

# 2020 | INTERIM REPORT



安寧控股有限公司  
*ENM Holdings Limited*

Stock Code : 00128

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# CHIEF EXECUTIVE OFFICER'S STATEMENT

## OVERVIEW

The Group recorded a loss for the first half of 2020 as compared to a profit attributable to shareholders of the Company for same period of 2019. Such major fall in the Group's profitability is attributable in large part to net realised and unrealised losses of our portfolio of investments as a result of the downturn in the global securities markets during the first half and as of 30 June 2020. The Group's retail fashion business and recreational club operations were also hit hard by the outbreak of the COVID-19 pandemic since late January 2020, resulting in poor local consumer sentiment, decline of mainland and other tourist arrivals, government advice to citizens to "stay home", elimination of the tourist industry and statutory restrictions in permitted activities at the recreational club operations under the relevant government regulations. Both the Group's retail fashion business and recreational club operations recorded a significant revenue and gross profit decline and reported losses in the first half of 2020.

## FINANCIAL REVIEW

The loss attributable to shareholders for the period ended 30 June 2020 amounted to HK\$60,895,000 as compared with a net profit of HK\$45,726,000 for the last corresponding period. The net losses mainly included the combination of a loss from the retail fashion business of HK\$15,042,000 (2019: profit of HK\$253,000), a loss from recreational club operations of HK\$8,236,000 (2019: loss of HK\$6,439,000), and a segment loss by the investments division of HK\$33,612,000 (2019: segment profit of HK\$54,350,000), including bank interest income of HK\$479,000, rental income of HK\$570,000 and related overhead cost deductions. Loss from operations (after unallocated corporate administrative expenses) amounted to HK\$58,898,000 (2019: profit from operations of HK\$46,192,000). The Group's loss (before share of loss attributable to non-controlling interests) for the period was HK\$60,918,000 (2019: profit of HK\$45,695,000), after deduction of finance costs of HK\$2,020,000 (2019: negatively impacted overall by a combination of the fair value gain of HK\$300,000 on revaluation of the Group's investment property, deficit of HK\$470,000 on revaluation of the Group's resort and recreational club properties and finance cost of HK\$327,000). Loss per share attributable to owners of the Company was HK\$3.69 cents (2019: Earnings per share: HK\$2.77 cents).

This major fall to loss of HK\$60,918,000 for the period was mainly attributable to the following factors:

- (1) before general and administrative expenses, net realised and unrealised losses of HK\$24,610,000 (including interest and dividend income of HK\$17,218,000, net losses on disposal of HK\$13,394,000 and net unrealised fair value losses of HK\$28,434,000) attributable to the losses incurred within the investment portfolio and other equities investments for the period ended 30 June 2020 as compared to net realised and unrealised gains of HK\$63,629,000 (including interest and dividend income of HK\$7,702,000, net gains on disposal of HK\$3,605,000 and net unrealised fair value gains of HK\$52,322,000) for the corresponding period in 2019. Although the fair value (before distribution) of our investments in private equity funds have increased by about HK\$3.9 million during the first half, most of the asset prices of our marketable fund investments, and listed equity investments in China Motor Bus Company, Limited and PuraPharm Corporation Limited have depreciated during the period as a result of the downturn in the global securities markets. Thus overall, the Group's return from investment in financial instruments has been adversely affected and sustained a segment loss of HK\$33,612,000 (2019: segment profit of HK\$54,350,000) despite the measures for carefully structured asset and manager allocation;
- (2) The COVID-19 pandemic devastated the already weak retail market in Hong Kong. For the period ended 30 June 2020, the Group's retail fashion business saw a massive 38% decline in physical retail stores sales over the same period last year. This was primarily attributable to the drastic deterioration in consumer sentiment, "work from home arrangements" and government advice to the public to "stay home" if at all possible adversely impacting on the market from local shoppers and the virtual elimination of mainland and other tourist arrivals caused by government anti-epidemic measures such as travel restrictions and mandatory quarantines. However, with the ramp-up of internet sales, overall sales were down by 31% to HK\$34,861,000 (2019: HK\$50,473,000) for the period under review. For the first half of 2020, the Group reported an operating loss of HK\$15,042,000 (2019: profit of HK\$253,000) from the retail fashion business during such decimated retailing environment; and

- (3) The prolonged statutory measures such as restrictions on social gathering and eateries to halt the spread of COVID-19 brought severe disruption to the Group's recreational club operations. As a result of the cancellation of weddings, conferences, lodging, parties and other events amid the pandemic situation, and the forced closure of our sporting facilities for long periods, the Group's revenue from recreational club operations dropped by 54% to HK\$3,522,000 (2019: HK\$7,662,000) as compared with the same period last year. Despite cost tightening measures and some support from the Government's "Employment Support Scheme" "ESS" programme (one month during the period) the Group reported an operating loss of HK\$8,236,000 (2019: loss of HK\$6,439,000) from recreational club operations.

The Group's revenue is derived primarily from the retail fashion business and recreational club operations conducted in Hong Kong and the income received and receivable from investments.

	Six months ended 30 June		
	2020 HK\$'000	2019 HK\$'000	Change
Wholesale and retail of fashion wear and accessories	34,861	50,473	(31%)
Resort and recreational club operations	3,522	7,662	(54%)
Dividend income	16,341	6,838	139%
Interest income	1,356	1,497	(9%)
Consolidated revenue	<b>56,080</b>	<b>66,470</b>	(16%)

The Group's consolidated revenue for the period ended 30 June 2020 declined by 16% to HK\$56,080,000 (2019: HK\$66,470,000) which was mainly attributable to the substantial decline in sales of (i) retail fashion products by 31% and (ii) catering, lodging and other services income from resort and recreation club operations by 54% as a result of weak consumer market and economic downturn in Hong Kong following the COVID-19 outbreak since late January 2020. These negative impacts were mitigated by the increase in dividend income/distribution received from China Motor Bus Company, Limited (due to a special dividend of HK\$19 per share received by the Group) and a private equity fund.

The Group's gross profit dropped to HK\$36,036,000 (2019: HK\$44,531,000), reflecting a 19% decrease. The Group's gross profit margin of 64% for the period ended 30 June 2020 was about 3% lower than the same period in 2019, mainly caused by a combination of (i) a significant drop in gross profit margin for the sales of retail fashion products by 14% as a result of higher discounts offered to incentivise customer spending during the unprecedented pandemic market situation and an increase in stock provision and (ii) an increase in dividend income from our investments (included in "Revenue", for which gross margin is theoretically 100%).

The Group's other income mainly comprised (i) rental income of HK\$570,000 (2019: HK\$570,000) from the Group's investment property situated in Hong Kong and (ii) anti-epidemic subsidies of HK\$1,719,000 (2019: Nil) received/receivable from the Hong Kong government.

While as a result of management efforts, rental concessions of HK\$1,608,000 were obtained from landlords of physical retail stores for the first half of 2020 to assist us in getting through the prolonged difficult time after the outbreak of COVID-19 pandemic, the Group's selling and distribution expenses increased by 13% to HK\$20,461,000 (2019: HK\$18,120,000). The increase was primarily attributable to two main reasons: (1) the increase in occupancy costs due to (i) the opening of one more Paule Ka franchise store in Harbour City in August 2019 and (ii) the consolidation and relocation of the two Swank stores in Landmark (closed in March 2020) in one major Swank store in Central Building (opened in March 2020). Longer term, the new shop in Central Building will result in rental and other cost savings to Swank, however during the transitional period, there were cost increases. Additional occupancy costs, including the amortization of cost for the right-of-use asset from the commencement of the new lease since October 2019 under HKFRS 16 and other rental related expenses, were incurred for the first three months of 2020 as a result of the relocation and renovation; and (2) the increase in internet sales commission, derived from the ramp-up of internet sales for the period under review.

## CHIEF EXECUTIVE OFFICER'S STATEMENT

The Group's administrative expenses decreased by 6% to HK\$31,184,000 (2019: HK\$33,289,000), mainly as a result of the Group's further cost tightening measures for the resort and recreational club operations in view of the difficult operating environment and control of staff costs.

Depreciation for property, plant and equipment and amortization expenses increased by 15% to HK\$4,134,000 (2019: HK\$3,602,000), mainly because of the relocation and opening of the major Swank store in Central Building in March 2020. Amortization of its renovation, furniture and equipment cost started from March 2020. The stores being replaced had been either fully or mainly depreciated prior to the previous second half year.

The Group's "other operating gains/(losses), net" mainly comprised net realised and unrealised fair value losses of HK\$41,828,000 from investment in financial instruments (before interest and dividend income, included in "Revenue") by the investments division for the period ended 30 June 2020 as compared to net realised and unrealised fair value gains of HK\$55,927,000 from investment in financial instruments by the investments division for the corresponding period in 2019.

The increase in finance cost resulted from the impact of adoption of HKFRS 16 since 1 January 2019. The Group recorded a finance cost on lease liabilities of HK\$1,935,000 (2019: HK\$213,000) for the period ended 30 June 2020. The increase was mainly caused by the recognition of lease liabilities and the finance cost following the commencement of the new leases for the Paule Ka franchise store in Harbour City in July 2019 and the new Swank store in Central Building in October 2019.

In the announcement of the Company dated 22 May 2020, we reported that we expected a significant loss for the six months ended 30 June 2020 (the "Announcement"). This Interim Report confirms that prediction, albeit that our period-end loss is less than the loss as at 30 April 2020 referred to in the Announcement which stated that, based on the Group's April 2020 management accounts and other information available to the Company at the Announcement date, the Group anticipated a likely loss attributable to shareholders of the Company of approximately HK\$87 million (including mark-to-market value changes in the investment portfolio) for the four months ended 30 April 2020. Owing to a subsequent rebound of global securities markets, the net realized and unrealized loss from the Group's investment portfolio was narrowed during May and June 2020; and as detailed herein the Group's reported loss attributable to shareholders of the Company was approximately HK\$61 million for the six months ended 30 June 2020.

## BUSINESS REVIEW

### Retail Fashion

#### *Swank Hong Kong*

During the period under review, Swank closed two of its shops in the Landmark and opened its new flagship store in the adjacent and readily accessible Central Building. In the short term this has meant a need for greater marketing to inform customers of the change, and the cost of renovations needs to be amortised and recovered over the term of the lease, together with a short period of overlapping leases. However, the design of the shop and the reduction in rental outlay, accompanied by a larger and more flexible store has set us up well for future periods when the markets return to something like normal.

For the period under review, and as of the time of writing Hong Kong is and has been suffering from the impact of the local spread of the COVID-19 virus, together with the attendant restrictions on work and travel that have decimated our market. We are by no means the only retail operation impacted in this way, and both in Hong Kong and globally, there have been many closures and other substantial losses reported in this industry, including in the case of many brands, substantial reductions in their commitments to Hong Kong as evidenced by multiple shop closures.

Although the sales turnover in our physical shops reduced by 38% we were able to narrow down the overall drop of sales turnover to 31% compared with the same period last year, due to stable Paule Ka franchise sales in anticipation of the Harbour City store which opened in August 2019, and the new e-tailer business which was started in February 2019, and which recorded a substantial increase of 523% compared with the same period last year.

However, Swank's core business is luxury fashion retail. The cross border compulsory quarantine policy and ban on the entry of non-residents has contributed to this drop since many of our VIP customers are high mobility business owners who normally frequently travel between the mainland, Taiwan and Hong Kong. Therefore, compared with the same period last year of the flagship Swank stores, Swank ladies' sales turnover was down 32%; Paule Ka franchise store's total sales turnover was down 0.2% (although we bought additional product for the new shop), and Swank men's sales turnover was down 51%.

Global pricing as a result of the widespread availability of internet sales had already resulted in a drop in margins for our business, but with the additional problems, in order to ensure a reasonable level of sales we brought forward sales periods and still further reduced margins leading to one part of the drop in turnover, and a substantial component of the drop in gross profit for the Swank.

Government "work from home" policies, restrictions on restaurants that attract many customers to the malls in which we operate, advice to "stay at home" and social distancing policies designed to fight the spread of the virus also meant that many of our traditional local customers were not buyers during the period.

We were able to reduce operational costs with the benefit of some rental concessions from landlords and, in the last month, the government's ESS subsidies, as well as our own cost controls. "Virtual" showrooms as a result of the inability to travel for product purchase have reduced our travel costs in the first half by 59%. Thus our first half loss, though severe, is not as substantial as in the relatively milder environments of 2015 and 2016.

As of the time of writing it has become clear that early hopes for a quick end to the impact of COVID-19 on the world and specifically on our retail business have dissipated. Early confidence in the HKSAR Government's approach to restricting the virus impact were ruined by careless mistakes with (for example) crew change seamen and cargo flight pilots being able to wander at will through the SAR infecting all they came across, leading to the current new "wave" of infections. New outbreaks have ruined planning in countries such as France (which is one of our major suppliers) and led to extended restrictions on travel. Even in countries with more effective governments, such as in the mainland of China or New Zealand, they have experienced new outbreaks which have meant that hoped-for relaxations in working restrictions and travel have had to be abandoned.

As of mid-August, it is clear that this most recent wave has impacted on our business to a similar degree to the first wave in February through April. Whether this will continue is hard to see and will likely depend on the Government bringing the current wave under control quickly, and the advent of an effective vaccine, the timing of which cannot be anticipated, although there are unprecedented amounts of money and effort being put into numerous parallel vaccine developments all over the world, including in China.

On the other hand, we believe that we are well positioned from a competitive point of view as globally integrated brands re-assess their presence in Hong Kong in the "new normal". Our cost base has been reduced and brand principals are also recognizing that they need to respond to the needs of franchisees and distributors by reducing their own and their partner costs, such as reducing the numbers of collections they produce (which has previously impacted heavily on our travel and freight cost).

We have also taken steps to reduce orders where possible, meaning that our exposure to cost of goods sold and impairment of inventory has been reduced. New opportunities for carrying brands we have not previously been offered have also opened up, including for a new and younger demographic. This, coupled with a new store and a design specifically tailored to enable different types of customer to shop without adversely impacting each other, presents new opportunities for new markets. Our online sales are continuing to increase, and although there are pay-away costs associated with this, they are variable, rather than fixed costs and the margins are relatively good.

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### Resort and Recreational Club Operations

#### *Hill Top Country club ("Hilltop" or "the Club")*

As reported above, the overall revenue of the Club dropped by HK\$4.1 million and 54% during the period under review leading to a loss for the same period of HK\$8.2 million.

During the period under review, the banquet (including weddings) & meeting revenue were severely adversely impacted by the advent of COVID-19 and the corresponding measures imposed by the Government, and desired by the market.

A significant number of reservations including banquets, weddings, seminars and accommodation were either postponed to the second half of the year or cancelled. Moreover, the number of guests in each banquet and any wedding was restricted as part of the measures under the anti-epidemic approach of the government.

As a result, receipts from banquets (other than weddings and meetings) were down by 42% on the same period last year; on weddings by 56%, meetings by 93% and accommodation (which is mainly related to the extent of other functions held) by 90%.

Further government restrictions have required us to effectively close down our sports centre and sporting facilities including (for most of the period) our extremely popular tennis courts and our swimming pool. However, normal dining revenue from restaurants has increased by 27% despite the social unrest and Corona Virus outbreak. Members find Hilltop safer and more somewhat reliable in terms of the strict precautionary measures implemented for our restaurants.

Business seminars and "off-site" meetings previously patronized and organised by our members have also dropped off as a result of the social distancing measures and restrictions on the size and nature of gatherings. Many such meetings are now conducted via internet-based solutions such as "Zoom". There are predictions that this could continue even after the pandemic is over or under control, however we believe that there will still be a need for formal gatherings at some point.

Our major costs include personnel and electricity. On personnel, we have benefited from the government's ESS subsidy for the month of June (which will also carry forward for at least 2 and hopefully 5 months of the second half), but we had already made some substantial cuts in February 2020. On electricity, we have introduced sub-meters to identify where electricity costs are incurred and have also modified behaviour in relation to our sporting and lodging facilities which have led to big reductions in expenditure on electricity.

Until the situation becomes clearer, to the extent legally possible, we will aim to maximize our revenue through focusing on locally-based members through wedding banquets and private events of a smaller size, in order to cover our costs. We will also further strive to minimize those costs.

We have also made some impact on recruiting short-term and limited category members which has led to an increase in membership during the period under review. It is very difficult to do any recruiting at the moment, but we hope that will change by the end of the year.

For the second half, we cannot expect any major increase in revenues given what we currently know as to the pandemic process, and because major bookings are typically made months ahead. Most of our enquiries now are with respect to next calendar and financial year.

The varying restrictions impacting our restaurants and our sports and entertainment facilities have had a severe impact on revenues and on the attractiveness of visits to the Club by members and their families.

Once we are allowed to operate these facilities as normal, we anticipate increased demand as members appreciate the level and quality of service and of hygiene that we have implemented.

The Group's application for the rezoning referred to in last year's annual report was finally scheduled to be heard by the Town Planning Board on 24 July 2020; this turned out to be the first of the weeks where the Government instructed the civil service to "work from home" in response to the current "wave" of outbreak. As a result of this we were notified that it would be rescheduled. We have just been given notice that the rescheduled hearing will be on Tuesday, 1 September 2020.

## Investment in Financial Instruments

The Group's investment in financial instruments mainly includes 5 categories; (A) a Marketable Funds Investment Portfolio including unitized open-end fixed income and equity funds; (B) Discretionary Investment portfolios managed by two Investment Banks but still under the control of the Group; (C) direct listed Securities Investments; (D) directly held USD-denominated corporate bonds; and (E) private equity funds and a senior loan fund with a fixed term.

As of 30 June 2020, the total carrying value of the Group's investment portfolio in financial instruments was HK\$664,182,000 (31 December 2019: HK\$694,725,000), representing approximately 67.8% (31 December 2019: 66.4%) of the carrying value of the Group's total assets.

In the first half of year 2020, the investment market, including with respect to currencies, equities and fixed income investments was extremely volatile caused by the global spread of COVID-19 and its related challenges to economies such as lockdowns in many places implemented by global governments.

These concerns resulted in a liquidity dry out in the fixed-income market, causing credit spreads to widen to the highest level since the Global Financial Crisis, and in equity market participants' panic sell-off driving global indices (e.g. MSCI All Country World Index) to a maximum drawdown of over 30%. A turnaround came when Central Banks and global governments coordinated on a timely and effective basis to deploy unprecedented monetary and fiscal responses to provide liquidity support to the financial markets and address solvency concerns for individuals, institutions and corporations.

Since the beginning of the second quarter, the financial markets have started to recover, fueled by investors' optimistic view that, financially, the worst of the COVID-19 pandemic had passed, along with investors' confidence in policymakers' extraordinary scale of support to prevent economies entering into a depression. Easing of lockdown measures and re-opening of economic activities at a faster-than-expected rate across many countries and encouraging vaccine news have prompted the financial markets to continue recovery into the second half of year 2020.

Given the challenging global economic environment and the volatile investment market in the first half of 2020, most investments in financial instruments recorded negative returns during the period under review. The main market benchmark for equity investments, the MSCI ACWI index was down by 7.1% in the first half of 2020. For the fixed income market, the widening of credit spreads caused most corporate bond prices to decline.

Under this backdrop, the Group's investment in financial instruments recorded a net loss of HK\$24,610,000 (2019: a net gain of HK\$63,629,000) to the Group for the six months ended 30 June 2020 before general and administrative expenses. The HK\$24,610,000 net loss was attributable to HK\$28,434,000 unrealized mark-to-market loss, HK\$13,394,000 realized loss on disposal and HK\$17,218,000 dividend and interest income.

## CHIEF EXECUTIVE OFFICER'S STATEMENT

### A. Marketable Funds Investment Portfolio – including unitized fixed income and equity fund investments

The marketable and investment portfolio includes three investment strategies, which are an investment grade & high yield bond funds portfolio, an enhanced yield fund portfolio and an equity-based funds portfolio. All investments are marketable securities which are traded either on securities exchanges or over-the-counter.

The total carrying value of the Group's investment in the marketable funds investment portfolio was HK\$434,444,000 as of 30 June 2020 (31 December 2019: HK\$460,487,000), representing approximately 44.4% of the carrying value of the Group's total assets; and the asset allocation in the portfolio comprised of 45.4% fixed income funds, 39.5% enhanced income funds and 15.1% equity funds. The marketable funds investment portfolio recorded a net loss of HK\$24,078,000 (or 4.8%) (2019: net gain of HK\$44,361,000) for the six months ended 30 June 2020.

The loss was mainly attributable to unrealized market-to-market losses from the fund investments, however HK\$10,160,000 was as a result of realized losses from certain disposals undertaken by or on behalf of the Group for prudence or for portfolio repositioning. The decline in the total carrying value of the marketable funds investment portfolio was mainly due to the unrealized market-to-market losses from the fund investments and the disposal losses of our investments.

#### **Investment Grade & High Yield Bond Funds Portfolio**

In this strategy, the Group held 5 fixed income funds, which can be grouped into two categories, namely investment grade bond funds and high yield bond funds. As at 30 June 2020, the fair value of the Group's investment in this strategy was HK\$197,286,000, representing approximately 45.4% of the carrying value of the marketable funds investment portfolio and 20.1% of the carrying value of the Group's total assets. The total net return of the Group's investment was HK\$12,273,000 (or 5.0%) loss for the six months ended 30 June 2020. Below are the individual fund investments with fair values exceeding 1.5% of the carrying value of the Group's total assets:

#### ***PIMCO GIS- Income Fund***

The PIMCO GIS- Income Fund is a portfolio that is actively managed and utilizes a broad range of fixed income securities to maximize current income while maintaining a relatively low risk profile, with a secondary goal of capital appreciation. The fund (Institutional Income Class USD) has had a 5 year annualized return of 5.54% for the period 2015-2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$75,937,000 (31 December 2019: HK\$77,079,000), representing approximately 7.8% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$1,142,000 (or 1.5%) loss in the period under review, including HK\$1,448,000 of dividend income and a HK\$2,590,000 mark-to-market loss. The total Fair Value as at 30 June 2020 reported above includes the mark-to-market return and the reinvestment of dividend income received. During the period under review, the outbreak of COVID-19 resulted in market participants' increased concern on corporate bonds' default and led to credit spreads widening across fixed-income instruments.

### ***IP All Seasons Bond Fund***

The IP All Seasons Bond Fund (managed by Income Partners Asset Management (HK) Limited) aims to generate income and capital growth through investments in global mainly investment grade bonds. The Fund invests in bonds issued by governments, government agencies, corporations and financial institutions on a global basis, with a strong emphasis on the Asian region. At least 70% of the bond portfolio consists of investment-grade related securities. The fund (Class A Distribution) has had a 5 year annualized return of 4.77% for the period 2015-2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$42,019,000 (31 December 2019: HK\$44,426,000), representing approximately 4.3% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$1,308,000 (or 2.9%) loss in the half year under review including dividend income of HK\$1,099,000 and a HK\$2,407,000 mark-to-market loss. During the period under review, the economic impact of COVID-19 continued to weigh on investor sentiment, causing Asian investment grade credit spreads to continue at a relatively wide level.

### ***Robeco High Yield Bond Fund***

Robeco High Yield Bond Fund invests in corporate bonds with a sub-investment grade rating, issued primarily by issuers from the developed market (Europe/US). The selection of these bonds is mainly based on fundamental analysis. The portfolio is broadly diversified, with a structural bias to the higher-rated segments in high yield. Performance drivers are the top-down beta positioning as well as bottom-up issuer selection. The fund (Class CH USD) has had an annualized return of 6.3% for the period since its inception in May 2017 and ended December 2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$37,517,000 (31 December 2019: HK\$39,771,000), representing approximately 3.8% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$1,313,000 (or 3.3%) loss in the half year under review including HK\$941,000 in dividend income and HK\$2,254,000 in mark-to-market loss.

### ***UBS (Lux) Bond Fund – Euro High Yield (USD Hedge)***

UBS (Lux) Bond Fund – Euro High Yield (USD Hedge) invests primarily in high-yield corporate bonds selected using strict criteria either denominated in EUR or hedged into EUR. When selecting issuers of such bonds, particular attention is taken to spread investments across the various credit ratings. The fund (Class K-1 with monthly distribution) has had a 3 year annualized return of 7.03% for the period 2017-2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$33,558,000 (31 December 2019: HK\$36,491,000), representing approximately 3.4% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$1,812,000 (or 5.0%) loss in the period under review including HK\$1,121,000 in dividend income and HK\$2,933,000 in mark-to-market loss.

### ***Algebris Financial Credit Fund***

In March 2020, following advice received, the Group redeemed the whole of its investment in the Algebris Financial Credit Fund which invests primarily in senior and subordinated debt securities of the financial credit sector globally including hybrid capital instruments, preference shares and contingent convertible bonds (CoCos) with fixed and variable interest rates. The Group recorded a loss of HK\$3,088,000 (or 17.2%) on redemption in the half year under review and there is currently no exposure to this Fund.

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### *Principal Preferred Securities Fund*

In March 2020, following advice received, the Group redeemed the whole of its investment in the Principal Preferred Securities Fund which invests primarily in a portfolio of US dollar denominated preferred securities and debt securities, including convertible bonds and contingent convertible securities (CoCos). The Group recorded a loss of HK\$3,164,000 (or 18.0%) on redemption in the half year under review and there is currently no exposure to this Fund.

### Enhanced Yield Fund Portfolio

As at 30 June 2020, the Group held 4 funds in this strategy with a fair value of HK\$171,407,000, representing approximately 39.5% of the carrying value of the marketable fund investment portfolio and approximately 17.5% of the carrying value of the Group's total assets. The total net return of the Group's investment was HK\$11,605,000 (or 5.7%) in loss for the six months ended 30 June 2020. The Group's investment in each individual fund in these categories exceeds 1.5% of the carrying value of the Group's total assets.

### *Prudence Enhanced Income Fund*

Prudence Enhanced Income Fund managed by Prudence Asset Management Pte. Ltd. is an absolute return long-short credit strategy which aims to generate stable income and capital appreciation primarily by investing in a variety of fixed income instruments. The strategy seeks opportunities throughout Asia. The fund (accumulating class) has had a 5 year annualized return of 7.04% for the period 2015-2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$59,032,000 (31 December 2019: HK\$80,910,000), representing approximately 6.0% of the carrying value of the Group's total assets. The Group redeemed HK\$19,450,000 of this Fund in January 2020 and recorded a gain on redemption of HK\$52,000. The total net return of the Group's investment in this fund was HK\$2,428,000 (or 3.0%) loss in the half year under review including HK\$2,480,000 mark-to-market loss, and a gain on redemption of HK\$52,000.

### *IP All Seasons Asian Credit Fund*

The IP All Seasons Asian Credit Fund (managed by Income Partners Asset Management (HK) Limited) aims to provide an absolute return of capital growth and income by investing in the liquid Asian credit markets while minimizing return volatility. The Fund seeks to enhance returns for this portfolio by (a) relative value trading; (b) utilizing credit derivatives such as credit linked notes and credit default baskets; and (c) employing leverage. It also employs various tactical approaches, including a country rotation approach, a sector rotation approach; and an instrument/arbitrage approach. With an aim to minimize return volatility, the Fund utilizes dynamic hedging strategies to hedge out certain interest rate, currency and credit risks from time to time. The fund (Accumulation Class) has had a 5 year annualized return of 8.06% for the period 2015-2019. In January 2020, the Group topped-up its investment in this Fund by subscribing for an additional HK\$9,336,000 of the Fund. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$68,689,000 (31 December 2019: HK\$67,874,000), representing approximately 7.0% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$8,521,000 (or 11%) in mark-to-market loss during the half year under review. The total Fair Value as at 30 June 2020 reported above is the net figure after the top-up investment and including the mark-to-market loss.

### *Allianz Income & Growth Fund*

The Allianz Income and Growth Fund is a multi-asset fund managed by AllianzGI US which mainly invests in a combination of equity instruments, high-yield and convertible bonds from issuers domiciled in USA or Canada. The fund (Class I, accumulating) has had an annualized return of 6.87% for the period 2015-2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$17,439,000 (31 December 2019: HK\$17,360,000), representing approximately 1.8% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$79,000 (or 0.5%) mark-to-market gain in the half year under review.

### ***Janus Henderson Balanced Fund***

The Janus Henderson Balanced Fund employs a dynamic asset allocation strategy investing in fixed-income and equities. The fund's asset allocations may vary between 35% and 65% equities depending on market conditions. The Fund has the flexibility to defensively position ahead of market volatility while seeking strong risk-adjusted returns. The Group subscribed for HK\$26,982,000 of the Fund in January 2020. The Fund (accumulation class) has had an annualized return of 7.24% for the period 2015-2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$26,247,000 (31 December 2019: HK\$Nil), representing approximately 2.7% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$735,000 (or 2.7%) in mark-to-market loss during the half year under review.

### **Equity-Based Funds Portfolio**

As at 30 June 2020, the Group held 5 equity-based funds with a fair value of HK\$65,751,000, representing approximately 15.1% of the carrying value of the marketable fund investment portfolio and approximately 6.8% of the carrying value of the Group's total assets. The Equity-based Funds Portfolio includes 3 technology funds, one China opportunity fund and one global equity fund. The total net return of the Group's investment in these funds was HK\$200,000 (or 0.3%) loss for the six months ended 30 June 2020.

### ***T. Rowe Price Global Technology Equity Fund***

The T. Rowe Price Global Technology Equity Fund invests mainly in a diversified portfolio of stocks of technology development or utilization companies, with a focus on leading global technology companies. The fund (Class I) has had a 5 year annualized return of 17.29% for the period since its inception in June 2015 and ended December 2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$16,747,000 (31 December 2019: HK\$13,794,000), representing approximately 1.7% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$2,953,000 (or 21.4%) mark-to-market gain during the half year under review.

### ***UBS China A Opportunity Fund***

The UBS China A Opportunity Fund invests principally in Chinese firms and the majority of net assets are invested in A shares which are stocks in Chinese companies that are registered in China's local markets. The fund (Class A) has had a 5 year annualized return of 18.59% for the period 2015-2019. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$16,587,000 (31 December 2019: HK\$15,991,000), representing approximately 1.7% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$596,000 (or 3.7%) mark-to-market gain during the half year under review.

### ***Fundsmith Equity Fund***

The Fundsmith Equity Fund invests in equities on a global basis with an approach of being a long-term investor in its chosen stocks to achieve long term growth in value. The fund invests in high quality businesses, with a concentrated portfolio comprising between 20 to 30 stocks. The Fund (USD I Accumulation Class) has had a 5 year annualized return of 14.37% for the period 2015-2019. The Group subscribed for HK\$23,248,000 of the Fund in February 2020. As at 30 June 2020, the Fair Value of the Group's investment in this Fund was HK\$22,338,000 (31 December 2019: HK\$Nil), representing approximately 2.3% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK\$910,000 (or 3.9%) mark-to-market loss during the half year under review.

## CHIEF EXECUTIVE OFFICER'S STATEMENT

### B. Discretionary Investment Portfolios managed by Morgan Stanley Asia International Limited ("MS Portfolio") and LGT Bank (Hong Kong) ("LGT Portfolio")

#### MS Portfolio

Still under the control of, and with each security in the name of the Group, we have allocated a certain portion of our investment to a discretionary management portfolio managed on our behalf by Morgan Stanley Asia International Limited. The MS Portfolio offers a bespoke asset allocation solution based upon Morgan Stanley Global Investment Committee Model recommendations and dynamically incorporated monitoring of the macroeconomic outlook, market conditions, fund manager views and fund portfolio positioning into the portfolio. Investments are made via traditional and sophisticated multi-asset, equity and fixed income funds, ETFs and money market instruments. As of 30 June 2020, the total carrying value of the MS Portfolio was HK\$58,545,000 (31 December 2019: HK\$59,062,000) with 25 fund/ETF holdings, representing approximately 6.0% of the carrying value of the Group's total assets. The asset allocation in the portfolio comprised of 0.2% money market fund, 21.7% fixed income funds, 55.2% equity funds and others 22.9%. The MS Portfolio recorded a net loss of HK\$678,000 (or 1.1%) during the period under review.

#### LGT Portfolio

Still under the control of, and with each security in the name of the Group, we have allocated a certain portion of our investment to a discretionary portfolio managed on our behalf by LGT Bank (Hong Kong). The LGT portfolio offers a bespoke asset allocation solution based upon recommendations from LGT's Investment Committee in Asia and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and security and fund selection into the portfolio. Investments are largely made via direct equity and fixed income securities, and to a smaller extent with funds or ETFs. As of 30 June 2020, the total market value of the LGT portfolio was HK\$62,036,000 (31 December 2019: HK\$55,857,000), with 68 securities (fixed income and equities), 1 equity mutual fund, and 6 alternative investment holdings (including gold and REITs), representing in total approximately 6.3% of the carrying value of the Group's total assets. The asset allocation in the LGT portfolio as of 30 June 2020, comprised of 69.9% in fixed income, 26.4% in equities, and 3.7% in equity mutual fund and alternative investments. The underlying assets in the LGT portfolio have been set up to diversify risk and reduce volatility, and thus fixed income is the dominant asset class within the portfolio. The LGT portfolio recorded a net gain of HK\$2,493,000 (or 4.3%) during the period under review.

### C. Listed Securities

Under the intention to minimize the Group's investments in individual listed stocks and corporate bonds and increase substantially the proportion of its investment mainly in unitized equity and fixed income funds managed by professional asset managers, the Group disposed most of its listed stock holdings by the end of 2018. As of 30 June 2020, the Group directly held only two listed securities in our portfolio, which are China Motor Bus Company, Limited ("CMB") and PuraPharm Corporation Limited ("PuraPharm"). As of 30 June 2020, the total carrying value of investment in CMB and PuraPharm shares was HK\$32,425,000 (31 December 2019: HK\$44,329,000), representing approximately 3.3% of the carrying value of the Group's total assets. The investment in CMB and PuraPharm recorded a net loss of HK\$6,072,000, which represents an unrealized fair value loss of HK\$11,904,000, a gain on disposal of HK\$411,000 and dividend income of HK\$5,421,000 to the Group for the six months ended 30 June 2020 (2019: HK\$7,908,000 net gain).

### ***China Motor Bus Company, Limited***

The Group has had an investment in the shares of CMB for many years. As reported in the 2016 Annual Report and in our related announcement of 28 December 2016, the Group took advantage of an offer from a fund specialized in extracting value from underperforming assets to reduce substantially, and at a substantial profit from previous prices, our illiquid stake in this Hong Kong listed company which is now mainly a property developer. The Group believes that CMB's share price trades at a substantial discount to both its stated and its potential net asset value, and accordingly kept a small portion of its securities in order to benefit from the potential upside. It is the intention of the Group to retain this stock until a further profit opportunity arises. In the meantime, in the first half of this year, we obtained the benefit of a special dividend of HK\$19 per share, being much of CMB's profit realized on the sale of a commercial building in North Point, and we obtain a moderate but reasonable regular dividend income (currently around 3% on market value) from the holding. The loss in fair value during the period under review is mainly related to the challenging business environment in Hong Kong since the second half of 2019, and the economy contracting into 2020 with the COVID-19 outbreak impacting the capital values and rental income of the CMB's investment properties.

### ***PuraPharm Corporation Limited***

The Group invested in the pre-IPO of PuraPharm, a substantial supplier of Chinese medicine in Hong Kong, and sold approximately 40% of its stake into the IPO with profitable results which have previously been reported. The remaining 60% of its stake was retained at the time for future appreciation. Although the share price has recently reduced as a result of matters that PuraPharm has itself announced, we have kept in close touch with the management of the now-listed company and are hopeful that the market will again realize the potential value of the business PuraPharm has created and the inherent potential of PuraPharm's listed shares. Liquidity in the stock is low, diminishing our options, however we will be keeping the investment under review. During the period under review, PuraPharm proposed a rights issue on the basis of one rights share for every two shares held. We did not subscribe to the right shares and sold all the 4,267,750 rights allotted to us in the market for a consideration of HK\$411,000. We will continue to look for further opportunities to obtain value from this investment.

#### **D. Listed USD corporate bond investments with fixed tenor**

The Group's intention is to reduce investments in individual bonds managed by the Group. The total carrying value of the Group's investment in listed corporate bonds stood at HK\$6,953,000 as of 30 June 2020 (31 December 2019: HK\$7,413,000), representing approximately 0.7% of carrying value of the Group's total assets. The Group's investment in corporate bonds recorded a net loss of HK\$273,000 (or 3.7%) for the six months ended 30 June 2020 (2019: a net gain of HK\$687,000). This was a direct result of the widening of spreads in the fixed income market as described earlier.

#### **E. Other Fund Investments, mainly include ASEAN China Investment Fund III L.P. ("ACIF III") and ASEAN China Investment Fund IV L.P. ("ACIF IV")**

The total carrying value of the Group's investment in this category was HK\$69,779,000 as of 30 June 2020 (31 December 2019: HK\$67,577,000) and it recorded a net gain of HK\$3,998,000 (2019: a net gain of HK\$3,925,000) for the six months ended 30 June 2020.

## CHIEF EXECUTIVE OFFICER'S STATEMENT

### *ACIF III Fund (Private Equity)*

The Group made an investment commitment of US\$4 million (equivalent to HK\$31,120,000) in ACIF III for a 1.532% shareholding. ACIF III, is managed out of Singapore by UOB Venture Management Private Limited ("UOBVM") and targets investments in growth oriented companies operating in East and South East Asia and China. As of 30 June 2020, the Group has a total invested of HK\$29,188,000 in this fund and its capital value was HK\$49,384,000 based on the management accounts it has provided. The total return of the Group's investment in ACIF III is HK\$2,776,000 net gain for the six months ended 30 June 2020. The Group continues to be happy with the performance of this long-term private-equity investment which helps us to manage our risk by giving us an exposure to a wide and diverse range of potentially profitable private equity investments managed by a tried and tested Manager. Based on the briefings provided by the manager to the Limited Partners in the fund of which we are one, we have confidence in both its performance and its prospects.

### *ACIF IV Fund (Private Equity)*

With the success of ACIF III, the Group made a capital commitment of US\$4 million (equivalent to HK\$31,120,000) in ACIF IV for a 1.649% shareholding. As with all private equity funds, the actual draw down of funds will take place as required by the underlying investments over a few years. ACIF IV Fund is an exempted limited partnership incorporated in the Cayman Islands on 20 February 2018, which is a closed-end private equity fund. The Fund is also managed out of Singapore by UOBVM, and is a "follow-on" fund to its predecessors (ACIF I, ACIF II and ACIF III) and continues its focus of investing primarily via minority stakes in expansion stage capital opportunities through privately negotiated equity and equity related investments in growing small and medium sized companies benefitting from the continuing expansion of trade and investment among the ASEAN member-states and China, and their respective overseas trading partners. The total return of the Group's investment in ACIF IV to Profit or Loss for the first half of 2020 is HK\$1,292,000 in profits.

## **Outlook**

In the second half of 2020, we anticipate that the financial markets will continue to be volatile, largely influenced by news on three fronts: (1) the pandemic and its economic consequences, and (2) monetary and fiscal policy responses to (1), and (3) geopolitical uncertainty particularly as between the USA and the People's Republic of China, especially as the US Presidential election approaches. We anticipate that equity investments will experience high volatility due to uncertainty as to a potential COVID-19 resurgence that will likely further disrupt the reopening of business activities and the recovery of corporate earnings; whether the tension between U.S. and China will continue to deteriorate; and the US Presidential elections and their US and global impact. Thus far, in the second half, the portfolio has performed well; however we are acutely aware of how this can quickly reverse and constantly consider our options in the very difficult environment in which we all operate.

Under the above backdrop, the Group will continue and enhance its prudent approach to balance the risks and reward of the investment portfolio by diversification of securities type, geography and nature of industries.

## **Investment Portfolio**

The purpose of Investment in Financial Instruments, which are managed on a fair value basis, is for earning distributions, yield enhancement, capital appreciation and liquidity. In view of the volatile and uncertain investment environment, in order to improve performance and to better manage risk, the importance to shareholders of the potential returns and the increasing requirement for increasingly specialized and skilled investment management, the Group intended to minimize its investments in individual listed stocks and corporate bonds and increase substantially the proportion of its investment mainly in unitized equity and fixed income funds managed by professional and substantial asset managers. Also, the Group has allocated a certain portion of its investment to two discretionary portfolio management portfolios, still under the control of the Group but managed by an Investment Bank and a Private Bank in Hong Kong.

The details of the purpose, performance and business risks of investments, strategy for future investments and the prospects of investments are set out in other parts of the Chief Executive Officer's statement.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2020 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/ units held as at 30 June 2020 '000	Note	Percentage of shareholding as at 30 June 2020 %	Investment Cost of investments held as at 30 June 2020 HKD'000 (Note 6)	For the period ended 30 June 2020				Fair value as at 30 June 2020 HKD'000	Percentage to the Group's total assets as at 30 June 2020 %	Fair value as at 31 December 2019 HKD'000
							Fair value gain/(loss) HKD'000	Gain/(loss) on disposal HKD'000	Interest income HKD'000	Dividend income HKD'000			
<b>Financial Assets at fair value through profit or loss</b>													
<b>- Current assets</b>													
<b>A. Marketable Funds Investment Portfolio, at fair value</b>													
<i>Unlisted</i>													
<i>Investment Grade &amp; High Yield Bonds Funds Portfolio</i>													
PINCMILLID	PIMCO GIS - Income Fund	Fixed income fund	853		N/A	75,710	(2,590)	-	1,448	(1,142)	75,937	7.8%	77,079
IPASBADKY	IP All Seasons Bond Fund	Fixed income fund	53		N/A	42,790	(2,407)	-	1,099	(1,308)	42,019	4.3%	44,426
RHYBCHULX	Robeco High Yield Bond Fund	Fixed income fund	48		N/A	38,900	(2,254)	-	941	(1,313)	37,517	3.8%	39,771
UBEHK1U LX	UBS (Lux) Bond Fund - Euro High Yield (USD Hedge)	Fixed income fund	0		N/A	36,003	(2,933)	-	1,121	(1,812)	33,558	3.4%	36,491
ALGFUSID	Algoris Financial Credit Fund	Fixed income fund	-		N/A	N/A	-	(3,088)	-	(3,088)	-	0.0%	17,930
PGIPSAID	Principal Preferred Securities Fund	Fixed income fund	-		N/A	N/A	-	(3,164)	-	(3,164)	-	0.0%	17,571
GSAPUDHKY	Goldman Sachs INV UNIT TST-AS High Yield Bond Fund	Fixed income fund	87		N/A	7,780	(446)	-	-	(446)	8,255	0.8%	8,699
<b>Subtotal</b>							(10,630)	(6,252)	4,609	(12,273)	197,286	20.1%	241,967
<i>Enhanced Yield Fund Portfolio</i>													
PRUENHNKY	Prudence Enhanced Income Fund Class A - Series 1	Alternative fund	10		N/A	59,148	(2,480)	52	-	(2,428)	59,032	6.0%	80,910
ASCREHAKY	IP All Seasons Asian Credit Fund - Accumulation Shares Series 1	Fixed income fund	255		N/A	62,240	(7,292)	-	-	(7,292)	60,582	6.2%	67,874
ASCREHAKY	IP All Seasons Asian Credit Fund - Accumulation Shares Series 101	Fixed income fund	34		N/A	9,336	(1,229)	-	-	(1,229)	8,107	0.8%	-
ALZIGTLX	Allianz Income & Growth Fund	Multi assets fund	1		N/A	15,887	79	-	-	79	17,439	1.8%	17,360
JANBAAYID	Janus Henderson Balanced Fund	Multi assets fund	105		N/A	26,982	(735)	-	-	(735)	26,247	2.7%	-
<b>Subtotal</b>							(11,657)	52	-	(11,605)	171,407	17.5%	166,144

## Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2020 was as follows: (Cont'd)

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/ units held as at 30 June 2020 '000	Note	Percentage of shareholding as at 30 June 2020 %	Investment Cost of investments held as at 30 June 2020 HKD'000 (Note 6)	For the period ended 30 June 2020				Fair value as at 30 June 2020 HKD'000	Percentage to the Group's total assets as at 30 June 2020 %	Fair value as at 31 December 2019 HKD'000	
							Fair value gain/(loss) HKD'000	Gain/(loss) on disposal HKD'000	Interest income HKD'000	Dividend income HKD'000				Total HKD'000
<i>Equity-Based Funds Portfolio</i>														
TRGBTEI LX	T. Rowe Price Global Technology Fund	Equity fund	86		N/A	11,650	2,953	—	—	—	2,953	16,747	1.7%	13,794
UBSCHOA	UBS China A Opportunity Fund	Equity fund	6		N/A	10,072	596	—	—	—	596	16,587	1.7%	15,991
ULTTUPALX	UBS (LUX) Equity - Long Term themes P - Acc Fund	Equity fund	—		N/A	N/A	—	(2,648)	—	—	(2,648)	—	0.0%	8,501
JPGEUJLJ LX	Jupiter European Growth Fund Class L	Equity fund	—		N/A	N/A	—	(1,312)	—	—	(1,312)	—	0.0%	5,133
CSGREBU LX	CS Global Robotics Equity Fund	Equity fund	31		N/A	4,255	198	—	—	—	198	4,649	0.5%	4,451
FSEFAU LX	Fundsmith Equity Fund	Equity fund	109		N/A	23,248	(910)	—	—	—	(910)	22,338	2.3%	—
POLGTUID	Polar Capital Global Tech I Inc	Equity Fund	11		N/A	3,971	923	—	—	—	923	5,400	0.6%	4,506
<i>Subtotal</i>							3,760	(3,960)	—	—	(200)	65,751	6.8%	52,376
							(18,527)	(10,160)	—	4,609	(24,078)	434,444	44.4%	460,487

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2020 was as follows: (Cont'd)

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/ units held as at 30 June 2020 '000	Note	Percentage of shareholding as at 30 June 2020 %	Investment Cost of investments held as at 30 June 2020 HKD'000 (Note 6)	For the period ended 30 June 2020				Fair value as at 30 June 2020 HKD'000	Percentage to the Group's total assets as at 30 June 2020 %	Fair value as at 31 December 2019 HKD'000
							Fair value gain/(loss) HKD'000	Gain/(loss) on disposal HKD'000	Interest income HKD'000	Dividend income HKD'000			
<b>B. Discretionary Investment Portfolio, at fair value</b>													
<i>1) Managed by Morgan Stanley Asia International Limited</i>													
<i>Unlisted</i>													
AXUSCBF LX	AXA IM FIS-US CORP BD-F	Bond fund	5		N/A	5,152	167	—	—	167	5,365	0.6%	4,169
WELGDUU LX	Wellington GQG P	Equity fund	36		N/A	5,073	7	(68)	—	(61)	5,365	0.6%	3,083
JANBAAT ID	JANUS BALANCED A	Mutual fund	21		N/A	5,102	71	—	—	71	5,343	0.5%	4,357
	Others	Mainly Bond Fund, Equity fund and Mutual fund		1	N/A	N/A	2,116	(2,981)	—	(855)	42,482	4.3%	47,453
<b>Subtotal</b>							<b>2,361</b>	<b>(3,049)</b>	<b>—</b>	<b>(678)</b>	<b>58,545</b>	<b>6.0%</b>	<b>59,062</b>
<i>2) Managed by LGT Bank (Hong Kong)</i>													
<i>Listed and unlisted</i>													
	Others	Corporate bond investment		2	N/A	N/A	612	72	691	1,375	43,327	4.4%	38,997
	Others	Equity/Fund/Gold investment		3	N/A	N/A	1,624	(668)	—	1,118	18,709	1.9%	17,460
<b>Subtotal</b>							<b>2,236</b>	<b>(696)</b>	<b>691</b>	<b>2,493</b>	<b>62,036</b>	<b>6.3%</b>	<b>55,857</b>
							<b>4,597</b>	<b>(3,645)</b>	<b>691</b>	<b>1,815</b>	<b>120,581</b>	<b>12.3%</b>	<b>114,919</b>



## CHIEF EXECUTIVE OFFICER'S STATEMENT

### *Notes:*

- 1) Including fund investments disposed during the period and the Group's other 22 investments mainly in unlisted bond and equity fund, money market fund, mutual fund and commodity fund held at the period end. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 30 June 2020.
- 2) Including debt investments disposed during the period and other 22 investments in USD corporate bonds with fixed tenor listed Hong Kong and overseas/unlisted held at period end. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 30 June 2020.
- 3) Including equity/fund investments disposed during the period and other 53 investments in listed equity/unlisted fund/unlisted gold investment held at period end. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 30 June 2020.
- 4) Included the Group's other 2 investments in USD corporate bonds with fixed tenor held at period end. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 30 June 2020.
- 5) It represents the Partners' capital paid-up amount in Thousand US Dollars which the Group had paid as at 30 June 2020.
- 6) For investments held at period end with carrying value more than 0.5% of the Group's total asset as at 30 June 2020.

## MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2020.

## TREASURY MANAGEMENT/POLICIES

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

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

The Group's imported purchases are mainly denominated in Euro, with insignificant portions in Yen, British Pound and United States dollars and relatively small portion of investments are denominated in currencies other than United States dollars and Hong Kong dollars. The Group has undertaken appropriate scale hedging to protect its position, particularly with respect to the Euro and will, from time to time, review its foreign exchange position and market conditions to determine the degree of hedging (if any) that is required. Typically, the Group purchases forward Euro and Euro cash amounting to approximately half of its anticipated purchase requirement.

## **LIQUIDITY AND FINANCIAL POSITION**

At 30 June 2020, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK\$109,169,000 (31 December 2019: HK\$124,828,000). At 30 June 2020, total borrowings and lease liabilities amounted to HK\$1,622,000 (31 December 2019: HK\$5,236,000) and HK\$37,515,000 (31 December 2019: HK\$47,388,000) respectively with HK\$21,054,000 (31 December 2019: HK\$24,612,000) repayment falling due within one year. As mentioned in our annual report for 2018, the Group has invested a substantial proportion of the cash and non-pledged deposit holdings in external unitized equity and debt-related investment funds during the second half of 2018 which continues in 2019 and this year. The Group will retain more than enough cash deposits for its daily activities in the treasury portfolio, and has chosen a high proportion of the marketable funds to ensure that there is more than adequate liquidity to deal with any likely eventuality as though the funds had been retained as cash. The Group's gearing ratio (a comparison of total borrowings and lease liabilities with equity attributable to equity holders of the Company) was 4.3% at the period end date (31 December 2019: 5.4%). The Group is still in a sound financial position with its current ratio (current assets over current liabilities) at 30 June 2020 standing at 14.3 times (31 December 2019: 16.3 times). Our strong liquidity position will provide support for the long-term prospects of our businesses.

At 30 June 2020, the Group's bank balance and borrowings were primarily denominated in United States dollars, Hong Kong dollars and Euro and exchange differences were reflected in the unaudited condensed consolidated financial statements. All borrowings of the Group are on a floating rate basis.

## **PLEDGE OF ASSETS**

At 30 June 2020, pledges of the Group's fixed deposits of HK\$10,000,000 (31 December 2019: HK\$10,000,000) were given to banks to secure trade banking facilities to the extent of HK\$30,000,000 (31 December 2019: HK\$30,000,000) and foreign exchange facilities.

## **IMPORTANT EVENTS AFTER THE FINANCIAL PERIOD**

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

## CHIEF EXECUTIVE OFFICER'S STATEMENT

### CONTINGENT LIABILITES

The Group's contingent liabilities as at 30 June 2020 are set out in note 17 to the condensed consolidated financial statements.

As reported in the 2019 Annual report, a Consent Settlement was entered between the Group and the Hong Kong Building Authority ("BA") as a result of which the Group's investigatory, and potential remedial and maintenance responsibilities are limited to a small part of the slope features adjacent to works near the northernmost portion of the road undertaken by the Group in the early 1980s. The Group submitted a proposal for remediation work to the BA on 13 December 2019 pursuant to our obligations under the new Dangerous Hillside Order issued on 13 June 2019 following the afore-mentioned agreement. The BA has now approved our proposal and, although delayed by impact of the pandemic, we are currently evaluating quotations received for the work to be done. The Group has previously made a provision for the cost of this remediation, and it is expected that the contract and supervision costs will be able to be contained within or close to such provision.

### EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 133 staff, including one Executive Director compared with 137 as at 30 June 2019. Total employee costs (including Directors' emoluments) were approximately HK\$24,392,000 for the six months ended 30 June 2020 (2019: HK\$26,618,000). Employees' remuneration is determined with reference to individual duties, responsibilities and performance. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, sales commissions, discretionary performance bonuses and internal/external training support. The Group has also introduced and adopted a Code of Conduct to be adhered to by all Group employees (including Executive Directors).

**David Charles PARKER**

*Executive Director and Chief Executive Officer*

Hong Kong, 28 August 2020

# INDEPENDENT REVIEW REPORT



## TO THE BOARD OF DIRECTORS OF ENM HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 24 to 45 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2020 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

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

#### **RSM HONG KONG**

*Certified Public Accountants*

Hong Kong

28 August 2020

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Revenue</b>	5	56,080	66,470
Cost of sales		(20,044)	(21,939)
<b>Gross profit</b>		36,036	44,531
Other income		2,535	748
Selling and distribution costs		(20,461)	(18,120)
Administrative expenses		(31,184)	(33,289)
Depreciation of property, plant and equipment and amortization		(4,134)	(3,602)
Other operating gains/(losses), net		(41,690)	55,924
<b>Profit/(loss) from operations</b>		(58,898)	46,192
Fair value gains on investment properties		—	300
Deficits on revaluation of resort and recreational club properties		—	(470)
Finance costs	6	(2,020)	(327)
<b>Profit/(loss) before tax</b>		(60,918)	45,695
Income tax expense	7	—	—
<b>Profit/(loss) for the period</b>	8	(60,918)	45,695
<b>Attributable to:</b>			
Owners of the Company		(60,895)	45,726
Non-controlling interests		(23)	(31)
		(60,918)	45,695
		HK\$ (unaudited)	HK\$ (unaudited)
<b>Earnings/(loss) per share</b>			
– Basic	9(a)	(3.69 cents)	2.77 cents
– diluted	9(b)	N/A	N/A

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Profit/(loss) for the period</b>	<b>(60,918)</b>	45,695
<b>Other comprehensive loss:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(28)	(14)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(28)</b>	(14)
<b>Total comprehensive income/(loss) for the period</b>	<b>(60,946)</b>	45,681
<b>Attributable to:</b>		
Owners of the Company	(60,916)	45,715
Non-controlling interests	(30)	(34)
	<b>(60,946)</b>	45,681

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Note	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	80,200	69,212
Right-of-use assets		35,135	45,141
Investment properties		45,600	45,600
Intangible assets		829	871
Financial assets at fair value through profit or loss	12	69,779	67,577
Total non-current assets		231,543	228,401
<b>Current assets</b>			
Inventories		19,543	22,815
Trade receivables	13	1,498	611
Prepayments, deposits and other receivables		13,286	34,436
Financial assets at fair value through profit or loss	12	594,403	627,148
Pledged bank deposits		10,000	10,000
Time deposits		31,320	36,888
Cash and bank balances		77,849	87,940
Total current assets		747,899	819,838
<b>Current liabilities</b>			
Trade and other payables	14	31,407	25,771
Lease liabilities		19,432	19,376
Interest-bearing bank borrowings		1,622	5,236
Total current liabilities		52,461	50,383
<b>Net current assets</b>			
		695,438	769,455
<b>Non-current liabilities</b>			
Lease liabilities		18,083	28,012
<b>NET ASSETS</b>			
		908,898	969,844
<b>Capital and reserves</b>			
Issued capital	15	1,206,706	1,206,706
Accumulated losses		(1,107,161)	(1,046,266)
Other reserves		810,034	810,055
Equity attributable to owners of the Company		909,579	970,495
Non-controlling interests		(681)	(651)
<b>TOTAL EQUITY</b>			
		908,898	969,844

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

*(Unaudited)*

	Attributable to owners of the Company						
	Issued capital	Special reserve	Exchange fluctuation reserve	Accumulated Losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	1,206,706	808,822	1,296	(1,092,463)	924,361	(590)	923,771
Total comprehensive income and changes in equity for the period	—	—	(11)	45,726	45,715	(34)	45,681
At 30 June 2019	<u>1,206,706</u>	<u>808,822</u>	<u>1,285</u>	<u>(1,046,737)</u>	<u>970,076</u>	<u>(624)</u>	<u>969,452</u>
At 1 January 2020	<b>1,206,706</b>	<b>808,822</b>	<b>1,233</b>	<b>(1,046,266)</b>	<b>970,495</b>	<b>(651)</b>	<b>969,844</b>
Total comprehensive loss and changes in equity for the period	—	—	(21)	(60,895)	(60,916)	(30)	(60,946)
At 30 June 2020	<u><b>1,206,706</b></u>	<u><b>808,822</b></u>	<u><b>1,212</b></u>	<u><b>(1,107,161)</b></u>	<u><b>909,579</b></u>	<u><b>(681)</b></u>	<u><b>908,898</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 ( <i>unaudited</i> )	2019 HK\$'000 ( <i>unaudited</i> )
<b>Net cash generated from operating activities</b>	<b>17,168</b>	16,321
<b>Net cash generated from/(used in) investing activities</b>	<b>(27,367)</b>	3,067
<b>Net cash used in financing activities</b>	<b>(15,506)</b>	(9,520)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(25,705)</b>	9,868
Cash and cash equivalents at beginning of period	124,828	121,176
Effect of foreign exchange rate changes, net	(7)	(7)
<b>Cash and cash equivalents at end of period</b>	<b>99,116</b>	131,037
<b>Analysis of balances of cash and cash equivalents</b>		
Non-pledged time deposits	31,320	36,140
Less: Non-pledged time deposits with original maturity of over three months when acquired	(10,053)	—
Non-pledged time deposits with original maturity of less than three months when acquired	21,267	36,140
Financial assets at fair value through profit or loss – money market funds	—	18,165
Cash and bank balances	77,849	76,732
	<b>99,116</b>	131,037

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2019 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2020 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

These condensed consolidated financial statements should be read in conjunction with the 2019 annual consolidated financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of new and revised Hong Kong Financial Reporting Standards as described in note 2.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. In addition, the Group has early adopted the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions”.

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2019. Except for the early adoption of amendment to HKFRS 16, a number of new or amended standards are effective from 1 January 2020 but they do not have a material effect on the Group’s financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

#### Amendment to HKFRS 16 "Covid-19-Related Rent Concessions"

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendment and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. Accordingly, the Group credited HK\$1,608,000 to profit or loss for the rent concessions received by the Group during the period. There is no impact on the opening balance of equity at 1 January 2020.

### 3. FAIR VALUE MEASUREMENTS

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

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

- |                 |  |
|-----------------|--|
| Level 1 inputs: | quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.    |
| Level 2 inputs: | inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 inputs: | unobservable inputs for the asset or liability.  |

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

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

### 3. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Fair value measurements as at 30 June 2020 using:			Total HK\$'000 (unaudited)
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss:				
– Listed equity investments	49,982	–	–	49,982
– Listed debt investments	–	46,492	–	46,492
– Unlisted debt and fund investments	–	499,581	68,127	567,708
	<u>49,982</u>	<u>546,073</u>	<u>68,127</u>	<u>664,182</u>
Investment properties:				
– Industrial property situated in Hong Kong	–	45,600	–	45,600
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	–	–	63,481	63,481
<b>Total recurring fair value measurements</b>	<u><b>49,982</b></u>	<u><b>591,673</b></u>	<u><b>131,608</b></u>	<u><b>773,263</b></u>

Description	Fair value measurements as at 31 December 2019 using:			Total HK\$'000 (audited)
	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss:				
– Listed equity investments	60,358	–	–	60,358
– Listed debt investments	–	45,810	–	45,810
– Unlisted fund investments	–	523,608	64,949	588,557
	<u>60,358</u>	<u>569,418</u>	<u>64,949</u>	<u>694,725</u>
Investment properties:				
– Industrial property situated in Hong Kong	–	45,600	–	45,600
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	–	–	65,000	65,000
<b>Total recurring fair value measurements</b>	<u><b>60,358</b></u>	<u><b>615,018</b></u>	<u><b>129,949</b></u>	<u><b>805,325</b></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 3. FAIR VALUE MEASUREMENTS (CONT'D)

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

The value of the Group's resort and recreational club properties and industrial property situated in Hong Kong was determined by reference to the valuation reports at 31 December 2019 by independent professional qualified valuers, Ernst & Young Transactions Limited. The valuation was based on open market and existing use basis with the use of discounted cash flow for the Group's resort and recreational club properties and direct comparison method for the industrial property situated in Hong Kong.

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

Description	Property, plant and equipment	Financial assets at fair value through profit or loss	2020 Total HK\$'000 (unaudited)
	Resort and recreational club properties HK\$'000 (unaudited)	Unlisted fund investments HK\$'000 (unaudited)	
At 1 January 2020	65,000	64,949	129,949
Additions	—	5,203	5,203
Total fair value gain or loss recognised – in profit or loss *	—	(2,025)	(2,025)
Depreciation charged to profit or loss	(1,519)	—	(1,519)
<b>At 30 June 2020</b>	<b>63,481</b>	<b>68,127</b>	<b>131,608</b>
* Include gains or losses for assets held at end of reporting period	—	(2,025)	(2,025)

Description	Property, plant and equipment	Financial assets at fair value through profit or loss	2019 Total HK\$'000 (unaudited)
	Resort and recreational club properties HK\$'000 (unaudited)	Unlisted fund investments HK\$'000 (unaudited)	
At 1 January 2019	68,000	47,012	115,012
Additions	—	1,054	1,054
Amount received in respect of capital contribution and related interest from additional limited partners of an unlisted fund investment	—	(3,141)	(3,141)
Total fair value gain or loss recognised – in profit or loss *	(470)	2,318	1,848
Depreciation charged to profit or loss	(1,530)	—	(1,530)
<b>At 30 June 2019</b>	<b>66,000</b>	<b>47,243</b>	<b>113,243</b>
* Include gains or losses for assets held at end of reporting period	(470)	2,318	1,848

### 3. FAIR VALUE MEASUREMENTS (CONT'D)

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

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

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements of its financial instruments at 30 June 2020 and 31 December 2019:

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

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

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

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

Description	Unobservable inputs	Range		Effect on fair value for increase of inputs
		30 June 2020	31 December 2019	
Unlisted fund investment	Net asset value	N/A	N/A	N/A

There were no changes in the valuation techniques used in fair value measurement at 30 June 2020 and 31 December 2019.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 4. SEGMENT INFORMATION

The Group has three reportable segments as follows:

<b>Segment</b>	<b>Activity</b>
Wholesale and retail of fashion wear and accessories	The trading of fashion wear and accessories
Resort and recreational club operations	The provision of resort and recreational facilities including lodging and catering services
Investments	The holding and trading of investments for short term and long term investment returns

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

Segment profits or losses do not include the following:

- Unallocated corporate administrative expenses;
- Fair value gains on investment properties, net;
- Deficits on revaluation of resort and recreational properties;
- Finance costs; and
- Income tax expense.

Segment liabilities do not include interest-bearing bank borrowings.

#### 4. SEGMENT INFORMATION (CONT'D)

	Wholesale and retail of fashion wear and accessories HK\$'000 ( <i>unaudited</i> )	Resort and recreational club operations HK\$'000 ( <i>unaudited</i> )	Investments HK\$'000 ( <i>unaudited</i> )	Total HK\$'000 ( <i>unaudited</i> )
<b>6 months ended 30 June 2020:</b>				
Revenue from external customers	34,861	3,522	17,697	56,080
Segment loss	(15,042)	(8,236)	(33,612)	(56,890)
<b>As at 30 June 2020:</b>				
Segment assets	91,034	66,749	821,659	979,442
Segment liabilities	(51,098)	(2,149)	(15,675)	(68,922)
<b>6 months ended 30 June 2019:</b>				
Revenue from external customers	50,473	7,662	8,335	66,470
Segment profit/(loss)	253	(6,439)	54,350	48,164
<b>As at 31 December 2019:</b>				
Segment assets, audited	100,052	68,514	879,673	1,048,239
Segment liabilities, audited	(57,705)	(3,027)	(12,427)	(73,159)

	<b>Six months ended 30 June</b>	
	2020 HK\$'000 ( <i>unaudited</i> )	2019 HK\$'000 ( <i>unaudited</i> )
<b>Reconciliations of reportable segment profit or loss:</b>		
Total profit or loss of reportable segments	(56,890)	48,164
Unallocated corporate administrative expenses	(2,008)	(1,972)
Fair value gains on investment properties	—	300
Deficits on revaluation of resort and recreational club properties	—	(470)
Finance costs	(2,020)	(327)
Consolidated profit/(loss) for the period	(60,918)	45,695

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 5. REVENUE

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

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<i>Revenue from contracts with customer</i>		
(i) Wholesale and retail of fashion wear and accessories		
Sale of fashion wear and accessories recognised at a point in time	34,861	50,473
(ii) Resort and recreational club operations		
Catering service income recognised at a point in time	2,037	3,832
Resort and club facilities and other services income recognised over time	370	2,626
Entrance fee and subscription fee income recognised over time	1,115	1,204
	<u>3,522</u>	<u>7,662</u>
<i>Revenue from other sources</i>		
(iii) Investments		
Dividend income arising from financial assets at fair value through profit or loss:		
– listed equity investments	5,562	432
– unlisted fund investments	10,779	6,406
Interest income from:		
– Financial assets at fair value through profit or loss	877	864
– Other financial assets	479	633
	<u>17,697</u>	<u>8,335</u>
	<u>56,080</u>	<u>66,470</u>

### 6. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on bank loans	85	114
Interest on lease liabilities	1,935	213
	<u>2,020</u>	<u>327</u>

## 7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and overseas income tax has been made for the six months periods ended 30 June 2020 and 2019 since the Group has no assessable profit in Hong Kong and other countries in which the Group operates or has sufficient tax losses brought forward to set off against the assessable profits for both periods.

## 8. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Cost of inventories sold <sup>#</sup>	20,044	21,906
Depreciation of right-of-use assets	11,206	9,078
Depreciation of property, plant and equipment	4,092	3,559
Amortisation of intangible assets	42	43
Charge/(write back) for inventories allowances	2,207	(1,711)
Losses/(gains) from financial assets at fair value through profit or loss, net <sup>*</sup> :		
Fair value losses/(gains), net	28,434	(52,322)
Losses/(gains) on disposal, net	13,479	(3,521)
	<b>41,913</b>	(55,843)
Fair value gains on investment properties	—	(300)
Gains on disposal of property, plant and equipment, net <sup>*</sup>	(2)	—
Write back for provision for reinstatement cost <sup>*</sup>	(338)	—
Foreign exchange losses/(gains), net <sup>*</sup>	117	(81)
Deficits on revaluation of resort and recreational club properties	—	470
	<u>          </u>	<u>          </u>

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

<sup>#</sup> Cost of inventories sold included charge for inventories allowances of HK\$2,207,000 (30 June 2019: write back for inventories allowances of HK\$1,711,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 9. EARNINGS/(LOSS) PER SHARE

#### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the loss for the period attributable to owners of the Company of HK\$60,895,000 (30 June 2019: profit of HK\$45,726,000) and the weighted average number of ordinary shares of 1,650,658,676 (30 June 2019: 1,650,658,676) in issue during the period.

#### (b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares during the six months periods ended 30 June 2020 and 2019.

### 10. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2020 and 2019.

### 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately HK\$15,080,000 (30 June 2019: HK\$210,000).

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 HK\$'000 <i>(unaudited)</i>	31 December 2019 HK\$'000 <i>(audited)</i>
Financial assets at fair value through profit or loss:		
Equity investments, at fair value <i>(note a)</i> :		
– Listed in Hong Kong	33,312	45,252
– Listed outside Hong Kong	16,670	15,106
	49,982	60,358
Unlisted Fund investments, at fair value <i>(note b and note c)</i>	563,919	588,557
Debt investments, at fair value <i>(note d)</i> :		
– Listed in Hong Kong*	10,173	7,413
– Listed outside Hong Kong*	36,319	38,397
– Unlisted	3,789	–
	50,281	45,810
	<b>664,182</b>	<b>694,725</b>

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Current assets – Financial assets at fair value through profit or loss		
– Listed equity investments (note a)	49,982	60,358
– Unlisted fund investments (note b)	494,140	520,980
– Listed and unlisted debt investments (note d)	50,281	45,810
	<b>594,403</b>	627,148
Non-current assets – Financial assets at fair value through profit or loss		
– Unlisted fund investments (note c)	69,779	67,577
	<b>664,182</b>	694,725

*Notes:*

(a) Listed equity investments, at fair value

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

(b) The fund investments as at 30 June 2020 amounted to HK\$494,140,000 (31 December 2019: HK\$520,980,000) which were 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 the price quoted by the fund administrator/financial institution. The directors believe that the estimated fair value quoted by the fund administrator/financial institution is reasonable, and that it is the most appropriate value at the end of the reporting period.

(c) Unlisted fund investments, at fair value

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

As at 30 June 2020, carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund III L.P. ("ACIF III"), amounted to HK\$49,384,000 (31 December 2019: HK\$52,364,000) which is not quoted in an active market. The fair value of the investment in ACIF III is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US\$4,000,000 (equivalent to approximately HK\$31,120,000) to ACIF III and the unfunded commitment as at 30 June 2020 amounted to US\$276,000 (equivalent to approximately HK\$2,149,000) (31 December 2019: US\$319,000 (equivalent to approximately HK\$2,482,000)). 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.

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

Notes: (Cont'd)

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

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

As at 30 June 2020, 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\$18,743,000 (31 December 2019: HK\$12,585,000) which is not quoted in an active market. The fair value of the investment in ACIF IV is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US\$4,000,000 (equivalent to approximately HK\$31,120,000) to ACIF IV and the unfunded commitments as at 30 June 2020 amounted to US\$1,676,000 (equivalent to HK\$13,041,000) (31 December 2019: US\$2,302,000 (equivalent to approximately HK\$17,910,000)). 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.

(iii) Invesco US Senior Loans 2021, L.P.

As at 30 June 2020, carrying amount of unlisted fund investment included an investment in a fund, Invesco US Senior Loans 2021, L.P. ("Invesco") amounted to HK\$1,652,000 (31 December 2019: HK\$2,628,000). The fair value of the investment in Invesco is stated with reference to quoted price provided by counterparty financial institutions. The directors believe that the estimated fair value quoted by the counterparty financial institutions is reasonable, and that it is the most appropriate value at the end of the reporting period.

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

(d) The fair values of the debt investments as at 30 June 2020 amounted to HK\$50,281,000 (31 December 2019: HK\$45,810,000) are based on quoted market price or the price quoted by issuer/banker. 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/bank is reasonable, and that it is most appropriate value at the end of the reporting period.

As at 30 June 2020, these debt investments have maturity date ranging from 26 May 2021 to 21 August 2027 (31 December 2019: 28 March 2020 to 21 August 2027).

As at 30 June 2020, these debt instruments bear fixed/floating coupon interest rate ranging from 1.49% to 6.88% (31 December 2019: 2.50% to 5.45%). The carrying amounts of the Group's debt investments are denominated in US dollars.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 13. TRADE RECEIVABLES

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

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

	<b>30 June 2020 HK\$'000 (unaudited)</b>	31 December 2019 HK\$'000 (audited)
Within 1 month	1,498	588
2 to 3 months	—	23
	<u>1,498</u>	<u>611</u>

### 14. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2020 are trade and bills payables of HK\$6,300,000 (31 December 2019: HK\$5,599,000) and contract liabilities of HK\$2,054,000 (31 December 2019: HK\$1,697,000).

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

	<b>30 June 2020 HK\$'000 (unaudited)</b>	31 December 2019 HK\$'000 (audited)
Within 1 month	3,343	3,511
2 to 3 months	14	2,067
Over 3 months	2,943	21
	<u>6,300</u>	<u>5,599</u>

### 15. ISSUED CAPITAL

Issued and fully paid:

1,650,658,676 (31 December 2019: 1,650,658,676) ordinary shares

<b>30 June 2020 HK\$'000 (unaudited)</b>	31 December 2019 HK\$'000 (audited)
<u>1,206,706</u>	<u>1,206,706</u>

## 16. RELATED/CONNECTED PARTY TRANSACTIONS

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

	Note	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies – office	(i)	1,592	1,589
Secondment fees charged by a related company		—	23

*Note:*

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

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short term employee benefits	4,767	5,883
Pension scheme contributions	39	53
Total compensation paid to key management personnel	4,806	5,936

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 17. CONTINGENT LIABILITIES

At 30 June 2020, the Group had the following contingent liabilities:

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

Such liability and obligations were finally determined by the Court of Final Appeal (“CFA”) in a judgment on 9 May 2018 that found that the Special Condition (31) on its related Land Grant did not impose any maintenance duty on certain slope features the subject of the preponderance of the Hong Kong Building Authority (“BA”) Dangerous Hillside (“DH”) Orders first issued in 2006, save for a DH Order issued in 2008 related to another Special Condition (13) of the Land Grant which as a result of the Court of Appeal judgment on 11 August 2017 was remitted to the original Appeal Tribunal (Buildings) for further consideration and determination. A hearing was set down for May 2019.

Prior to the hearing however, a Consent Settlement was entered into between the Group and the BA pursuant to which the hearing was vacated, the original BA DH Orders all withdrawn and the Group agreed to fully comply with a single DH Order issued by the BA on 13 June 2019 (the “New Limited Order”), the wording of which was agreed between the Group and the BA, limiting the Group’s investigatory, and potential remedial and maintenance responsibilities to a small part of the slope features adjacent to works near the northernmost portion of the road undertaken by the Group in the early 1980s. The Group submitted a proposal for remediation work to the BA on 13 December 2019 pursuant to our obligations under the New Limited Order following the afore-mentioned agreement. The BA has approved the proposal and, although delayed by impact of the pandemic, the Group is currently evaluating quotations received for the work to be done.

As at 30 June 2020, except for a provision of HK\$2,610,000 made for the estimated cost of remedial/maintenance obligation of the subject slope features with reference to the advice of the Company’s consultant, and which the management considers adequate, no other provision has been made for related costs. The legal costs of the Group in relation to the 10 years of proceedings were expensed as they were incurred and recognised in the relevant year’s profit and loss account. Pursuant to the CFA Judgment, the Group was awarded certain costs against the BA. Negotiations with respect to the recovery of these costs are ongoing and when finalised, the received funds will be treated as income in the profit and loss accounts as the expenditures that led to them were.

## 18. CAPITAL COMMITMENTS

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

	<b>30 June 2020 HK\$'000 (unaudited)</b>	31 December 2019 HK\$'000 (audited)
Contracted, but not provided for:		
Capital contribution to unlisted funds ( <i>note 12(c)(i) and (ii)</i> )	<b>15,190</b>	20,396
Property, plant and equipment	<b>—</b>	11,221

## 19. IMPACTS OF CORONAVIRUS PANDEMIC

Since early 2020, the coronavirus pandemic ("the COVID-19 outbreak") has spread across China and other countries, and it has adversely affected our retail fashion business and resort and recreational club operations in Hong Kong and the performance of investment in financial instruments activities of the Group. The Group's financial performance and liquidity position from the retail fashion business, resort and recreational club operations and investment in financial instruments are affected adversely as compared to the same period in 2019 due to the impact from the COVID-19 outbreak. The Group is still in a sound financial position with its current ratio at 30 June 2020 standing at 14.3 times. Our strong liquidity position will provide support for the long-term prospects of our businesses.

## 20. APPROVAL OF FINANCIAL STATEMENTS

The interim report were approved and authorised for issue by the Board of Directors on 28 August 2020.

## OTHER INFORMATION

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry of all Directors, all Directors complied with the required standards set out in the Model Code throughout the six months ended 30 June 2020.

### DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS

As at 30 June 2020, none of the Directors and 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, 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%
Chime Corporation Limited	Interest of controlled corporations	570,974,145	Note (i)	34.59%
Parasia Limited	Interest of controlled corporations	570,974,145	Note (ii)	34.59%
Ms. KUNG, Nina (deceased)	Interest of controlled corporations	570,974,145	Note (iii)	34.59%
Mr. CHAN, Wai Tong Christopher	Trustee	730,974,145	Notes (iv) & (v)	44.28%
Mr. JONG, Yat Kit	Trustee	730,974,145	Notes (iv) & (v)	44.28%
Mr. WONG, Tak Wai	Trustee	730,974,145	Notes (iv) & (v)	44.28%

#### Notes:

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

- (iv) Chime Corporation Limited was a controlled corporation of Mr. CHAN, Wai Tong Christopher, 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. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was deemed to be interested in the shares in which Chime Corporation Limited was deemed to be interested.
- (v) Each of Mr. CHAN, Wai Tong Christopher, 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.

Save as disclosed above, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company as at 30 June 2020 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2020.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2020.

## **CHANGES IN DIRECTORS' INFORMATION**

The changes in Directors' information since the date of the Company's 2019 Annual Report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

At the Company's annual general meeting held on 10 June 2020, Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O'DONNELL, Independent Non-executive Directors, were re-elected as Directors of the Company for a term of approximately two years expiring at the conclusion of the Company's annual general meeting to be held in 2022, subject to retirement by rotation in accordance with the Company's Articles of Association.

## **REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements for the six months ended 30 June 2020 are unaudited, but have been reviewed by the Company's external auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, whose unmodified review report is set out on page 23 of this interim report. The condensed consolidated financial statements for the six months ended 30 June 2020 have also been reviewed by the Company's Audit Committee.

## **BOARD OF DIRECTORS**

As at the date of this report, the Executive Director is Mr. David Charles PARKER (Chief Executive Officer), the Non-executive Director is Mr. Derek Wai Choi LEUNG (Non-executive Chairman), and the Independent Non-executive Directors are Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O'DONNELL.

# CORPORATE INFORMATION

## EXECUTIVE DIRECTOR

David Charles PARKER (*Chief Executive Officer*)

## NON-EXECUTIVE DIRECTOR

Derek Wai Choi LEUNG (*Non-executive Chairman*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Kin Wing CHEUNG  
Kiu Sang Baldwin LEE  
Ted Tak Tai LEE  
Sarah Young O'DONNELL

## COMPANY SECRETARY

Pui Man CHENG

## AUDITOR

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

## SHARE REGISTRARS

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## REGISTERED OFFICE

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## STOCK CODE

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