nature, although this could change significantly as a result of changes in customer preference and competition in the industry. The Group reassess the estimates at the end of each reporting period.

As at 31 December 2024, allowances for inventories amounted to HK$16,167,000 (2023: HK$26,786,000).

5. CRITICAL JUDGMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

(b) Fair value of properties

The Group appointed an independent professional qualified valuer to assess the fair values of the Hilltop property and the investment properties. In determining their fair value, the valuer has utilised a method of valuation which involves certain estimates. The Directors have exercised their judgment to assess and are satisfied that the method of valuation utilized has reflected the current market conditions.

Further details, including the valuation techniques, judgement and key assumptions used for fair value measurement, have been disclosed in note 7 to the consolidated financial statements.

The aggregated carrying amount of the Hilltop property and investment properties as at 31 December 2024 were HK$390,200,000 (2023: HK$422,800,000).

(c) Financial assets at fair value through profit or loss - unlisted fund investments

In the absence of quoted market prices in an active market, the Directors had estimated the fair value of certain of the Group's unlisted fund investments, details of which are set out in note 23(c)(i) and (ii) to the consolidated financial statements, by considering information from a variety of sources, including the latest financial information from the fund manager or administrator.

The carrying amount of these unlisted fund investments as at 31 December 2024 was HK$43,410,000 (2023: HK$49,822,000).

6. FINANCIAL RISK MANAGEMENT

The Group's business activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management practice focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its purchase transactions, investments and bank deposits are principally denominated in foreign currencies including US dollar and Euro. The Group closely monitors its foreign currency exposure and will take appropriate action to hedge against significant foreign currency exposure, should the need arise.

The following table summarises the change in the Group's consolidated loss after tax in response to reasonably possible changes in the exchange rate of foreign currencies to which the Group has exposure at the end of the reporting period and that all other variables remain constant. Such exposure is in other receivables, bank deposits, investments, and trade and bills payables.

	Change in percentage in exchange rate against Hong Kong dollar	Effect on loss after tax HK$'000	Effect on equity HK$'000
31 December 2024			
US dollar	**+/- 0.5%**	**-/+4,980**	**+/-4,980**
Euro	**+/- 5%**	**-/+164**	**+/-164**
31 December 2023			
US dollar	+/- 0.5%	-/+5,193	+/-5,193
Euro	+/- 5%	-/+389	+/-389

(b) Price risk

The Group's investments classified as financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to price risk of equity and debt securities and funds investments. Senior Management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

At 31 December 2024, the Group's equity investments classified as financial assets at fair value through profit or loss was HK$Nil. At 31 December 2023, the Group's equity investments classified as financial assets at fair value through profit or loss are primarily listed on The Stock Exchange of Hong Kong Limited, The Tokyo Stock Exchange, The New York Stock Exchange, The Nasdaq Stock Market or The London Stock Exchange. If the share prices of the equity investments increase/decrease by 5%, consolidated loss after tax for the year would have been HK$1,713,000 lower/higher, arising as a result of the fair value gain/loss of these investments.

The Group's debt and fund investments classified as financial assets at fair value through profit or loss are primarily listed on The Stock Exchange of Hong Kong Limited, The Berlin Stock Exchange, The New York Stock Exchange, The Nasdaq Stock Market or traded over-the-counter. At 31 December 2024, if the prices of the debt and fund investments increase/decrease by 5%, consolidated loss (2023: loss) after tax for the year would have been HK$17,268,000 lower/higher (2023: HK$22,064,000 lower/higher), arising as a result of the fair value gain/loss of debt and fund investments classified as financial assets at fair value through profit or loss.

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The carrying amount of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's exposure to credit risk arising from cash and cash equivalents and financial instruments is relatively low because majority of the counterparties are reputable and high-credit-quality banks and financial institutions, of which would generally be considered to have low credit risk arising from non-performance.

Trade receivables

Customer credit risk is managed by each business unit in accordance with the Group's established policy, procedures and internal control relating to customer credit risk management, and the credit terms given to customers would 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. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience in the past years. The expected loss rate of trade receivables within one year (mainly include trade receivables arising from credit card sales and on-line sales which are normally settled in one-to-two business days in arrears and monthly in arrears respectively) are assessed to be immaterial because the counterparties are high-credit-quality banks or online retailer and a number of independent customers for whom there is no recent history of default; and the expected credit loss rate applicable to the balances over one year is 100%. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 January	**—**	—
Impairment loss recognised, net	**9**	8
Amount written off as uncollectible	**(9)**	(8)
At 31 December	**—**	—

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (Cont'd)

Other financial assets measured at amortised cost

Other receivables mainly comprise of rental and other deposits, interest, dividend or sales proceeds receivable from banks/financial institutions. The Group's other financial assets at amortised cost are considered to have low credit risk because the counterparties are high-credit-quality banks/financial institutions or well-established real estate developer/ management companies in Hong Kong, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. The expected credit losses for other receivables are not material under the 12-month expected losses method. No loss allowance provision was recognised during the year.

Debt investments

The Group is exposed to credit risk in relation to debt investments that are measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments of HK$42,874,000 (2023: HK$44,842,000).

(d) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including taking of bank loans to cover expected cash demands, subject to approval by the Directors of the Company when the borrowing exceed certain predetermined level of authority.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Less than 1 year HK$'000	After 1 year but within 2 years HK$'000	After 2 years but within 5 years HK$'000	Total HK$'000
At 31 December 2024				
Trade and other payables	**7,597**	**—**	**—**	**7,597**
Lease liabilities	**2,413**	**845**	**—**	**3,258**
At 31 December 2023				
Trade and other payables	15,778	—	—	15,778
Lease liabilities	8,618	—	—	8,618
Interest-bearing bank borrowings	5,079	—	—	5,079

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Interest rate risk

The Group's exposure to interest-rate risk arises from its short-term bank deposits and interest-bearing bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

The Group's debt investments bear fixed interest rates and therefore are subject to fair value interest rate risk.

At 31 December 2024, if interest rates had been 50 basis points higher/lower with all other variables held constant, consolidated loss (2023: loss) after tax for the year would have been HK$1,153,000 lower/higher (2023: HK$453,000 lower/higher), arising mainly as a result of the net of increase/decrease in the interest income from bank deposits and interest expense on short term bank borrowings.

(f) Categories of financial instruments at the end of the reporting period:

	2024	2023
	HK$'000	HK$'000
Financial assets:		
Financial assets at fair value through profit or loss	**388,771**	525,371
Financial assets at amortised cost	**252,870**	129,339
	641,641	654,710
Financial liabilities:		
Financial liabilities at amortised cost	**7,597**	20,857

(g) Fair values

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

7. FAIR VALUE MEASUREMENTS

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 of the inputs to the 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.

7. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Fair value measurements as at 31 December 2024 using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	2024 Total HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	–	–	–	–
– Listed debt investments	–	41,529	–	41,529
– Unlisted debt investments	–	1,345	–	1,345
– Listed fund investments	7,303	–	–	7,303
– Unlisted fund investments	–	295,184	43,410	338,594
	7,303	338,058	43,410	388,771
Investment properties:				
– Industrial property situated in Hong Kong	–	50,200	–	50,200
Property, plant and equipment:				
– Hilltop property situated in Hong Kong	–	–	340,000	340,000
Total recurring fair value measurements	7,303	388,258	383,410	778,971

Description	Fair value measurements as at 31 December 2023 using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	2023 Total HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	34,267	–	–	34,267
– Listed debt investments	–	39,967	–	39,967
– Unlisted debt investments	–	4,875	–	4,875
– Listed fund investments	28,458	–	–	28,458
– Unlisted fund investments	–	367,982	49,822	417,804
	62,725	412,824	49,822	525,371
Investment properties:				
– Industrial property situated in Hong Kong	–	52,800	–	52,800
Property, plant and equipment:				
– Hilltop property situated in Hong Kong	–	–	370,000	370,000
Total recurring fair value measurements	62,725	465,624	419,822	948,171

7. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Property, plant and equipment Hilltop property HK$'000	Financial assets at fair value through profit or loss Unlisted fund investments HK$'000	2024 Total HK$'000
At 1 January 2024	**370,000**	**49,822**	**419,822**
Additions	**5,713**	**979**	**6,692**
Amount received in respect of return of capital of unlisted fund investments	**—**	**—**	**—**
Total fair value gain or loss recognised in other comprehensive income	**(35,713)**	**—**	**(35,713)**
Total fair value gain or loss recognised in profit or loss*	**—**	**(7,391)**	**(7,391)**
At 31 December 2024	**340,000**	**43,410**	**383,410**
* Include gains or losses for assets held at end of reporting period	**—**	**(7,391)**	**(7,391)**

Description	Property, plant and equipment Hilltop property HK$'000	Financial assets at fair value through profit or loss Unlisted fund investments HK$'000	2023 Total HK$'000
At 1 January 2023	425,000	59,804	484,804
Additions	—	870	870
Amount received in respect of return of capital of unlisted fund investments	—	—	—
Total fair value gain or loss recognised in other comprehensive income	(55,000)	—	(55,000)
Total fair value gain or loss recognised in profit or loss*	—	(10,852)	(10,852)
At 31 December 2023	370,000	49,822	419,822
* Include gains or losses for assets held at end of reporting period	—	(10,852)	(10,852)

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, net" in the consolidated statement of profit or loss.

7. FAIR VALUE MEASUREMENTS (CONT'D)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period:

The Group's Senior Management is responsible for the fair value measurement of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. In respect of level 3 fair value measurements, the Group normally engages external valuation experts with relevant recognised qualifications and experience to perform the valuation. The Senior Management review the level 3 fair value measurement twice a year, which is in line with the Group's reporting dates. The Directors also exercise their judgment on the method of valuation of the Hilltop property and investment properties.

The valuation techniques used and the key inputs to the level 2 and level 3 fair value measurements as at 31 December 2024 and 31 December 2023 are set out below:

Description	Valuation technique and key inputs
Level 2:	
Listed and unlisted debt and fund investments	Quoted price provided by fund administrators/financial institutions
Industrial investment properties situated in Hong Kong	Direct comparison method: – Price per square feet
Level 3:	
Hilltop property situated in Hong Kong	Open market and highest and best use basis with the use of residual approach: – Market price of nearby residential properties – Estimation of market construction cost – Anticipated developer's profit margin
Unlisted fund investments	Net asset value provided by the administrator of the fund

7. FAIR VALUE MEASUREMENTS (CONT'D)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period: (Cont'd)

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

31 December 2024

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs
Hilltop property situated in Hong Kong	Open market and highest and best use basis with the use of residual approach	Market price of nearby residential properties	HK$15,970/ square feet (2023: HK$16,800/ square feet)	Increase
		Estimation of market construction cost	HK$5,995/ square feet (2023: HK$5,774/ square feet)	Decrease
		Anticipated developer's profit margin	15% (2023: 15%)	Decrease
Unlisted fund investments	Net asset value	Net asset value	N/A	N/A

In February 2022, the Group obtained approval from the Chief Executive in Council in respect of the rezoning of Hilltop property from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 8" (the "Rezoning Approval"). The approved maximum gross floor area is 49,300 square meter.

In accordance with HKFRS 13 "Fair Value Measurement", the Group has determined at the measurement date the highest and best use of Hilltop property would be development for residential in accordance with the Rezoning Approval. This differs from its previous use. There remain further steps and approval required before the Group is able to proceed with the development.

As at 31 December 2024 and 31 December 2023, the fair value of Hilltop property was determined using open market and highest and best use basis with the use of residual approach (the "Approach"). The Approach of valuation is commonly used to value development sites by establishing the market value of the property on an "as-if" completed basis with appropriate deduction of construction costs, professional fees, marketing and legal cost, and interest payments to be incurred as well as anticipated developer's profits margin.

8. SEGMENT INFORMATION

The Group has two reportable segments from continuing operations as follows:

Segment	Business Operation
Retail of fashion wear and accessories	The trading of fashion wear and accessories
Investments	The holding and trading of investments for short term and long term investment returns, and management of the Group's assets

On 16 June 2024, the Group discontinued the resort and recreational club operations and the Group's Senior Management no longer review the discrete financial information of these discontinued operations. Accordingly, the segment information reported does not include any amounts for these discontinued operations, which are classified as "loss for the year from discontinued operations" in the consolidated statement of profit or loss and described in more detail in note 17.

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.

After the Group discontinued the resort and recreational club operations, the operating results related to the management of the property ("Hilltop property") previously used for the resort and recreational club operations are now included in the Investments segment. This information is presented to the chief operation decision maker in aggregate with the operating results of the holding and trading of investments for regular review and decision-making. The comparative figures of segment information for the year ended 31 December 2023 and as at 31 December 2023 were restated to follow the current year's presentation.

Segment profits or losses do not include the following:

– Unallocated corporate administrative expenses;

– Fair value gains/(losses) on investment properties, net;

– Finance costs; and

– Income tax expense.

Segment liabilities do not include interest-bearing bank borrowings.

8. SEGMENT INFORMATION (CONT'D)

Information about reportable segment profit or loss, assets and liabilities from continuing operations:

	Retail of fashion wear and accessories HK$'000	Investments HK$'000	Total HK$'000
Year ended 31 December 2024:			
Revenue from external customers	55,964	18,799	74,763
Segment profit/(loss)	(3,900)	8,088	4,188
Segment profit/(loss) includes:			
Fair value losses on financial assets at fair value through profit or loss, net	–	(289)	(289)
Gains on disposal of financial assets at fair value through profit or loss, net	–	12,101	12,101
Dividend income from financial assets at fair value through profit or loss	–	9,587	9,587
Interest income from:			
– Financial assets at fair value through profit or loss	–	2,016	2,016
– Other financial assets	–	7,196	7,196
Write-back of provision for reinstatement cost	578	–	578
Write-back of inventories allowances	6,273	–	6,273
Depreciation of property, plant and equipment	343	399	742
Depreciation of right-of-use assets	7,648	3,064	10,712
Impairment loss of property, plant and equipment	631	–	631
Other segment information:			
Additions to property, plant and equipment	207	6,481	6,688
Additions to right-of-use assets	2,283	3,556	5,839
As at 31 December 2024:			
Segment assets	17,548	1,020,251*	1,037,799
Segment liabilities	(5,019)	(8,791)	(13,810)

* Segment assets under the Investment segment included the property previously used for the discontinued resort and recreational club operations with fair value of HK$340,000,000 as at 31 December 2024 (31 December 2023: HK$370,000,000).

8. SEGMENT INFORMATION (CONT'D)

Information about reportable segment profit or loss, assets and liabilities from continuing operations: (Cont'd)

	Retail of fashion wear and accessories HK$'000	Investments HK$'000	Total HK$'000 (restated)
Year ended 31 December 2023:			
Revenue from external customers	86,867	21,164	108,031
Segment profit/(loss)	(10,310)	10,027	(283)
Segment profit/(loss) includes:			
Fair value gains on financial assets at fair value through profit or loss, net	—	11,546	11,546
Gains/(losses) on disposal of financial assets at fair value through profit or loss, net	111	(39)	72
Dividend income from financial assets at fair value through profit or loss	—	14,466	14,466
Interest income from:			
– Financial assets at fair value through profit or loss	—	1,708	1,708
– Other financial assets	—	4,990	4,990
Write-back of provision for reinstatement cost	12	—	12
Write-back of accrued payables	439	—	439
Depreciation of property, plant and equipment and amortisation	202	355	557
Depreciation of right-of-use assets	9,155	2,636	11,791
Charge of inventories allowances	9,204	—	9,204
Impairment loss of intangible assets	300	—	300
Other segment information:			
Additions to property, plant and equipment	707	—	707
Additions to right-of-use assets	2,034	262	2,296
As at 31 December 2023:			
Segment assets	37,983	1,065,247*	1,103,230
Segment liabilities	(18,109)	(9,615)	(27,724)

8. SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment, profit or loss, assets and liabilities from continuing operations:

	2024 HK$'000	2023 HK$'000 (restated)
Profit or loss		
Total profit or loss of reportable segments	4,188	(283)
Unallocated corporate administrative expenses	(2,844)	(6,905)
Fair value gains/(losses) on investment properties, net	(2,600)	300
Finance costs	(569)	(1,123)
Consolidated loss before tax from continuing operations	(1,825)	(8,011)
Assets		
Total assets of reportable segments	1,037,799	1,103,230
Assets relating to discontinued operations	—	1,105
Consolidated total assets	1,037,799	1,104,335
Liabilities		
Total liabilities of reportable segments	(13,810)	(27,724)
Interest-bearing bank borrowings	—	(5,079)
Liabilities relating to discontinued operations	—	(3,925)
Consolidated total liabilities	(13,810)	(36,728)

Geographical information:

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2024 HK$'000	2023 HK$'000 (restated)	2024 HK$'000	2023 HK$'000
Hong Kong	63,574	92,963	394,212	432,606
Europe	8,836	8,196	—	—
The Americas	2,254	6,455	—	—
Other Asia Pacific Region	99	417	—	—
Consolidated total	74,763	108,031	394,212	432,606

In presenting the geographical information, revenue in relation to retail of fashion wear and accessories segment is based on the locations in which the revenue originated and revenue in relation to Investments segment is based on the country of primary listing for listed instruments and the country of incorporation for unlisted instruments; non-current assets exclude financial assets and are based on the locations of the assets.

9. REVENUE

Disaggregation and analysis of revenue from contracts with customers by major products or service line and timing of revenue recognition for the year from continuing operations are as follows:

	2024 HK$'000	2023 HK$'000 (restated)
Revenue from contracts with customer		
(i) Retail of fashion wear and accessories		
Sale of fashion wear and accessories recognised at a point in time	**55,964**	86,867
Revenue from other sources		
(i) Investments		
Dividend income arising from financial assets at fair value through profit or loss:		
– Listed equity investments	**489**	1,227
– Listed fund investments	**513**	458
– Unlisted fund investments	**8,585**	12,781
Interest income from		
– Financial assets at fair value through profit or loss	**2,016**	1,708
– Other financial assets	**7,196**	4,990
	18,799	21,164
Total revenue of the Group from continuing operations	**74,763**	108,031

10. OTHER INCOME

	2024 HK$'000	2023 HK$'000 (restated)
Continuing operations		
Rental income	**984**	984
Others	**273**	89
	1,257	1,073

11. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Continuing operations		
Interest expenses on lease liabilities *(note 20 and 35(a))*	419	781
Interest on bank loans	150	342
	569	1,123

12. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2024 (2023: HK$Nil) as the Company and its subsidiaries either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

The tax rate applicable for the assessable profit arising in Hong Kong is 16.5% (2023: 16.5%).

A reconciliation between the income tax expense and the product of loss before tax multiplied by the weighted average tax rate applicable to profit/(loss) of the consolidated companies is as follows:

	2024 HK$'000	2023 HK$'000 (restated)
Loss before tax (from continuing operations)	(1,825)	(8,011)
Tax calculated at domestic tax rates applicable to profit/(loss) in the respective countries	(301)	(1,322)
Tax effect of income that is not taxable	(6,778)	(7,103)
Tax effect of expenses that are not deductible	3,073	1,671
Tax effect of tax losses not recognised	4,006	6,754
Income tax expense (relating to continuing operations)	—	—

The weighted average applicable tax rate is 16.5% (2023: 16.5%).

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's loss for the year from continuing operations is stated after charging/(crediting) the following:

	2024 HK$'000	2023 HK$'000 (restated)
Cost of inventories sold#	24,669	49,257
Net charge/(write-back) of inventories allowances	(6,273)	9,204
Depreciation of property, plant and equipment	742	509
Depreciation of right-of-use assets	10,712	11,791
Impairment loss of property, plant and equipment	631	—
Amortisation of intangible assets	—	48
Impairment loss of intangible assets	—	300
Auditor's remuneration		
– Audit services	950	1,080
– Non-audit services	266	502
	1,216	1,582
Direct operating expenses of investment properties that generate rental income	522	263
Gains from financial assets at fair value through profit or loss, net*:		
Fair value losses/(gains), net	289	(11,546)
Gains on disposal, net	(12,101)	(72)
	(11,812)	(11,618)
Fair value losses/(gains) on investment properties, net	2,600	(300)
Losses/(gains) on disposal of property, plant and equipment*	(2)	5
Rental income	(984)	(984)
Foreign exchange gains, net*	(328)	(300)
Gains on a lease modification*	(71)	—
Write-back of provision for reinstatement cost*	(578)	(12)
Write-back of accrued payables*	—	(439)

Cost of inventories sold included write-back of HK$6,273,000 (2023: charge of HK$9,204,000) for inventories allowances.

* These amounts are included in "Other operating gains, net".

14. EMPLOYEE BENEFITS EXPENSE

	2024 HK$'000	2023 HK$'000 (restated)
Employee benefits expense (including directors' emoluments):		
Continuing operations		
Salaries, bonuses and other benefits	26,127	32,095
Directors' fees *(Note 15(a))*	1,894	3,288
Pension scheme contributions	779	926
	28,800	36,309

(a) Pensions - defined contribution plans

For the Group's defined contribution retirement schemes operated under the Occupational Retirement Scheme Ordinance, the forfeited contributions under the defined contribution schemes may be used by the employer to reduce the existing level of contributions. There were no forfeited contributions utilised during the years 2023 and 2024, and available as at both year end to reduce future contributions.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2023: one) director whose emoluments is reflected in the analysis presented in note 15(a) to the consolidated financial statements. The emoluments of the remaining four (2023: four) individuals are set out below:

	2024 HK$'000	2023 HK$'000
Salaries, bonuses, allowances and benefits in kind	4,199	4,704
Performance related bonus	—	30
Pension scheme contributions	66	102
	4,265	4,836

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
HK$Nil to HK$1,000,000	1	—
HK$1,000,001 to HK$1,500,000	3	3
HK$1,500,001 to HK$2,000,000	—	1
	4	4

14. EMPLOYEE BENEFITS EXPENSE (CONT'D)

(c) Emoluments of Senior Management

The emoluments of the Senior Management, whose profiles, if applicable, are included in Biographies of Senior Management section of 2024 and 2023 annual report of the Company and included three (2023: two) of the five highest paid individuals analysis presented above, fell within the following bands:

	Number of individuals	
	2024	2023
HK$Nil to HK$1,000,000	–	1
HK$1,000,001 to HK$1,500,000	3	1
HK$1,500,001 to HK$2,000,000	–	1
	3	3

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director, including the Chief Executive Officer, is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							
	Fees HK$'000	Salaries HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000 *(note vii)*	Retirement Benefit HK$'000	Total HK$'000
Executive director:								
Mrs. Penny Soh Peng CROSBIE-WALSH	63	2,804	–	18	–	78	–	2,963
Non-executive director *(note i)*:								
Mr. Hung Han WONG	556	–	–	–	–	–	–	556
Independent non-executive directors *(note i)*:								
Mr. Kin Wing CHEUNG	470	–	–	–	–	–	–	470
Ms. Imma Kit Sum LING *(note ii)*	402	–	–	–	–	–	–	402
Mr. Hin Fun Anthony TSANG *(note ii)*	402	–	–	–	–	–	–	402
Mr. Kiu Sang Baldwin LEE *(note iii)*	1	–	–	–	–	–	–	1
Total for 2024	1,894	2,804	–	18	–	78	–	4,794

15. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(a) Directors' emoluments (Cont'd)

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							
	Fees HK$'000	Salaries HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000 *(note vii)*	Retirement Benefit HK$'000	Total HK$'000
Executive director:								
Mrs. Penny Soh Peng CROSBIE-WALSH	63	2,802	–	18	–	74	–	2,957
Non-executive directors *(note i)*:								
Mr. Hung Han WONG	624	–	–	–	–	–	–	624
Mr. David Charles PARKER *(note iv)*	427	–	–	–	–	–	–	427
Independent non-executive directors *(note i)*:								
Mr. Kin Wing CHEUNG	573	–	–	–	–	–	–	573
Mr. Kiu Sang Baldwin LEE *(note iii)*	574	–	–	–	–	–	–	574
Mr. Ted Tak Tai LEE *(note v)*	505	–	–	–	–	–	–	505
Ms. Sarah Young O'DONNELL *(note vi)*	522	–	–	–	–	–	–	522
Total for 2023	3,288	2,802	–	18	–	74	–	6,182

Notes:

(i) In addition to the annual fee, Non-executive Directors (including Independent Non-Executive Directors) are entitled to an attendance fee for attending each physical Board meeting or committee meeting or general meeting of the Company.

(ii) Appointed on 19 January 2024.

(iii) Resigned on 2 January 2024.

(iv) Resigned on 18 December 2023.

(v) Resigned on 8 December 2023.

(vi) Resigned on 31 December 2023.

(vii) Estimated money values of other benefits include cash allowances.

No share options or any other forms of share-based payments were granted to the directors during the year (2023: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: HK$Nil).

15. BENEFITS AND INTERESTS OF DIRECTORS (CONT'D)

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the financial year.

16. LOSS PER SHARE

(a) Basic loss per share

(i) From continuing and discontinued operations

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$7,904,000 (2023: loss of HK$19,747,000) and the weighted average number of ordinary shares of 1,650,658,676 (2023: 1,650,658,676) in issue during the year.

(ii) From continuing operations

The calculation of basic loss per share from continuing operations is based on the loss for the year from continuing operations attributable to owners of the Company of HK$1,824,000 (2023: loss of HK$8,374,000) and the weighted average number of ordinary shares of 1,650,658,676 (2023: 1,650,658,676) in issue during the year.

(iii) From discontinued operations

The calculation of basic loss per share from discontinued operations is based on the loss for the year from discontinued operations attributable to owners of the Company of HK$6,080,000 (2023: loss of HK$11,373,000) and the weighted average number of ordinary shares of 1,650,658,676 (2023: 1,650,658,676) in issue during the year.

(b) Diluted loss per share

No diluted loss per share from continuing and discontinued operations are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2024 and 2023.

17. DISCONTINUED OPERATIONS

Hill Top Country Club (the "Club") has been loss making for numerous years. The Board believed that it is in the best interest of the Company and its shareholders to cease the Club operation and resolved on 26 March 2024 to close the Club effective from 16 June 2024. The resort and recreational club segment is thus classified as a discontinued operation and is no longer included in note 8 for operating segment information. Further details of the above were set out in the Company's announcement dated 26 March 2024.

	2024 **HK$'000**	2023 HK$'000
Loss for the year from discontinued operations:		
Revenue — Contracts with customers	**5,304**	12,805
Cost of sales	**(1,128)**	(2,803)
Other income	**232**	346
Selling and administrative expenses	**(10,810)**	(21,453)
Depreciation of property, plant and equipment and impairment loss	**(3)**	(268)
Other operating gains, net	**325**	—
Loss before tax from discontinued operations	**(6,080)**	(11,373)
Income tax expense	**—**	—
Loss for the year from discontinued operations (attributable to owners of the Company)	**(6,080)**	(11,373)
Cash flows from discontinued operations:		
Net cash outflows from operating activities	**(9,642)**	(10,026)
Net cash inflows/(outflows) from investing activities	**321**	(75)
Net cash outflows	**(9,321)**	(10,101)

18. DIVIDENDS

The directors do not recommend the payment of dividend to shareholders for the years ended 31 December 2024 and 2023.

19. PROPERTY, PLANT AND EQUIPMENT

	Hilltop property HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At 1 January 2023	425,000	21,209	28,636	1,085	475,930
Additions	—	—	782	—	782
Disposals	—	(265)	(1,116)	—	(1,381)
Loss on revaluation	(55,000)	—	—	—	(55,000)
At 31 December 2023 and 1 January 2024	**370,000**	**20,944**	**28,302**	**1,085**	**420,331**
Additions	**5,713**	**673**	**305**	**—**	**6,691**
Disposals	**—**	**(13,578)**	**(4,827)**	**(1,085)**	**(19,490)**
Loss on revaluation	**(35,713)**	**—**	**—**	**—**	**(35,713)**
At 31 December 2024	**340,000**	**8,039**	**23,780**	**—**	**371,819**
Accumulated depreciation and impairment:					
At 1 January 2023	—	20,675	28,110	1,085	49,870
Depreciation provided during the year	—	288	276	—	564
Disposals	—	(265)	(1,111)	—	(1,376)
Impairment loss	—	—	213	—	213
At 31 December 2023 and 1 January 2024	**—**	**20,698**	**27,488**	**1,085**	**49,271**
Depreciation provided during the year	**—**	**420**	**325**	**—**	**745**
Disposals	**—**	**(13,578)**	**(4,826)**	**(1,085)**	**(19,489)**
Impairment loss	**—**	**89**	**542**	**—**	**631**
At 31 December 2024	**—**	**7,629**	**23,529**	**—**	**31,158**
Net carrying amount:					
At 31 December 2024	**340,000**	**410**	**251**	**—**	**340,661**
At 31 December 2023	370,000	246	814	—	371,060

19. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

At 31 December 2024 and 31 December 2023, the Group's Hilltop property was revalued by an independent professional qualified valuer, Knight Frank Petty Limited. Senior Management reviews the fair value measurements twice a year, which is in line with the Group's reporting dates. The Directors of the Company also exercise their judgement on the valuation method of Hilltop property.

The valuation technique adopted was an open market and highest and best use basis with the use of residual method. The property is situated on a piece of land ("the Land") designated for "Other Specified Uses" annotated "Sports and Recreation Club" and is currently held for future development.

With reference to the announcement made by the Company on 19 January 2018, 1 September 2020 and 18 September 2020, the Company has obtained approval for a zoning plan amendment application (the "Rezoning Application") under Section 12A of the Town Planning Ordinance (Chapter 131, Laws of Hong Kong) to the Town Planning Board to rezone the Land from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 6".

With reference to the announcement made by the Company on 26 February 2021, the Town Planning Board gazetted the Amendments to the approved Tsuen Wan Outline Zoning Plan No. S/TW/33, which included the Company's Rezoning Application.

With reference to the announcement made by the Company on 18 February 2022, the Chief Executive in Council on 8 February 2022 approved the Company's Rezoning Application to rezone the Land from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 8". There remain further steps required by the Company including the application for exchange of Land Grant and the assessment of the change of land use premium before the Land can be used for residential development.

If Hilltop property was stated by the Group on historical cost basis, its carrying amounts would be as follows:

	2024 **HK$'000**	2023 HK$'000
Cost	**57,149**	57,149
Accumulated depreciation	**(34,113)**	(33,089)
	23,036	24,060

20. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 1 January 2023	18,241
Additions	2,296
Depreciation	(11,791)
At 31 December 2023 and 1 January 2024	**8,746**
Additions	**5,839**
Depreciation	**(10,712)**
Derecognition on lease modification	**(522)**
At 31 December 2024	**3,351**

Lease liabilities of HK$3,158,000 (2023: HK$8,396,000) are recognised with related right-of-use assets of HK$2,678,000 (2023: HK$7,604,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2024 HK$'000	2023 HK$'000
Depreciation expenses on right-of-use assets	**10,712**	11,791
Interest expense on lease liabilities (included in finance cost)	**419**	781
Expenses relating to short-term lease (included in selling and distribution cost)	**633**	—
Expenses relating to leases of low value assets (included in selling and distribution cost)	**—**	14
Expenses relating to variable lease payments not included in the measurement of lease liability (included in selling and distribution cost)	**892**	2,805

Details of total cash outflows for lease are set out in note 35(b).

During both financial years, the Group leases office premises and retail stores for its operations. Lease agreements are entered into for fixed term of one to three years, but may have extension and termination options. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

20. RIGHT-OF-USE ASSETS (CONT'D)

	Lease liabilities recognised as at 31 December (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Retails stores - Hong Kong	**979**	5,910	**—**	—

The Group leased a number of retail stores which contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Hong Kong where the Group operates. The amount of fixed and variable lease payments recognised in profit or loss for the year is summarised below:

		2024	
	Fixed payments HK$'000	**Variable payments HK$'000**	**Total payments HK$'000**
Retails stores - Hong Kong	**7,716**	**892**	**8,608**

		2023	
	Fixed payments HK$'000	Variable payments HK$'000	Total payments HK$'000
Retails stores - Hong Kong	8,880	2,805	11,685

At 31 December 2024, it is estimated that an increase in sales generated from these retail stores by 5% would have increased the lease payments by HK$179,000 (2023: HK$400,000).

21. INVESTMENT PROPERTIES

	2024 HK$'000	2023 HK$'000
At 1 January	**52,800**	52,500
Fair value gains/(losses)	**(2,600)**	300
At 31 December	**50,200**	52,800

At 31 December 2024, the Group's investment properties comprised of units in an industrial building situated in Hong Kong of HK$50,200,000 (2023: HK$52,800,000). The Group's industrial property units are held to earn rental income, under medium term leases, and for capital appreciation.

The Group's investment properties were revalued at 31 December 2024 and 31 December 2023 by an independent professional qualified valuer, Knight Frank Petty Limited based on a direct comparison method.

Additional details of the Group's investment properties are included on page 156.

22. INTANGIBLE ASSETS

	Trademarks **HK$'000**
Cost:	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**1,700**
Accumulated amortisation:	
At 1 January 2023	1,352
Amortisation for the year	48
Impairment loss	300
At 31 December 2023, 1 January 2024 and 31 December 2024	**1,700**
Net carrying amount:	
At 31 December 2024	**—**
At 31 December 2023	-

The Group's trademarks protect the design and specification of the Group's products. These assets are used only in the Group's retail of fashion wear and accessories segment. The Group carried out a review of the recoverable amount of its trademarks in 2023, having regard to the market conditions of the Group's products. The review led to the recognition of an impairment loss of HK$300,000 for trademarks that have been recognised in profit or loss in 2023. The average remaining amortisation period of the trademarks is approximately 6 years as at 31 December 2023.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Financial assets at fair value through profit or loss:		
Equity investments, at fair value *(note a)*:		
– Listed in Hong Kong	–	16,889
– Listed outside Hong Kong	–	17,378
	–	34,267
Fund investments, at fair value:		
– Listed outside Hong Kong *(note b)*	7,303	28,458
– Unlisted *(note b and note c)*	338,594	417,804
	345,897	446,262
Debt investments, at fair value *(note d)*:		
– Listed in Hong Kong*	1,344	5,492
– Listed outside Hong Kong*	40,185	34,475
– Unlisted	1,345	4,875
	42,874	44,842
	388,771	525,371

* Listed as selectively marketed securities on The Stock Exchange of Hong Kong Limited and other overseas stock exchanges.

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

	2024 HK$'000	2023 HK$'000
Current assets - Financial assets at fair value through profit or loss		
– Listed equity investments *(note a)*	–	34,267
– Listed fund investments *(note b)*	7,303	28,458
– Unlisted fund investments *(note b)*	295,184	367,982
– Listed debt investments *(note d)*	41,529	39,967
– Unlisted debt investments *(note d)*	1,345	4,875
	345,361	475,549
Non-current assets - Financial assets at fair value through profit or loss		
– Unlisted fund investments *(note c)*	43,410	49,822
	388,771	525,371

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

Notes:

(a) The fair values 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) The fund investments as at 31 December 2024 amounted HK$302,487,000 (2023: HK$396,440,000) which were listed in overseas exchanges or traded over-the-counter and 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 31 December 2024, carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund III L.P. ("ACIF III"), amounted to HK$16,113,000 (2023: HK$22,548,000) 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 31 December 2024 amounted to US$61,000 (equivalent to approximately HK$474,000) (2023: US$89,000 (equivalent to approximately HK$694,000)). 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.

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

As at 31 December 2024, 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$27,297,000 (2023: HK$27,274,000) 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 31 December 2024 amounted to US$125,000 (equivalent to approximately HK$972,000) (2023: US$222,000 (equivalent to HK$1,731,000)). 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) The fair values of the debt investments as at 31 December 2024 amounted to HK$42,874,000 (2023: HK$44,842,000) are based on quoted market price or the price quoted by issuer/financial institution. 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 issuer/financial institution is reasonable, and that it is most appropriate value at the end of the reporting period.

As at 31 December 2024, these debt investments have maturity date ranging from 1 April 2025 to 8 February 2054 (2023: 14 March 2024 to 12 January 2032).

As at 31 December 2024, these debt instruments bear fixed/floating coupon interest rate ranging from 2.2% to 6.45% (2023: 1.3% to 6.3%). The carrying amounts of the Group's debt investments measured at FVPL are denominated in US dollars.

24. INVENTORIES

As at 31 December 2024 and 2023, all of the Group's inventories comprised of finished goods.

25. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	231	1,287
Less: Impairment of trade receivables	—	—
	231	1,287
Rental and other deposits	2,618	5,157
Prepayments and other receivables	4,848	8,413
	7,697	14,857

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 Senior Management.

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

	2024 HK$'000	2023 HK$'000
Within 1 month	231	1,220
2 to 3 months	—	67
	231	1,287

The carrying amounts of the Group's trade receivables are denominated in Hong Kong dollars.

26. PLEDGED BANK DEPOSITS/TIME DEPOSITS/CASH AND BANK BALANCES

The Group's pledged deposits to banks were for the purpose of securing banking facilities for the Group as set out in note 29 to the consolidated financial statements.

Pledged bank deposits, time deposits and, cash and bank balances are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
Hong Kong dollars	**27,718**	24,440
US dollars	**218,473**	94,340
Others	**273**	796
	246,464	119,576

27. TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade and bills payables *(note a)*	**53**	3,301
Accruals for operations	**2,563**	4,232
Accruals and provision for staff costs	**4,547**	7,097
Contract liabilities *(note b)*	**76**	1,624
Deposits received	**236**	212
Other payables	**1,616**	2,652
Provisions	**1,561**	4,135
	10,652	23,253

27. TRADE AND OTHER PAYABLES (CONT'D)

(a) An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**18**	2,933
2 to 3 months	**—**	333
Over 3 months	**35**	35
	53	3,301

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
Hong Kong dollars	**—**	1,760
Euro	**49**	1,405
Others	**4**	136
Total	**53**	3,301

(b) Contract liabilities represent the consideration received in advance from customers, and customer loyalty programme. The amounts of consideration received in advance from customers and customer loyalty programme are expected to be recognised as income within one year. The following table shows the revenue recognised during the year related to carried forward contract liabilities:

	2024 HK$'000	2023 HK$'000
Retail of fashion wear and accessories	**359**	656
Resort and recreational club operations	**1,042**	560
Total revenue recognised related to carried forward contract liabilities	**1,401**	1,216

28. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,413**	8,618	**2,323**	8,396
In the second to fifth years, inclusive	**845**	—	**835**	—
	3,258	8,618	**3,158**	8,396
Less: Future finance charges	**(100)**	(222)	**N/A**	N/A
Present value of lease obligations	**3,158**	8,396	**3,158**	8,396
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(2,323)**	(8,396)
Amount due for settlement after 12 months			**835**	—

All lease liabilities are denominated in Hong Kong dollars.

29. INTEREST-BEARING BANK BORROWINGS

	2024	2023
	HK$'000	HK$'000
Bank loans	**—**	5,079

The interest-bearing bank borrowings of the Group were fully repaid during the year 2024.

The carrying amounts of the Group's interest-bearing bank borrowings as at 31 December 2023 were denominated in Hong Kong dollars.

The effective interest rates charged as at 31 December were as follows:

	2024	2023
Bank loans	**N/A**	6.78% - 7.38%

Bank loans of HK$Nil (2023: HK$2,043,000) are secured by a charge over the Group's pledged time deposits of HK$10,000,000 (2023: HK$10,000,000). The remaining balance as at 31 December 2023 is unsecured.

30. DEFERRED TAX

The following are deferred tax liabilities and assets recognised by the Group:

	Depreciation allowance in excess of related depreciation HK$'000	Fair value gains from financial assets at fair value through profit or loss HK$'000	Right-of-use-assets HK$'000	Losses available for offsetting against future taxable profits HK$'000	Total HK$'000
At 1 January 2023	5,947	–	–	(5,947)	–
Deferred tax charged/(credited) to the profit or loss for the year	(35)	–	–	35	–
At 31 December 2023 and at 1 January 2024	**5,912**	**–**	**–**	**(5,912)**	**–**
Deferred tax charged/(credited) to the profit or loss for the year	**44**	**1,041**	**111**	**(1,196)**	**–**
At 31 December 2024	**5,956**	**1,041**	**111**	**(7,108)**	**–**

At the end of the reporting period, the Group has unused tax losses of HK$996,890,000 (2023: HK$963,424,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$43,079,000 (2023: HK$35,833,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$953,811,000 (2023: HK$927,591,000) due to the unpredictability of future profit streams. Unrecognised tax losses may be carried forward indefinitely.

31. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Issued and fully paid:		
1,650,658,676 (2023: 1,650,658,676) ordinary shares	**1,206,706**	1,206,706

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

31. SHARE CAPITAL (CONT'D)

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements except for (i) the requirement to maintain a public float of at least 25% of the shares under the Listing Rules; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Company demonstrates continuing compliance of the public float of at least 25% of the shares throughout the year.

Breaches in meeting the financial covenants would permit the bank to immediately call back borrowings. There were no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is the total borrowings and lease liabilities divided by the total equity attributable to equity holders of the Company. The Group's policy is to maintain an appropriate level of debt and gearing ratio. The total borrowings include interest-bearing bank borrowings. The gearing ratio as at the end of the reporting period was as follows:

	2024 **HK$'000**	2023 HK$'000
Interest-bearing bank borrowings	**–**	5,079
Lease liabilities	**3,158**	8,396
Total borrowings and lease liabilities	**3,158**	13,475
Equity attributable to owners of the Company	**1,024,747**	1,068,364
Gearing ratio	**0.3%**	1.3%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

32. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	At 31 December 2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**661**	293
Investment properties		**390,200**	422,800
Right-of-use assets		**2,648**	2,678
Interests in subsidiaries		**497,151**	477,497
Total non-current assets		**890,660**	903,268
Current assets			
Prepayments, deposits and other receivables		**1,928**	4,777
Due from a subsidiary		**51**	165
Financial assets at fair value through profit or loss		**50,287**	110,046
Pledged bank deposits		**10,000**	10,000
Time deposits		**75,281**	41,417
Cash and bank balances		**4,093**	4,764
Total current assets		**141,640**	171,169
Current liabilities			
Accruals and other payables		**6,132**	6,475
Lease liabilities		**1,344**	2,486
Total current liabilities		**7,476**	8,961
Net current assets		**134,164**	162,208
Non-current liabilities			
Lease liabilities		**835**	—
NET ASSETS		**1,023,989**	1,065,476
Capital and reserves			
Issued capital		**1,206,706**	1,206,706
Accumulated losses		**(991,539)**	(950,052)
Other reserves	32(b)	**808,822**	808,822
TOTAL EQUITY		**1,023,989**	1,065,476

Approved by the Board of Directors on 27 March 2025 and are signed on its behalf by:

Hung Han WONG
Non-executive Director and Non-executive Chairman

Penny Soh Peng CROSBIE-WALSH
Executive Director and Chief Executive Officer

32. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONT'D)

(b) Reserve movement of the Company

	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	808,822	(873,670)	(64,848)
Loss for the year	—	(76,382)	(76,382)
At 31 December 2023 and 1 January 2024	**808,822**	**(950,052)**	**(141,230)**
Loss for the year	**—**	**(41,487)**	**(41,487)**
At 31 December 2024	**808,822**	**(991,539)**	**(182,717)**

33. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity on pages 83 and 86 of the consolidated financial statements respectively.

(b) Nature and purpose of reserves

(i) Special reserve

This reserve arose as a result of the Company's reorganisation in 2002 in the application of the predecessor Hong Kong Companies Ordinance (Cap.32). A capital reorganisation scheme was approved by the shareholders at an extraordinary general meeting on 11 July 2002 and was subsequently confirmed by the sanction of an order of the High Court of Hong Kong dated 6 August 2002. Details of the capital reorganisation scheme are as follows:

(1) the authorised share capital of the Company was reduced from HK$1,000,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.50 each) to HK$20,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.01 each). Such reduction was effected by cancelling the paid-up capital per share by HK$0.49 on each of the 1,650,658,676 ordinary shares in issue on 6 August 2002, being the date on which the court petition was heard, and by reducing the nominal value of all the issued and unissued ordinary shares of the Company from HK$0.50 to HK$0.01 per ordinary share; and

33. RESERVES (CONT'D)

(b) Nature and purpose of reserves (Cont'd)

(i) Special reserve (Cont'd)

(2) upon such reduction of capital taking effect:

i. the authorised share capital of the Company was increased to its former amount of HK$1,000,000,000 by the creation of additional 98,000,000,000 ordinary shares of HK$0.01 each; and

ii. a special reserve was created and credited with an amount equal to the credit arising from the said reduction of capital as detailed in (1) above, which amounted to HK$808,822,751. Such reserve shall not be treated as realised profit and shall, for as long as the Company shall remain a listed company, be treated as an undistributable reserve. However, the special reserve may be reduced by the aggregate of any increase in the issued capital or in the share premium account of the Company resulting from an issue of shares for cash or other new consideration or upon a capitalisation of distributable reserves.

(ii) Exchange fluctuation reserve

This reserve comprises of foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Property revaluation reserve

This reserve has been set up and is dealt with in accordance with the accounting policies adopted for the Hilltop property in note 4(e) to the consolidated financial statements.

34. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2024 are as follows:

Name	Place of incorporation/ registration and operation	Issued ordinary share	Percentage of ownership attributable to the Company		Principal activities
			Direct	Indirect	
ENM Investments Limited	Cayman Islands/ Hong Kong	US$1	100	—	Investment holding
ENM Wealth Management Limited	British Virgin Islands/ Hong Kong	US$1	100	—	Investment holding and securities trading
Kenmure Limited	Hong Kong	HK$67,873,650	—	100	Investment holding
The Swank Shop Limited	Hong Kong	HK$104,500,000	—	100	Retail of fashion wear and accessories

The above list contains the particulars of only the subsidiaries which principally affected the results, assets or liabilities of the Group.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank borrowings HK$'000 *(note 29)*	Lease liabilities HK$'000 *(note 28)*	Total HK$'000
As at 1 January 2024	**5,079**	**8,396**	**13,475**
Changes from financing cash flows:			
New bank loans raised	**11,724**	**—**	**11,724**
Repayment of bank loans	**(16,803)**	**—**	**(16,803)**
Interest paid	**(150)**	**—**	**(150)**
Capital elements of lease rentals paid	**—**	**(9,547)**	**(9,547)**
Interest elements of lease rentals paid	**—**	**(419)**	**(419)**
	(5,229)	**(9,966)**	**(15,195)**
Other changes:			
Finance costs	**150**	**419**	**569**
Addition to lease liabilities	**—**	**4,902**	**4,902**
Derecognition on lease modification	**—**	**(593)**	**(593)**
	150	**4,728**	**4,878**
As at 31 December 2024	**—**	**3,158**	**3,158**
As at 1 January 2023	5,882	18,479	24,361
Changes from financing cash flows:			
New bank loans raised	23,792	—	23,792
Repayment of bank loans	(24,595)	—	(24,595)
Interest paid	(342)	—	(342)
Capital elements of lease rentals paid	—	(10,621)	(10,621)
Interest elements of lease rentals paid	—	(781)	(781)
	(1,145)	(11,402)	(12,547)
Other changes:			
Finance costs	342	781	1,123
Addition to lease liabilities	—	538	538
	342	1,319	1,661
As at 31 December 2023	5,079	8,396	13,475

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(b) Total cash outflows for leases

Amounts included in the cash flow statements for leases comprise the following:

	2024 HK$'000	2023 HK$'000
Within operating cash flows	**1,525**	2,819
Within financing cash flows	**9,966**	11,402
	11,491	14,221

These amounts relate to the following:

	2024 HK$'000	2023 HK$'000
Lease rentals paid	**11,491**	14,221

36. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out investment properties under operating lease arrangements. The leases for investment properties are typically negotiated for terms ranging from one to two years.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future period under non-cancellable operating lease are as follow:

	2024 HK$'000	2023 HK$'000
Within one year	**246**	246
In the second to fifth years, inclusive	**—**	—
	246	246

37. CAPITAL COMMITMENTS

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

	2024 HK$'000	2023 HK$'000
Contracted, but not provided for:		
– Capital contribution in respect of unlisted fund investments *(note 23(c)(i) and (ii))*	**1,446**	2,425

38. RELATED/CONNECTED PARTY TRANSACTIONS

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

	Note	2024 HK$'000	2023 HK$'000
Lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies – previous office premises	(i)	**2,369**	3,392
Non-refundable forbearance fee paid to related companies in lieu of carrying out the reinstatement work	(i)	**1,182**	—
Lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies – new office premises	(ii)	**717**	—
Advisory fees for Hilltop property	(iii)	**515**	80

Notes:

(i) The lease expenses for lease liabilities, building management fees,air-conditioning charges and non-refundable forbearance fee paid to related companies controlled by substantial shareholders of the Company were charged in accordance with the terms of the relevant tenancy agreement and surrender agreement entered in November 2021 and September 2024 respectively.

(ii) 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 tenancy agreement entered in October 2024.

(iii) The advisory fees paid or payable to a related company controlled by substantial shareholders of the Company were charged in accordance with the terms of the service agreements entered in November 2023 and November 2024.

38. RELATED/CONNECTED PARTY TRANSACTIONS (CONT'D)

(b) Lease arrangement:

On 30 November 2021, the Group entered into a tenancy agreement ("the Tenancy Agreement") with the related companies controlled by substantial shareholders of the Company ('the Landlords") to renew the lease of office premises for three years from 1 December 2021 to 30 November 2024 at a monthly effective rental of HK$210,096 exclusive of government rates, building management fee and air-conditioning charges. The Group recognised a right-of-use asset of HK$7,908,000, which is the present value of the rental payment and estimated reinstatement cost and a lease liability of HK$7,238,000 due to related parties in accordance to HKFRS 16.

On 6 September 2024, the Group entered into a surrender agreement ("the Surrender Agreement") with the Landlords, pursuant to which the Company shall surrender and deliver the premises under the Tenancy Agreement to the Landlords in its "as is" condition with effect from 12 September 2024 ("the Date of Surrender") by paying the Landlords a non-refundable forbearance fee of HK$1,182,000 in lieu of carrying out the reinstatement work as stipulated in the Tenancy Agreement. After the completion of the Surrender Agreement, both parties shall release each other from all liabilities and obligations arising from or under the Tenancy Agreement. The Group derecognised the right-of-use asset and lease liabilities in respect of the Tenancy Agreement as of the Date of Surrender and recognised a gain of HK$71,000 on lease modification.

On 2 October 2024, the Group entered into a new tenancy agreement ("the New Tenancy Agreement") with the related companies controlled by substantial shareholders of the Company for the lease of new office premises for two years from 8 August 2024 to 7 August 2026 at a monthly effective rental of HK$107,246 exclusive of government rates, building management fee and air-conditioning charges. The Group recognised a right-of-use asset of HK$3,305,000, which is the present value of the rental payment and estimated reinstatement cost and a lease liability of HK$2,465,000 due to related parties in accordance to HKFRS 16.

As at 31 December 2024, the lease liabilities due to related companies of HK$2,179,000 under the New Tenancy Agreement (2023: HK$2,486,000 under the Tenancy Agreement) arising from the leasing arrangements with the related companies are included in "Lease liabilities" (note 28).

(c) Compensation of key management personnel of the Group:

	2024 HK$'000	2023 HK$'000
Short term employee benefits	7,491	9,761
Pension scheme contributions	57	66
Total compensation paid to key management personnel	7,548	9,827

Further details of employees' and directors' emoluments are included in note 14 and note 15 respectively to the consolidated financial statements.

38. RELATED/CONNECTED PARTY TRANSACTIONS (CONT'D)

(d) Applicability of the Listing Rules relating to connected transactions

As disclosed in note 38(b) to the consolidated financial statements, the related party transactions in respect of the recognition of a right-of-use asset and lease liabilities for the fixed lease payments under the Tenancy Agreement entered in November 2021 is regarded as an acquisition of capital asset and constitutes a one-off connected transaction of the Company as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of Director on page 8 of 2021 Annual Report. The derecognition of right-of-use assets under the Surrender Agreement entered in September 2024 is regarded as disposal of assets and constitutes a one-off connected transaction of the Company as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of Director on page 7 of 2024 annual Report.

As disclosed in note 38(b) to the consolidated financial statements, the related party transactions in respect of the recognition of a right-of-use asset and lease liabilities for the fixed lease payments under the New Tenancy Agreement entered in October 2024 is regarded as an acquisition of capital asset and constitutes a one-off connected transaction of the Company as defined in Chapter 14A of the Listing Rules but is considered as a de minimis transaction and is fully exempt from the disclosure requirements.

As disclosed in note 38(a) to the consolidated financial statements, the related party transactions in respect of building management fee and air-conditioning charges for office paid to related companies for the years ended 31 December 2024 and 2023 under both the Tenancy Agreements entered in November 2021 and October 2024 constitute continuing connected transactions of the Company as defined in Chapter 14A but are considered as de minimis transactions and are fully exempt from the disclosure requirements.

As disclosed in note 38(a) to the consolidated financial statements, the related party transactions in respect of advisory fees for Hilltop property paid or payable to a related company for the years ended 31 December 2024 and 2023 constitute continuing connected transactions of the Company as defined in Chapter 14A but are considered as de minimis transactions and are fully exempt from the disclosure requirements.

39. COMPARATIVE AMOUNTS

The comparative amounts in the consolidated statement of profit or loss has been re-presented as if the resort and recreational club segment discontinued during the current year had been discontinued and reallocated at the beginning of the comparative year (note 17) and certain comparative segment information related to the resort and recreational club segment is classified as “loss for the year from discontinued operations” in the consolidated statement of profit or loss.

PARTICULARS OF PROPERTIES

31 December 2024

HILLTOP PROPERTY

Location	Existing Use	Approximate site area	Attributable interest of the Group
No. 10 Hilltop Road Lo Wai, Tsuen Wan New Territories Hong Kong	Vacant	430,818 sq ft	100%

Note: The Company is currently engaged in the process of land exchange application, the details of which are disclosed in note 19 to the consolidated financial statements.

INDUSTRIAL PROPERTY HELD FOR INVESTMENT PURPOSE

Location	Existing Use	Tenure	Attributable interest of the Group
Fourth and Fifth Floors, Roof and Parking Spaces Nos. 3 and 5 Wai Hing Factory Building 37-41 Lam Tin Street Kwai Chung, New Territories Hong Kong	Industrial premises for rental	Medium term lease	100%

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, extracted from the published audited financial statements and restated/reclassified where appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(restated)	(restated)	(restated)	(restated)
CONTINUING OPERATIONS					
REVENUE	**74,763**	108,031	86,211	100,889	98,738
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	**(1,256)**	(6,888)	(138,354)	(8,947)	29,897
Finance costs	**(569)**	(1,123)	(1,352)	(2,045)	(3,596)
PROFIT/(LOSS) BEFORE TAX	**(1,825)**	(8,011)	(139,706)	(10,992)	26,301
Income tax expenses	**—**	—	—	—	—
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**(1,825)**	(8,011)	(139,706)	(10,992)	26,301
DISCONTINUED OPERATIONS					
Loss for the year from discontinued operations	**(6,080)**	(11,373)	(11,446)	(10,344)	(14,518)
PROFIT/(LOSS) FOR THE YEAR	**(7,905)**	(19,384)	(151,152)	(21,336)	11,783
Attributable to:					
Equity holders of the Company	**(7,904)**	(19,747)	(150,663)	(21,280)	11,881
Non-controlling interests	**(1)**	363	(489)	(56)	(98)
	(7,905)	(19,384)	(151,152)	(21,336)	11,783

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,037,799**	1,104,335	1,185,911	1,256,179	1,228,512
TOTAL LIABILITIES	**(13,810)**	(36,728)	(43,896)	(47,860)	(57,940)
NON-CONTROLLING INTERESTS	**758**	757	1,115	591	554
	1,024,747	1,068,364	1,143,130	1,208,910	1,171,126

CORPORATE INFORMATION

EXECUTIVE DIRECTOR

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

NON-EXECUTIVE DIRECTOR

Hung Han WONG *(Non-executive Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kin Wing CHEUNG
Imma Kit Sum LING
Hin Fun Anthony TSANG

COMPANY SECRETARY

Pui Man CHENG

AUDITOR

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

SHARE REGISTRARS

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Hong Kong

REGISTERED OFFICE

Suite 2503, 25th Floor
Tower 2, Nina Tower
8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong

WEBSITE

www.enmholdings.com

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00128

CONTACT US

Address:	Suite 2503, 25th Floor Tower 2, Nina Tower 8 Yeung Uk Road Tsuen Wan, New Territories Hong Kong
Tel:	(852) 2594 0600
Fax:	(852) 2827 1491
Email:	comsec@enmholdings.com