

INTERIM REPORT

2024

ENM 安寧控股有限公司
ENM Holdings Limited

Stock Code : 00128



CONTENTS

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

For the first six months of 2024, total revenue of ENM Holdings Limited (the "Company") and its subsidiaries (the "Group") from continuing operations was HK\$43,620,000, a decrease of HK\$10,907,000, or 20%, as compared to HK\$54,527,000 reported for the corresponding period last year. The loss attributable to the owners of the Company for the period ended 30 June 2024 was HK\$14,198,000, as compared to a loss of HK\$8,548,000 for the period ended 30 June 2023.

Hong Kong's Retail sector has reported no growth or contraction in the first six months of 2024 compared to the same period in 2023. The consumer sentiment in Hong Kong during the period under review was reactive to the economic and market conditions, which were poor, and the high interest rate. Furthermore, local consumers, taking advantage of the strong currency, continued to travel and spend overseas, while at the same time consumption pattern of tourists, in particular cross border Chinese travelers, have changed to no longer focused on shopping during their visits. The Hong Kong Census and Statistics Department (the "CSD") has stated, for the first half of 2024, it was provisionally estimated that the value of total retail sales has decreased by 6.6% compared with the same period in 2023, whereas the sales volume has decreased by 8.2% for the same comparison. Further analysis by the CSD showed that wearing apparel sales have dropped by 13.2%. The Group's retail of fashion wear and accessories business SWANK, which sells luxury wearing apparels, experienced a similar declining trend.

Despite Management's concerted efforts post the COVID pandemic to attract members' patronage and exercise vigilant cost control, the Group's resort and recreational club operation was unable to minimize its losses due to the inability to increase revenue because of the new trend of Hong Kong residents frequenting restaurants in Southern China. Hence, as previously stated in a Company announcement and in the 2023 Annual Report, the Company believed that it is in the best interest of the shareholders to end the prolonged losses by closing the Hill Top Country Club in June 2024.

The divergent movement of the global investment markets in the first half year of 2024 brought mix results for the Group's investments. Despite high volatility in the United States ("U.S.") equity market due to the uncertainty on the timing and extent of U.S. interest rate cut, the equity and fixed income funds portfolio in that region performed well. However, our private equity investments fell short of expectations due to the weak investment sentiments in the Asean region coupled with poor performance of the Chinese equity market.

As stated in the 2023 Annual Report, the application for land exchange of the Hilltop property was submitted to the Lands Department in late 2021. Following a review of our application at the District Lands Conference, the Company has received the Provisional Basic Terms of Offer for the land exchange from the Lands Department on 30 July 2024. However, there remains a number of governmental processes, including a lengthy road gazettal procedure, that the Company has to go through before the execution of a new lease grant can take place which has been projected to be in the year 2027.

FINANCIAL REVIEW

	Six months ended 30 June		
	2024 HK\$'000	2023 HK\$'000 <i>(restated)</i>	Change +ve/(-ve)
Continuing operations			
Revenue	43,620	54,527	(20%)
Retail of fashion wear and accessories	34,840	43,867	(21%)
Dividend income	5,062	7,662	(34%)
Interest income	3,718	2,998	24%
Loss from operations	(6,585)	(2,102)	(213%)
Fair value gains/(losses) on investment properties, net	(1,100)	300	(467%)
Finance costs	(419)	(625)	33%
Loss for the period from continuing operations	(8,104)	(2,427)	(234%)
Loss for the period from discontinued operations	(6,089)	(5,747)	(6%)
Loss for the period (from continuing and discontinued operations)	(14,193)	(8,174)	(74%)
Loss per share	HK (0.86) cents	HK (0.52) cents	

The loss from operations for the period ended 30 June 2024 of HK\$6,585,000 (2023: loss of HK\$2,102,000) attributable to the Group's reportable segments from continuing operations was:

	Six months ended 30 June		
	2024 HK\$'000	2023 HK\$'000	Change +ve/(-ve)
- Continuing operations			
Retail of fashion wear and accessories	(3,781)	(2,598)	(46%)
Investments	(857)	2,597	(133%)
Unallocated corporate income/expenses, net	(1,947)	(2,101)	7%
Loss from operations	(6,585)	(2,102)	(213%)
- Discontinued operations			
Resort and recreational club operations	(6,089)	(5,747)	(6%)

CHIEF EXECUTIVE OFFICER'S STATEMENT

The Group's fashion retail business, SWANK reported a decrease in sales revenue of HK\$9,027,000 (or 21%) and gross profit of HK\$4,785,000 (or 21%) respectively compared to the same period last year. The significant decrease in SWANK's revenue was mainly attributable to the closure of our mono brand store, Paule Ka located in Chater House Central, in July 2023. In addition to losing approximately 1,200 square feet of selling footages, the sales of luxury fashion wear were also impacted by weaker consumer spending, as a result of economic downturn in China and Hong Kong, declining low tourist numbers and increase in "reverse travel" of local Hong Kong residents to Mainland China. While sales in SWANK's retail stores accounted for 19% of the (total 21%) decrease, online sales in the period under review also decreased by 45% compared to the first half of 2023, due to the continuous reduction in the volume of online shopping post COVID. In response to the gradual slowdown in footfall, to avoid carrying a high level of aged inventory, more attractive discounts at higher frequencies were offered to draw customers into the stores to shop, hence putting pressure on profit margin. Nonetheless, with adequate stock provision made for aged inventories in prior financial reporting periods, SWANK's gross profit margin maintained at 50.3% (2023: 50.8%) for the period under review. Despite the reduction in gross profit of HK\$4,785,000 compared to the same period last year, with lower occupancy costs from the closure of Paule Ka store together with Management's various cost savings measures, such as combining or streamlining job roles and cutting overseas travel, this segment reported only a slight increase in operating loss of HK\$1,183,000 to HK\$3,781,000 (2023: loss of HK\$2,598,000) for the six months ended 30 June 2024.

In the first six months of 2024, the performance of global fixed income and equity markets were divergent. The investment portfolio of the Group, primarily comprised of marketable bond and equity funds investments, for the period ended 30 June 2024 generated net realised and unrealised gains (before general and administrative expenses) of HK\$8,103,000 (2023: net realised and unrealised gains of HK\$11,809,000) which included interest and dividend income of HK\$6,050,000 (2023: HK\$8,465,000), net gains on disposal of HK\$164,000 (2023: net gains on disposal of HK\$2,706,000) and net unrealised fair value gains of HK\$1,889,000 (2023: net unrealised fair value gains of HK\$638,000). While the marketable funds investment portfolio and discretionary investment portfolio managed by three international financial institutions delivered good returns, the performance of the Group's private equity fund investments in ASEAN China Investment Fund III L.P. in the first half of 2024 was very poor and recorded unrealised fair value loss of HK\$10,842,000 and HK\$Nil dividend income (2023: unrealised fair value loss of HK\$8,387,000 and dividend income of HK\$2,696,000) for the period under review. As a result, for the six months ended 30 June 2024, the Group's investments recorded a segment loss for continuing operations (after general and administrative expenses) of HK\$857,000 (2023: segment profit of HK\$2,597,000).

Prior to its closure, the Group's resort and recreational club operation, Hill Top reported a decrease in revenue of HK\$1,019,000 (or 16%) and gross profit of HK\$804,000 (or 16%) respectively as compared to the same period in 2023. The fall in revenue was predominantly due to the decrease in dining patronage and members' fee income. Hill Top's operating loss for the period under review, up to the last trading date of 15 June 2024, was HK\$6,089,000, an increase of HK\$342,000 (or 6%) as compared with loss of HK\$5,747,000 for six months up to 30 June 2023. With a shorter operating period and the popular trend of "Northbound Travelling" to Southern China for better and cheaper dining options, which resulted in less members' patronage and hence lower revenue, the challenging trading conditions for the food and beverage ("F&B") sector in Hong Kong, including rising material cost and shortage of F&B staff, contributed to higher operating costs for the period.

The Group's overall revenue and gross profit from continuing operations dropped by HK\$10,907,000 (or 20%) and HK\$6,665,000 (or 20%) respectively, primarily attributable to the decrease in sales revenue of the fashion and retail business and dividend income. The Group's overall gross profit margin from continuing operations was able to maintain at 60.3% (2023: 60.5%) for the period ended 30 June 2024.

The Group's other income and expenditure from continued operations for the six months ended 30 June 2024 included:

- Other income of HK\$514,000, which was HK\$19,000 (or 4%) lower compared to HK\$533,000 in 2023, mainly comprising of rental income of HK\$492,000 (2023: HK\$492,000) from the Group's investment property situated in Hong Kong.
- Selling and distribution expenses of HK\$14,457,000, with a 14% decrease compared to HK\$16,906,000 for 2023 is mainly attributable to decrease in occupancy costs from the closure of SWANK's mono brand retail store, Paule Ka in July 2023 and the reduction in online sales commission as a result of a decrease in SWANK's online sales for the period under review.
- Administrative expenses decreased by 8% to HK\$20,780,000 (2023: HK\$22,604,000), primarily attributable to:
 - A one-time legal and professional fees incurred in June 2023 in relation to a proposal received for the privatization of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance; and
 - Reduction in SWANK's staffing costs from the streamlining of manpower structure.
- "Other operating gains, net" mainly comprised of net realised and unrealised fair value gains of HK\$2,053,000 (2023: net realised and unrealised fair value gains of HK\$3,344,000) from investment in financial instruments (before interest and dividend income which are included in "Revenue").

In accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), and with the advice from an independent and reputable valuer, the Group has valued the Hilltop property (the "Property") (formerly the "club property" being occupied by the Group's resort and recreational club operation) in Tsuen Wan, Hong Kong, based on its highest and best use with reference to the Property having received approval to rezoned for residential development, after factoring in the uncertainty and timing of the remaining steps required to proceed with the redevelopment. This approach was first adopted for the year ended 31 December 2020 and as at 30 June 2024, the fair value of the Property was determined to be HK\$350,000,000 (31 December 2023: HK\$370,000,000). The reduction in fair value was mainly attributable to a overall decrease in market value of residential properties in Hong Kong and an increase in construction cost. This decrease in valuation was recognised as other comprehensive loss for the period ended 30 June 2024 and accumulated in the property revaluation reserve which had no impact on the Group's consolidated statement of profit or loss for the period.

For the period ended 30 June 2024, the Group's finance cost included interest on bank loans of HK\$137,000 (2023: HK\$160,000) and interest expenses on lease liabilities of HK\$282,000 (2023: HK\$465,000). Since interest expenses on lease liabilities for existing retail stores were recognised on a front-loaded basis under HKFRS 16, the overall finance cost was lower by HK\$206,000 (or 33%) for this period as compared to the same period of 2023.

CHIEF EXECUTIVE OFFICER'S STATEMENT

BUSINESS REVIEW

SWANK

The post COVID “revenge shopping” in the first half of last year did not sustain through to the end of 2023 as the economy of Hong Kong and China began to see a downturn. Continuing post pandemic travels coupled with the strong Hong Kong currency attracted the locals to spend their shopping dollars overseas which in turn decreased their spending in Hong Kong. At the same time, the unfavorable exchange rate for various other currencies against Hong Kong dollars also reduced the attractiveness of shopping in Hong Kong for tourists and foreign visitors, including the Mainland Chinese which made up a sizeable number of SWANK’s customers. The overall lower revenue was also due to the closure of Paule Ka store, amounting to HK\$7,113,000 of less sales revenue during the period under review and a significant drop in online sales of more than 45%.

In the Group’s Business Update Announcement of 6 June 2024, it was stated that SWANK will not renew the lease of Central Building flagship store which will expire at the end of September 2024. Since then, SWANK has entered into a lease agreement with the landlord of Lee Gardens shopping mall, to open a store in Lee Garden Two, Causeway Bay, Hong Kong in early September 2024. This new SWANK store will provide a new shopping experience to our existing customers and also attract new customers at a different area of Hong Kong.

Hill Top Country Club (“Hill Top” or “the Club”) (Discontinued Operation)

As reported in the 2023 Annual Report, Hill Top had started to experience lower number of members’ patronage and hence declining revenue since last year which is one of the primary factor that the Board took into consideration in its decision to cease the Club operation.

In the employee redundancy process, assistance was provided to secure potential employment with another company. In recognition of their services and length of employment at the Club, staff were paid severance packages that were better than their entitlement in accordance with the Employment Ordinance. Management also addressed the disappointment of the Club members on its closing by liaising with another Hong Kong private recreational club to communicate its offer of special new membership to Hill Top’s members.

Investments

The Group’s investment in financial instruments mainly comprises of four categories: (A) Marketable Funds Investment including, unitized open-end fixed income, equity fund and money market investment; (B) Discretionary Investment Portfolios managed by three Financial Institution and under the control of the Group; (C) Listed Securities Investments; and (D) Other Fund Investments, including Private Equity Funds. As of 30 June 2024, the total carrying value of the Group’s investment portfolio in financial instruments was HK\$502,954,000 (31 December 2023: HK\$525,371,000), representing approximately 47.7% (31 December 2023: 47.6%) of the carrying value of the Group’s total assets.

The performance of investment in the different asset classes was divergent in the first six months of 2024, with the global fixed income market, represented by the Bloomberg Global Aggregate Total Return Index, losing 3.2% while the global equity market, represented by the MSCI All Country World Index (“ACWI”), gained 11.6%. Global fixed income underperformed mainly due to the highly uncertain outlook on the interest rate movement of the United States (the “U.S.”) which had the expectation of the interest rate to remain high for longer and also only two rate cuts in the second half of 2024. Conversely major global equity markets had a strong performance in the first half of 2024 with the U.S. equity market, represented by the S&P 500 Index, registering a return of 15.3% and outperformed the FTSE All World Index’s 11.4% return. This outperformance was mainly attributable to the generative artificial intelligence (“GenAI”) theme and the market expectation of a U.S. economic soft landing. Nonetheless, the strong performance only concentrated in a handful of U.S. mega cap technology stocks whereas the small cap stocks remarkably underperformed as many smaller U.S. companies were still struggling with the slowing economy and relatively high inflation and finance costs.

Aided by the ballooning equity market, the Group’s diverged investment portfolio, managed with a prudent investment approach, delivered a decent return for the period under review. This was achieved, besides adhering to cautious asset allocation approved by the Board and selection of investment managers approved by the Investment Committee, with close monitoring of the market conditions and taking timely action to adjust the asset allocation and investment strategies. As such, the Group’s investment in financial instruments returned to a net gain of HK\$8,103,000 (2023: a net gain of HK\$11,809,000) for the six months ended 30 June 2024 before general and administrative expenses. The Group will keep a close eye on the development of the equity market in the rest of this year and continue to manage the investment portfolio with a cautious approach to generate the best low risk return for the Company.

A. Marketable Funds Investment Portfolio – including unitized open-end bond and equity funds and money market investment

The marketable funds investment portfolio includes four primary investment strategies, namely money market investment, investment grade & high yield bond funds, enhanced yield funds and equity funds. The total carrying value of the Group’s investment in this category was HK\$289,118,000 as of 30 June 2024 (31 December 2023: HK\$306,572,000), representing approximately 27.4% of the carrying value of the Group’s total assets; and the asset allocation in this portfolio was 0.4% in money market investment, 54.4% in fixed income funds, 30.8% in enhanced yield funds and 14.4% in equity funds. This category of the investment portfolio recorded a net gain of HK\$9,660,000 (or 3.2%) (2023: a net gain of HK\$6,255,000) for the six months ended 30 June 2024. The net gain was attributable to HK\$5,573,000 of unrealised mark-to-market gain, HK\$109,000 of realised loss on disposal and HK\$4,196,000 of dividend and interest income received.

Investment Grade & High Yield Bond Funds

In this strategy, the Group held five fixed income funds which can be grouped into the categories of investment grade bond and high yield bond funds. As at 30 June 2024, the fair value of the Group’s investment in this strategy was HK\$157,294,000, representing approximately 54.4% of the carrying value of the marketable funds investment portfolio and 14.9% of the carrying value of the Group’s total assets. The net return on this investment was a HK\$3,190,000 gain (or 1.8%) for the six months ended 30 June 2024. Below are individual funds under this strategy with fair values exceeding 5% of the carrying value of the Group’s total assets.

CHIEF EXECUTIVE OFFICER'S STATEMENT

PIMCO GIS- Income Fund

The PIMCO Income Fund is a portfolio that is actively managed and utilises a broad range of fixed income securities that seek to produce an attractive level of income with a secondary goal of capital appreciation. The fund (Institutional Income Class USD) has had a 5-year annualised return of 3.7% for the period of 2019 to 2023. As at 30 June 2024, the fair value of the Group's investment in this fund was HK\$66,657,000 (31 December 2023: HK\$67,470,000), representing approximately 6.3% of the carrying value of the Group's total assets. The net return of this fund was HK\$1,251,000 gain (or 1.9%) for the six months ended 30 June 2024, comprised of a HK\$814,000 unrealised mark-to-market loss and HK\$2,065,000 of dividend received.

Enhanced Yield Funds

As at 30 June 2024, the Group held six funds in this strategy with a fair value of HK\$88,937,000, representing approximately 30.8% of the carrying value of the marketable funds investment portfolio and 8.5% of the carrying value of the Group's total assets. This portfolio consisted of one China/Asia long/short credit fund, one private infrastructure fund, two private real estate funds and two private credit funds. The net return on investment was a HK\$3,942,000 gain (or 4.4%) for the six months ended 30 June 2024. There was no individual fund in this strategy that exceeded 5% of the carrying value of the Group's total assets.

Equity Funds

As of 30 June 2024, the Group held three equity-based funds with a fair value of HK\$41,544,000, representing approximately 14.4% of the carrying value of the marketable fund investment portfolio and 3.9% of the carrying value of the Group's total assets. This portfolio included one U.S. fund, one China A-share fund and one Asian (excluding Japan) fund. The net return on investment was a HK\$2,508,000 gain (or 6.0%) for the six months ended 30 June 2024. There was no individual fund in this strategy that exceeded 5% of the carrying value of the Group's total assets and in July 2024, all the equity funds were disposed.

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

MS Portfolio

Morgan Stanley ("MS") offers a bespoke asset allocation solution based upon its Global Investment Committee Model. The Asia Investment Management Services team leverages the extensive research, investment expertise and execution capabilities of MS to invest in traditional and sophisticated multi-asset, equity and fixed income funds, Exchange-Traded Funds ("ETF") and money market instruments. As of 30 June 2024, the total carrying value of the MS Portfolio was HK\$73,185,000 (31 December 2023: HK\$67,966,000) with a total of 25 holdings of funds and ETF, representing approximately 6.9% of the carrying value of the Group's total assets. The asset allocation in the portfolio comprised of 0.2% in money market investment, 28.2% of fixed income funds, 61.4% of equity funds (including ETF) and 10.2% of other investments. The MS Portfolio has been set up to gradually spread risk with a high flexibility to invest a significant proportion in the Money Market Investment awaiting suitable opportunities to reinvest in other asset classes. The MS Portfolio recorded a net gain of HK\$5,978,000 (or 8.3%) during the period under review.

LGT Portfolio

LGT offers a bespoke asset allocation solution based on recommendations from LGT's Investment Committee in Asia and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and fundamentals of securities into the portfolio. Investments are largely in equity and fixed income securities, and to a smaller extent, in mutual funds or alternative funds. As of 30 June 2024, the total market value of the LGT portfolio was HK\$65,871,000 (31 December 2023: HK\$62,327,000), with 43 fixed income securities, 40 equities, and 6 (including hedge funds, private assets and mutual fund) fund holdings, 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 2024 was 65.2% in fixed income and 34.8% in equity-based investments. The LGT portfolio has been set up to diversify risk and reduce volatility, thus with fixed income investment as the dominant asset class. The LGT portfolio recorded a net gain of HK\$4,788,000 (or 7.2%) during the period under review.

JB Portfolio

Julius Baer offers a bespoke asset allocation solution based upon assessment and recommendations of its Global Chief Investment Officer and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and asset allocation strategy into the portfolio through ETF investment. As at 30 June 2024, the total carrying value of the JB Portfolio was HK\$22,087,000 (31 December 2023: HK\$21,883,000), comprised of three (or 31.0%) fixed income ETFs and four (or 59.5%) equity ETFs, three (or 3.1%) commodity ETFs and one (or 6.4%) money market fund, representing in total approximately 2.1% of the carrying value of the Group's total assets. The JB Portfolio has been set up to diversify our investment portfolio to ETF investments and it returned a net gain of HK\$1,562,000 (or 6.8%) during the period under review.

C. Listed Securities

The Group maintains its investment approach that minimises direct investment in individual listed equities. Hence, as of 30 June 2024, the Group had only one listed equity in its investment portfolio, namely China Motor Bus Company Limited ("CMB"), with a total carrying value of HK\$15,299,000 (31 December 2023: HK\$16,801,000), representing approximately 1.5% of the carrying value of the Group's total assets. The investment in CMB recorded a net loss of HK\$1,133,000 (2023: HK\$85,000 net loss), comprised of an unrealised fair value loss of HK\$1,442,000, loss on disposal of HK\$2,000 and dividend income of HK\$311,000 for the six months ended 30 June 2024.

D. Other Fund Investments - Private Equity Funds

The total carrying value of the Group's investment in this category was HK\$37,394,000 as of 30 June 2024 (31 December 2023: HK\$49,822,000) and recorded a net loss of HK\$12,752,000 for the six months ended 30 June 2024 (2023: a net loss of HK\$6,169,000).

CHIEF EXECUTIVE OFFICER'S STATEMENT

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

The Group has made an investment commitment of US\$4,000,000 (equivalent to HK\$31,120,000) in ACIF III for a 1.532% shareholding. ACIF III is managed out of Singapore by United Overseas Bank Venture Management Private Limited ("UOBVM") and targets investments in growth-oriented companies operating in East and South East Asia countries and China. As of 30 June 2024, the Group invested a total of HK\$24,154,000 in this fund and its capital value was HK\$11,830,000 based on the management accounts UOBVM has provided. The total return on investment of ACIF III was a HK\$10,842,000 net loss for the six months ended 30 June 2024 (2023: net loss of HK\$5,691,000), wholly comprised of HK\$10,842,000 fair value loss. This net loss is mainly attributable to the continual decline in the market value of ACIF III's listed and unlisted securities holdings of Mainland Chinese companies. Despite the current setback, ACIF III is viewed as a long-term investment that is to diversify the Group's investment portfolio with exposure to a wider range of potentially profitable private companies managed by a team of experienced Managers with good track records. ACIF III has delivered a satisfactory 10.90% net internal rate of return since inception.

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

With the success of ACIF III, the Group has made another capital commitment of US\$4,000,000 (equivalent to HK\$31,120,000) in ACIF IV for a 1.649% shareholding. ACIF IV is an exempted limited partnership incorporated in the Cayman Islands on 20 February 2018 and a closed-end private equity fund. ACIF IV is also managed out of Singapore by the UOBVM team, and is a "follow-on" fund to its predecessors (ACIF I, ACIF II and ACIF III) and continues the focus of investing primarily via minority stakes in expansion stage capital opportunities through privately negotiated equity and equity related investments in small and medium sized growing companies that benefit from the continuing expansion of trade and investment among the ASEAN member-states and China, and their respective overseas trading partners. As at 30 June 2024, the Group invested a total of HK\$29,622,000 in ACIF IV and its capital value was HK\$25,564,000 based on the management accounts UOBVM has provided. The total return of the Group's investment in ACIF IV was a net loss of HK\$1,910,000 for the six months ended 30 June 2024 (2023 net loss: HK\$478,000). This net loss was predominantly the result of a decline in the valuation of the fund's unlisted securities holdings in China, followed by smaller value losses of investments in Vietnam and Indonesia. Similar to ACIF III, ACIF IV is also viewed as a long-term investment to diversify the Group's investment portfolio.

Investment Portfolio

The purposes of investment in financial instruments, which are managed on a fair value basis, are for earning distributions, yield enhancement, capital appreciation and maintain liquidity. Under the above backdrop of investment goals, in order to improve the performance and at the same time balanced with risk management, importance of the potential return to shareholders and the increasing requirement for specialized and skilled investment management, the Group has determined that it would minimize direct investments in individual listed stocks and increase substantially the proportion of its investment in unitized equity and bond funds managed by professional and substantial asset managers. The Group has also allocated a certain portion of its investment portfolio to three Financial Institutions in Hong Kong which provide discretionary portfolio management, that are still under the control of the Group.

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

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2024 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company name	Principal businesses	Number of shares/units held as at 30 Jun 2024	Note	Percentage of shareholding as at 30 Jun 2024	Investment cost of investments held as at 30 Jun 2024	For the period ended 30 Jun 2024			Fair value as at 30 Jun 2024	Percentage to the Group's total assets as at 30 Jun 2024	Fair value as at 31 December 2023
							Fair value gain/(loss)	Gain/(loss) on disposal	Interest income			
			'000		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss												
- Current assets												
A. Marketable Funds Investment Portfolio, at fair value												
<i>Unlisted</i>												
<i>Investment Grade & High Yield Bond Funds</i>												
PINCMID	PIMCO GIS - Income Fund	Bond fund	804		N/A	71,570	(814)	-	2,065	1,251	66,657	67,470
RHYCHULX	Robeco High Yield Bond Fund	Bond fund	37		N/A	30,309	(410)	-	989	589	27,112	27,622
FASBYAU LX	Fidelity Asian Bond Fund	Bond fund	238		N/A	29,953	222	-	-	222	27,691	27,469
DCGBDUA ID	Dodge & Cox Worldwide Funds	Bond fund	246		N/A	23,340	(96)	-	-	(96)	25,716	25,812
<i>Plc - Global Bond Fund</i>												
BGATBDU LX	BGF Asien Tiger Bond Fund	Bond fund	-		N/A	-	-	406	-	406	-	16,545
	Others	Bond fund			N/A	N/A	818	-	-	818	10,118	9,801
						(280)		406		3,190	157,294	174,119
<i>Subtotal</i>												

CHIEF EXECUTIVE OFFICER'S STATEMENT

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2024 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company name	Principal businesses	Number of shares/units held as at 30 Jun 2024	Note	Percentage of shareholding as at 30 Jun 2024	Investment cost of investments held as at 30 Jun 2024	For the period ended 30 Jun 2024				Fair value as at 30 Jun 2024	Percentage to the Group's total assets as at 30 Jun 2024	Fair value as at 31 December 2023
							Fair value gain/(loss)	Gain/(loss) on disposal	Interest income	Dividend income			
			'000		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	
Financial assets at fair value through profit or loss													
- Current assets													
<i>Enhanced Yield Funds</i>													
PRUEHNKY	Prudence Enhanced Income Fund Class A - Series 1	Alternative fund	7		N/A	40,276	3,275	-	-	-	3,275	4.8%	47,437
LU2571549042	Brookfield Infrastructure Income Fund	Alternative fund	193		N/A	15,580	253	-	-	264	517	1.5%	15,560
	Others	Alternative fund			N/A	N/A	(509)	(190)	-	849	150	2.2%	26,305
<i>Subtotal</i>							3,019	(190)	-	1,113	3,942	8.5%	89,302
<i>Equity Funds</i>													
DCUSSUA ID	Dodge & Cox Worldwide US Stock A USD	Equity fund	71		N/A	21,192	1,737	-	-	-	1,737	2.4%	24,028
SCHAEVCLX	Schroder International Selection Fund Asian Equity Yield	Equity fund	36		N/A	11,800	1,010	-	-	-	1,010	1.2%	11,414
	Others	Equity fund			N/A	N/A	86	(325)	-	-	(239)	0.3%	6,367
<i>Subtotal</i>							2,833	(325)	-	-	2,508	3.9%	41,809
<i>Listed Money Market Investment</i>													
	Others	Corporate bond investment			N/A	N/A	1	-	19	-	20	0.1%	1,342
<i>Subtotal</i>							5,573	(109)	19	4,177	9,660	27.4%	306,572

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2024 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company name	Principal businesses	Number of shares/units held as at 30 Jun 2024	Note	Percentage of shareholding as at 30 Jun 2024	Investment cost of investments held as at 30 Jun 2024	For the period ended 30 Jun 2024				Fair value as at 30 Jun 2024	Percentage to the Group's total assets as at 30 Jun 2024	Fair value as at 31 December 2023	
							Fair value gain/(loss)	Gain/(loss) on disposal	Interest income	Dividend income				
			'000		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000		
Financial assets at fair value through profit or loss														
- Current assets														
B. Discretionary Investment Portfolio, at fair value														
<i>1) Managed by Morgan Stanley Asia International Limited</i>														
<i>Listed and Unlisted</i>														
	Others	Mainly Money market fund, Bond fund, Equity fund and Equity ETF		1	N/A	N/A	5,961	(59)	–	76	5,978	73,185	6.9%	67,966
<i>Subtotal</i>							5,961	(59)	–	76	5,978	73,185	6.9%	67,966
<i>2) Managed by LGT Bank (Hong Kong)</i>														
<i>Listed and Unlisted</i>														
	Others	Corporate and government bond		2	N/A	N/A	(406)	(252)	969	–	311	42,940	4.1%	43,600
	Others	Equity and Fund investment		3	N/A	N/A	3,743	589	–	145	4,477	22,931	2.2%	18,827
<i>Subtotal</i>							3,337	337	969	145	4,788	65,871	6.3%	62,327
<i>3) Managed by Julius Baer</i>														
<i>Listed and Unlisted</i>														
	Others	Mainly Bond and Equity ETF		4	N/A	N/A	1,349	(3)	–	216	1,562	22,087	2.1%	21,883
<i>Subtotal</i>							1,349	(3)	–	216	1,562	22,087	2.1%	21,883
<i>Subtotal</i>							10,647	275	969	437	12,328	161,143	15.3%	152,176

CHIEF EXECUTIVE OFFICER'S STATEMENT

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 30 June 2024 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company name	Principal businesses	Number of shares/units held as at 30 Jun 2024	Note	Percentage of shareholding as at 30 Jun 2024	%	Investment cost of investments held as at 30 Jun 2024	For the period ended 30 Jun 2024				Fair value as at 30 Jun 2024	Percentage to the Group's total assets as at 30 Jun 2024	Fair value as at 31 December 2023	
								Fair value gain/(loss)	Gain/(loss) on disposal	Interest income	Dividend income				
			'000				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss															
- Current assets															
C. Listed Equity Investments, at fair value															
<i>Listed in Hong Kong</i>															
26	China Motor Bus Company Limited	Property Development and Investment	283		0.63%		14,029	(1,442)	(2)	–	311	(1,133)	15,299	1.5%	16,801
								(1,442)	(2)	–	311	(1,133)	15,299	1.5%	16,801
<i>Subtotal</i>															
- Non-current assets															
D. Other Fund Investments, at fair value															
<i>Unlisted investments</i>															
N/A	ASEAN China Investment Fund III L.P.	Private Equity Fund	3,955	5	1.532%		24,154	(10,842)	–	–	–	(10,842)	11,830	1.1%	22,548
N/A	ASEAN China Investment Fund IV L.P.	Private Equity Fund	3,807	5	1.649%		29,622	(2,047)	–	–	137	(1,910)	25,564	2.4%	27,274
								(12,889)	–	–	137	(12,752)	37,394	3.5%	49,822
<i>Subtotal</i>								1,889	164	988	5,062	8,103	502,954	47.7%	525,371
Total															

Notes:

- 1) Including fund investments disposed during the period and the Group's current holding of 25 investments, mainly in unlisted bond, equity and money market fund, and listed equity ETFs held at the period end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 30 June 2024.
- 2) Including fixed income investments disposed during the period and current holding of 43 investments in USD corporate and government bonds with fixed tenor, listed in Hong Kong and overseas, and unlisted USD corporate bond held at period end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 30 June 2024.
- 3) Including equity/fund investments disposed during the period and current holding of 46 investments in listed equity and unlisted fund investment held at period end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 30 June 2024.
- 4) Including fund investments disposed during the period and the Group's current holding of 11 investments mainly in listed bond and equity ETFs held at the period end. The carrying value of each of these investments represents less than 1% of the total assets of the Group as at 30 June 2024.
- 5) It represents paid-up amount of the Partners' capital in Thousand US Dollars which the Group had paid as at 30 June 2024.
- 6) For investments held at period end with carrying value more than 1% of the Group's total asset as at 30 June 2024.

Other Group Assets

The Group will continue to focus on the land exchange application for the Hilltop property. Management is working closely with all the relevant government departments, with the support of external consultants with relevant expertise, to promptly deliver responses to facilitate, and where possible, expediate the land exchange application process.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

TREASURY MANAGEMENT/POLICIES

As part of the ordinary activities of the Group, Treasury actively projects and manages the cash balance and borrowing requirements of the Group to ensure sufficient funds are available to meet the Group's commitments and day-to-day operations. The Group's liquidity and financial requirements are reviewed regularly. To minimise risk, the Group continues to adopt a prudent approach regarding cash management and foreign currency exposure. Treasury is permitted to invest cash in short-term deposits subject to specified limits and guidelines that are also in place for forward foreign exchange contracts which are utilised when considered appropriate to mitigate foreign exchange exposures.

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

LIQUIDITY AND FINANCIAL POSITION

As at 30 June 2024, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK\$116,953,000 (31 December 2023: HK\$109,576,000). Total borrowings and lease liabilities amounted to HK\$2,062,000 (31 December 2023: HK\$5,079,000) and HK\$4,593,000 (31 December 2023: HK\$8,396,000) respectively with HK\$6,655,000 (31 December 2023: HK\$13,475,000) repayment falling due within one year. As previously reported and elaborated in detail above, the Group has invested a substantial proportion of the cash and non-pledged deposit holdings in unitized open-end equity and bond funds since the second half of 2018 which continued in this period. The Group will retain sufficient cash deposits for its regular operation activities in the treasury portfolio and has chosen to invest a high proportion in marketable funds to ensure that there is more than adequate liquidity. As at 30 June 2024, the Group's gearing ratio (a comparison of total borrowings and lease liabilities with equity attributable to equity holders of the Company) was 0.6% (31 December 2023: 1.3%) and is in a sound financial position with its current ratio (current assets over current liabilities) standing at 25.9 times (31 December 2023: 16.9 times).

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

As at 30 June 2024, the Group's bank balances and borrowings were denominated primarily in United States Dollars, Hong Kong Dollars and Euro and exchange differences were reflected in the unaudited condensed consolidated financial statements. All borrowings of the Group are on a floating interest rate.

PLEDGE OF ASSETS

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

IMPORTANT EVENTS AFTER THE FINANCIAL PERIOD

As mentioned elsewhere in this report, and with reference to the announcement published by the Company on 6 June 2024 (the "Business Update Announcement"), the Board has resolved not to renew the existing lease of SWANK's Central Building flagship store (the "Central Store") in Central, Hong Kong expiring on 30 September 2024. For more details, please refer to the Business Update Announcement. The closure of the Central Store will not have a material impact on the assets and liabilities of the Group's financial statements.

CONTINGENT LIABILITIES

The Groups did not have material contingent liabilities as at 30 June 2024.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 63 staff, including one Executive Director, compared to 108 as at 30 June 2023. Total employee costs (including Directors' emoluments) were approximately HK\$16,102,000 (2023: HK\$19,399,000) from continuing operations and HK\$6,924,000 (2023: HK\$7,137,000) from discontinued operation, totally HK\$23,026,000 (2023: HK\$26,536,000) from continuing and discontinued operations for the six months ended 30 June 2024. 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 a comprehensive Code of Conduct to be adhered to by all Group employees (including Executive Directors).

Penny Soh Peng CROSBIE-WALSH

Executive Director and Chief Executive Officer

Hong Kong, 29 August 2024

INDEPENDENT REVIEW REPORT



TO THE BOARD OF DIRECTORS OF ENM HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 43 which comprises the condensed consolidated statement of financial position of ENM Holdings Limited (“the Company”) and its subsidiaries as at 30 June 2024 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 other explanatory notes including material accounting policy information. 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
29th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong

29 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (<i>unaudited</i>)	2023 HK\$'000 (<i>unaudited</i> & <i>restated</i>)
Continuing operations			
Revenue	5	43,620	54,527
Cost of sales		(17,321)	(21,563)
Gross profit		26,299	32,964
Other income		514	533
Selling and distribution costs		(14,457)	(16,906)
Administrative expenses		(20,780)	(22,604)
Depreciation of property, plant and equipment and amortisation		(283)	(245)
Other operating gains, net		2,122	4,156
Loss from operations		(6,585)	(2,102)
Fair value gains/(losses) on investment properties, net		(1,100)	300
Finance costs	6	(419)	(625)
Loss before tax		(8,104)	(2,427)
Income tax expense	7	—	—
Loss for the period from continuing operations	8	(8,104)	(2,427)
Discontinued operations			
Loss for the period from discontinued operations	9	(6,089)	(5,747)
Loss for the period		(14,193)	(8,174)
Attributable to:			
Owners of the Company			
Loss for the period from continuing operations		(8,109)	(2,801)
Loss for the period from discontinued operations		(6,089)	(5,747)
Loss for the period attributable to owners of the Company		(14,198)	(8,548)
Non-controlling interests			
Profit for the period from continuing operations attributable to non-controlling interests		5	374
		(14,193)	(8,174)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$ <i>(unaudited)</i>	2023 HK\$ <i>(unaudited & restated)</i>
Loss per share			
From continuing and discontinued operations			
– Basic	10(a)(i)	<u>(0.86) cents</u>	<u>(0.52) cents</u>
– Diluted	10(b)	<u>N/A</u>	<u>N/A</u>
From continuing operations			
– Basic	10(a)(ii)	<u>(0.49) cents</u>	<u>(0.17) cents</u>
– Diluted	10(b)	<u>N/A</u>	<u>N/A</u>
From discontinued operations			
– Basic	10(a)(iii)	<u>(0.37) cents</u>	<u>(0.35) cents</u>
– Diluted	10(b)	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Loss for the period	(14,193)	(8,174)
Other comprehensive loss:		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value loss on revaluation of the Hilltop property (formerly known as “club property”)	(23,361)	(45,000)
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(32)	(58)
Other comprehensive loss for the period, net of tax	(23,393)	(45,058)
Total comprehensive loss for the period	(37,586)	(53,232)
Attributable to:		
Owners of the Company	(37,584)	(53,593)
Non-controlling interests	(2)	361
	(37,586)	(53,232)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Note	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	12	350,788	371,060
Right-of-use assets		4,439	8,746
Investment properties		51,700	52,800
Financial assets at fair value through profit or loss	13	37,394	49,822
Total non-current assets		444,321	482,428
Current assets			
Inventories		6,454	11,925
Trade receivables	14	751	1,287
Prepayments, deposits and other receivables		9,474	13,570
Financial assets at fair value through profit or loss	13	465,560	475,549
Pledged bank deposits		10,000	10,000
Time deposits		93,002	93,396
Cash and bank balances		23,951	16,180
Total current assets		609,192	621,907
Current liabilities			
Trade and other payables	15	16,837	23,253
Lease liabilities		4,593	8,396
Interest-bearing bank borrowings		2,062	5,079
Total current liabilities		23,492	36,728
Net current assets		585,700	585,179
NET ASSETS		1,030,021	1,067,607
Capital and reserves			
Issued capital	16	1,206,706	1,206,706
Accumulated losses		(1,240,273)	(1,226,075)
Other reserves		1,064,347	1,087,733
Equity attributable to owners of the Company		1,030,780	1,068,364
Non-controlling interests		(759)	(757)
TOTAL EQUITY		1,030,021	1,067,607

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Unaudited)

	Attributable to owners of the Company							Total equity HK\$'000
	Issued capital HK\$'000	Special reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2023	1,206,706	808,822	1,206	332,724	(1,206,328)	1,143,130	(1,115)	1,142,015
Total comprehensive loss and changes in equity for the period	—	—	(45)	(45,000)	(8,548)	(53,593)	361	(53,232)
At 30 June 2023	<u>1,206,706</u>	<u>808,822</u>	<u>1,161</u>	<u>287,724</u>	<u>(1,214,876)</u>	<u>1,089,537</u>	<u>(754)</u>	<u>1,088,783</u>
At 1 January 2024	1,206,706	808,822	1,187	277,724	(1,226,075)	1,068,364	(757)	1,067,607
Total comprehensive loss and changes in equity for the period	—	—	(25)	(23,361)	(14,198)	(37,584)	(2)	(37,586)
At 30 June 2024	<u>1,206,706</u>	<u>808,822</u>	<u>1,162</u>	<u>254,363</u>	<u>(1,240,273)</u>	<u>1,030,780</u>	<u>(759)</u>	<u>1,030,021</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net cash generated from/(used in) operating activities	20,087	(930)
Net cash used in investing activities	(5,954)	(790)
Inception of interest-bearing loans and borrowings	10,654	11,291
Repayment of interest-bearing loans and borrowings	(13,671)	(11,918)
Principal elements of lease payments	(5,771)	(5,754)
Finance costs paid	(419)	(625)
Net cash used in financing activities	(9,207)	(7,006)
Net increase/(decrease) in cash and cash equivalents	4,926	(8,726)
Cash and cash equivalents at 1 January	88,708	96,338
Effect of foreign exchange rate changes, net	(21)	10
Cash and cash equivalents at 30 June	93,613	87,622
Analysis of balances of cash and cash equivalents		
Non-pledged time deposits	93,002	98,101
Less: Non-pledged time deposits with original maturity of over three months when acquired	(23,340)	(29,439)
Non-pledged time deposits with original maturity of less than three months when acquired	69,662	68,662
Cash and bank balances	23,951	18,960
	93,613	87,622

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 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 financial information relating to the year ended 31 December 2023 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2024 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 2023 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 2023 annual consolidated financial statements. Except as described below in note 2, 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 2023.

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

A. New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

2. NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

A. New and amended standards adopted by the Group (Cont'd)

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

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

This change in accounting policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

Besides the effect of the amendments to HKAS 1 as mentioned above, none of the other amendments had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these condensed consolidated financial statements.

B. Impact of new and amended standards issued but not yet adopted by the Group

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

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

Description	Fair value measurements as at 30 June 2024 using:			
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	35,714	–	–	35,714
– Listed debt investments	–	42,570	–	42,570
– Unlisted debt investments	–	1,714	–	1,714
– Listed fund investments	27,989	–	–	27,989
– Unlisted fund investments	–	357,573	37,394	394,967
	<u>63,703</u>	<u>401,857</u>	<u>37,394</u>	<u>502,954</u>
Investment properties:				
– Industrial property situated in Hong Kong	–	51,700	–	51,700
Property, plant and equipment:				
– Hilltop property situated in Hong Kong	–	–	350,000	350,000
Total recurring fair value measurements	<u>63,703</u>	<u>453,557</u>	<u>387,394</u>	<u>904,654</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

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

3. FAIR VALUE MEASUREMENTS (CONT'D)

(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	
	The Hilltop property HK\$'000 (<i>unaudited</i>)	Unlisted fund investments HK\$'000 (<i>unaudited</i>)	2024 Total HK\$'000 (<i>unaudited</i>)
At 1 January 2024	370,000	49,822	419,822
Additions	3,361	461	3,822
Total fair value gain or loss recognised in other comprehensive income	(23,361)	—	(23,361)
Total fair value gain or loss recognised in profit or loss *	—	(12,889)	(12,889)
At 30 June 2024	350,000	37,394	387,394
* Include gains or losses for assets held at end of reporting period	—	(12,889)	(12,889)

Description	Property, plant and equipment	Financial assets at fair value through profit or loss	
	The club property HK\$'000 (<i>unaudited</i>)	Unlisted fund investments HK\$'000 (<i>unaudited</i>)	2023 Total HK\$'000 (<i>unaudited</i>)
At 1 January 2023	425,000	59,804	484,804
Additions	—	421	421
Total fair value gain or loss recognised in other comprehensive income	(45,000)	—	(45,000)
Total fair value gain or loss recognised in profit or loss *	—	(8,865)	(8,865)
At 30 June 2023	380,000	51,360	431,360
* Include gains or losses for assets held at end of reporting period	—	(8,865)	(8,865)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. FAIR VALUE MEASUREMENTS (CONT'D)

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements of its financial instruments at 30 June 2024 and 31 December 2023:

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 the net asset value of the unlisted fund investment. An increase in the net asset value would increase the fair value of the unlisted fund investment.

There were no changes in the valuation techniques used in fair value measurement at 30 June 2024 and 31 December 2023.

4. SEGMENT INFORMATION

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

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

On 16 June 2024, the Group discontinued the resort and recreational club operations and the Group's senior management no longer review the discrete financial information of these discontinued operations. Accordingly, the segment information reported does not include any amounts for these discontinued operations, which are classified as "loss for the period from discontinued operations" in the condensed consolidated statement of profit or loss and described in more detail in note 9.

After the Group discontinued the resort and recreational club operations, the operating results related to the management of the property ("Hilltop property") previously used for the resort and recreational club operations are now included in the Investments segment. This information is presented to the chief operation decision maker in aggregate with the operating results of the holding and trading of investments for regular review and decision-making. The comparative figures of segment information for the six months period ended 30 June 2023 and as at 31 December 2023 were restated to follow the current period's presentation.

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

Segment profits or losses do not include the following:

- Unallocated corporate administrative expenses;
- Fair value gains/(losses) on investment properties, net;
- Finance costs; and
- Income tax expense.

Segment liabilities do not include interest-bearing bank borrowings.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (CONT'D)

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

	Retail of fashion wear and accessories HK\$'000 <i>(unaudited)</i>	Investments HK\$'000 <i>(unaudited)</i>	Total HK\$'000 <i>(unaudited)</i>
Six months ended 30 June 2024:			
Revenue from external customers	34,840	8,780	43,620
Segment loss	(3,781)	(857)	(4,638)
As at 30 June 2024:			
Segment assets	25,683	1,024,524*	1,050,207
Segment liabilities	<u>(12,622)</u>	<u>(8,118)</u>	<u>(20,740)</u>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited & restated)</i>
Six months ended 30 June 2023:			
Revenue from external customers	43,867	10,660	54,527
Segment profit/(loss)	(2,598)	2,597	(1)
As at 31 December 2023:			
Segment assets, audited and restated	37,983	1,065,247*	1,103,230
Segment liabilities, audited	<u>(18,109)</u>	<u>(9,615)</u>	<u>(27,724)</u>

* Segment assets under the Investment segment included the property previously used for the discontinued resort and recreational club operations with fair value of HK\$350,000,000 as at 30 June 2024 (31 December 2023: HK\$370,000,000).

4. SEGMENT INFORMATION (CONT'D)

Reconciliation of reportable segment profit or loss, asset and liabilities from continuing operations:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited & restated)</i>
Profit or loss		
Total profit or loss of reportable segments	(4,638)	(1)
Unallocated corporate administrative expenses	(1,947)	(2,101)
Fair value gains/(losses) on investment properties, net	(1,100)	300
Finance costs	(419)	(625)
Consolidated loss for the period from continuing operations	<u>(8,104)</u>	<u>(2,427)</u>
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(audited & restated)</i>
Assets		
Total assets of reportable segments	1,050,207	1,103,230
Assets related to discontinued operations	3,306	1,105
Consolidated total assets	<u>1,053,513</u>	<u>1,104,335</u>
Liabilities		
Total liabilities of reportable segments	(20,740)	(27,724)
Interest-bearing bank borrowings	(2,062)	(5,079)
Liabilities related to discontinued operations	(690)	(3,925)
Consolidated total liabilities	<u>(23,492)</u>	<u>(36,728)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. REVENUE

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

	Six months ended 30 June	
	2024 HK\$'000 <i>(unaudited)</i>	2023 HK\$'000 <i>(unaudited & restated)</i>
<i>Revenue from contracts with customer</i>		
(i) Retail of fashion wear and accessories		
Sale of fashion wear and accessories recognised at a point in time	34,840	43,867
<i>Revenue from other sources</i>		
(ii) Investments		
Dividend income arising from financial assets at fair value through profit or loss:		
– Listed equity investments	447	550
– Listed fund investments	279	219
– Unlisted fund investments	4,336	6,893
Interest income from:		
– Financial assets at fair value through profit or loss	988	803
– Other financial assets	2,730	2,195
	8,780	10,660
	43,620	54,527

6. FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000 <i>(unaudited)</i>	2023 HK\$'000 <i>(unaudited)</i>
Continuing operations		
Interest on bank loans	137	160
Interest expenses on lease liabilities	282	465
	419	625

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 2024 and 2023 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. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2024 HK\$'000 (<i>unaudited</i>)	2023 HK\$'000 (<i>unaudited</i> & <i>restated</i>)
Cost of inventories sold [#]	17,321	21,563
Charge/(Write-back) for inventories allowances	(497)	3,369
Depreciation of right-of-use assets	6,527	6,311
Depreciation of property, plant and equipment	283	221
Amortisation of intangible assets	—	24
Gains from financial assets at fair value through profit or loss, net*:		
Fair value gains, net	(1,889)	(638)
Gains on disposal, net	(164)	(2,805)
	(2,053)	(3,443)
Fair value losses/(gains) on investment properties, net	1,100	(300)
Losses on disposal of property, plant and equipment, net*	1	—
Write-back of accrued payables*	—	(466)
Foreign exchange gains, net*	(70)	(247)

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

[#] Cost of inventories sold included write-back for inventories allowances of HK\$497,000 (30 June 2023: charge for inventories allowances of HK\$3,369,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9. DISCONTINUED OPERATIONS

Hill Top Country Club (the “Club”) has been loss making for numerous years. The Board believed that it is in the best interest of the Company and its shareholders to cease the Club operation, and resolved on 26 March 2024 to close the Club operation effective from 16 June 2024. The resort and recreational club segment is thus classified as a discontinued operation and is no longer included in note 4 for operating segment information. Further details of the above were set out in the Company’s announcement dated 26 March 2024.

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the period from discontinued operations:		
Revenue - Contracts with customers	5,304	6,323
Cost of sales	(1,128)	(1,343)
Other income	210	160
Selling and administrative expenses	(10,472)	(10,861)
Depreciation of property, plant and equipment	(3)	(26)
Loss before tax from discontinued operations	(6,089)	(5,747)
Income tax expense	—	—
Loss for the period from discontinued operations (attributable to owners of the Company)	(6,089)	(5,747)
Cash flows from discontinued operations:		
Net cash outflows from operating activities	(10,846)	(5,524)
Net cash outflows from investing activities	(3)	(68)
Net cash outflows	(10,849)	(5,592)

10. LOSS PER SHARE

(a) Basic loss per share

(i) From continuing and discontinued operations

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$14,198,000 (six months period ended 30 June 2023: loss of HK\$8,548,000) and the weighted average number of ordinary shares of 1,650,658,676 (six months period ended 30 June 2023: 1,650,658,676) in issue during the period.

(ii) From continuing operations

The calculation of basic loss per share from continuing operations is based on the loss for the period from continuing operations attributable to owners of the Company of HK\$8,109,000 (six months period ended 30 June 2023: loss of HK\$2,801,000) and the weighted average number of ordinary shares of 1,650,658,676 (six months period ended 30 June 2023: 1,650,658,676) in issue during the period.

(iii) From discontinued operations

The calculation of basic loss per share from discontinued operations is based on the loss for the period from discontinued operations attributable to owners of the Company of HK\$6,089,000 (six months period ended 30 June 2023: loss of HK\$5,747,000) and the weighted average number of ordinary shares of 1,650,658,676 (six months period ended 30 June 2023: 1,650,658,676) in issue during the period.

(b) Diluted loss per share

No diluted loss per share from continuing and discontinued operations are presented as the Company did not have any dilutive potential ordinary shares during the six months periods ended 30 June 2024 and 2023.

11. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the additions to property, plant and equipment of the Group amounted to approximately HK\$3,376,000 (30 June 2023: HK\$122,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 HK\$'000 <i>(unaudited)</i>	31 December 2023 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	15,411	16,889
– Listed outside Hong Kong	20,303	17,378
	35,714	34,267
Fund investments, at fair value:		
– Listed outside Hong Kong <i>(note b)</i>	27,989	28,458
– Unlisted <i>(note b and note c)</i>	394,967	417,804
	422,956	446,262
Debt investments, at fair value <i>(note d)</i> :		
– Listed in Hong Kong*	1,343	5,492
– Listed outside Hong Kong*	41,227	34,475
– Unlisted	1,714	4,875
	44,284	44,842
	502,954	525,371

* 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.

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

	30 June 2024 HK\$'000 (<i>unaudited</i>)	31 December 2023 HK\$'000 (<i>audited</i>)
Current assets - Financial assets at fair value through profit or loss		
– Listed equity investments (<i>note a</i>)	35,714	34,267
– Listed fund investments (<i>note b</i>)	27,989	28,458
– Unlisted fund investments (<i>note b</i>)	357,573	367,982
– Listed debt investments (<i>note d</i>)	42,570	39,967
– Unlisted debt investments (<i>note d</i>)	1,714	4,875
	465,560	475,549
Non-current assets - Financial assets at fair value through profit or loss		
– Unlisted fund investments (<i>note c</i>)	37,394	49,822
	502,954	525,371

Notes:

(a) Listed equity investments, at fair value

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

(b) The fund investments as at 30 June 2024 amounted to HK\$385,562,000 (31 December 2023: HK\$396,440,000) which were listed in overseas exchanges or traded over-the-counter and the Group managed and evaluated the performance of these fund investments on a fair value basis, in accordance with the Group's risk management and investment strategy. The fair values of the fund investments are based on quoted market price or the price quoted by the fund administrator/financial institution. The directors believe that the estimated fair value quoted by the fund administrator/financial institution is reasonable, and that it is the most appropriate value at the end of the reporting period.

(c) Unlisted fund investments, at fair value

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

As at 30 June 2024, carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund III L.P. ("ACIF III"), amounted to HK\$11,830,000 (31 December 2023: HK\$22,548,000) which is not quoted in an active market. The fair value of the investment in ACIF III is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US\$4,000,000 (equivalent to approximately HK\$31,120,000) to ACIF III and the unfunded commitment as at 30 June 2024 amounted to US\$73,000 (equivalent to approximately HK\$570,000) (31 December 2023: US\$89,000 (equivalent to approximately HK\$694,000)). Contributions will be made when capital call is issued by the general partner of the fund.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. 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 2024, the carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund IV L.P. ("ACIF IV"), amounted to HK\$25,564,000 (31 December 2023: HK\$27,274,000) which is not quoted in an active market. The fair value of the investment in ACIF IV is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US\$4,000,000 (equivalent to approximately HK\$31,120,000) to ACIF IV and the unfunded commitments as at 30 June 2024 amounted to US\$179,000 (equivalent to HK\$1,394,000) (31 December 2023: US\$222,000 (equivalent to HK\$1,731,000)). Contributions will be made when capital call is issued by the general partner of the fund.

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

(d) The fair values of the debt investments as at 30 June 2024 amounted to HK\$44,284,000 (31 December 2023: HK\$44,842,000) are based on quoted market price or the price quoted by issuer/financial institution. These debt investments were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited/overseas stock exchanges. The directors believe that the estimated fair value quoted by the issuer/financial institution is reasonable, and that it is the most appropriate value at the end of the reporting period.

As at 30 June 2024, these debt investments have maturity date ranging from 1 April 2025 to 25 May 2053 (31 December 2023: 14 March 2024 to 12 January 2032).

As at 30 June 2024, these debt instruments bear fixed/floating coupon interest rate ranging from 2.2% to 6.45% (31 December 2023: 1.3% to 6.3%). The carrying amounts of the Group's debt investments measured at FVPL are denominated in US dollars.

14. TRADE RECEIVABLES

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

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Within 1 month	751	1,220
2 to 3 months	—	67
	751	1,287

15. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2024 are trade and bills payables of HK\$506,000 (31 December 2023: HK\$3,301,000) and contract liabilities of HK\$312,000 (31 December 2023: HK\$1,624,000).

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Within 1 month	449	2,933
2 to 3 months	8	333
Over 3 months	49	35
	<u>506</u>	<u>3,301</u>

16. ISSUED CAPITAL

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Issued and fully paid: 1,650,658,676 (31 December 2023: 1,650,658,676) ordinary shares	<u>1,206,706</u>	<u>1,206,706</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

17. RELATED PARTY TRANSACTIONS

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

	Note	Six months ended 30 June	
		2024 HK\$'000 (<i>unaudited</i>)	2023 HK\$'000 (<i>unaudited</i>)
Lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies - office	(i)	1,696	1,705
Project management consultancy fees for the application of land exchange for residential development	(ii)	353	—
		<u>2,049</u>	<u>1,705</u>

Notes:

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

	Six months ended 30 June	
	2024 HK\$'000 (<i>unaudited</i>)	2023 HK\$'000 (<i>unaudited</i>)
Short term employee benefits	3,786	5,167
Pension scheme contributions	27	36
Total compensation paid to key management personnel	<u>3,813</u>	<u>5,203</u>

18. CAPITAL COMMITMENTS

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

Contracted, but not provided for:

- Capital contribution to unlisted funds (*note 13(c)(i) and (ii)*)

30 June 2024 HK\$'000 (<i>unaudited</i>)	31 December 2023 HK\$'000 (<i>audited</i>)
<u>1,964</u>	<u>2,425</u>

19. SUBSEQUENT EVENTS

As mentioned elsewhere in this report, and with reference to the announcement published by the Company on 6 June 2024 (the "Business Update Announcement"), the Board has resolved not to renew the existing lease of SWANK's Central Building flagship store (the "Central Store") in Central, Hong Kong expiring on 30 September 2024. For more details, please refer to the Business Update Announcement. This is a non-adjusting event after the reporting period and does not result in any adjustments to the condensed consolidated financial statements for the six months period ended 30 June 2024. The closure of the Central Store will not have a material impact on the assets and liabilities of the Group's financial statements.

20. COMPARATIVE AMOUNTS

The comparative amounts in the condensed consolidated statement of profit or loss has been re-presented as if the resort and recreational club segment discontinued during the current period had been discontinued and reallocated at the beginning of the comparative period (note 9) and certain comparative segment information related to the resort and recreational club segment is classified as "loss for the period from discontinued operations" in the condensed consolidated statement of profit or loss.

21. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 29 August 2024.

OTHER INFORMATION

At 29 August 2024

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 C3 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 2024.

DIRECTORS’ AND CHIEF EXECUTIVE OFFICER’S INTERESTS

As at 30 June 2024, none of the Directors or the Chief Executive Officer of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), Chapter 571 of the Laws of Hong Kong) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

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

Notes:

- (i) Parasia Limited controlled Diamond Leaf Limited and Solution Bridge Limited and was therefore deemed to be interested in the shares held by such companies.
- (ii) Chinachem Group Holdings Limited controlled Parasia Limited and was therefore deemed to be interested in the shares in which such company was deemed to be interested.
- (iii) Chinachem Group Holdings Limited was a controlled corporation of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai, as joint and several administrators of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang. Thus, each of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was deemed to be interested in the shares in which Chinachem Group Holdings Limited was deemed to be interested.
- (iv) Each of Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was a trustee of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang.

- (v) The interests disclosed under Ms. KUNG, Nina (deceased) represent her deemed interests in the shares of the Company by virtue of her interests in Diamond Leaf Limited and Solution Bridge Limited (as per the late Ms. KUNG, Nina's last disclosure of interests notice dated 4 April 2006).

Save as disclosed above, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company as at 30 June 2024 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 2024.

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 C1 of the Listing Rules throughout the six months ended 30 June 2024.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information since the date of the Company's 2023 Annual Report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

- (1) At the Company's annual general meeting held on 6 June 2024 (the "2024 AGM"), Mr. Kin Wing CHEUNG, Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG, all being 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 2026, subject to retirement by rotation in accordance with the Company's Articles of Association.
- (2) Mr. Hin Fun Anthony TSANG has been appointed as a member of the Hospital Governing Committee of Pamela Youde Nethersole Eastern Hospital and a member of Tuen Mun Hospital's Finance and Capital Works Sub-committee, with effect from 1 April 2024. Mr. Tsang has ceased to be a member of the New Territories Regional Advisory Committee of the Hospital Authority, and a member of the Hospital Governing Committee of Tuen Mun Hospital and the chairman of its Finance and Capital Works Su-committee, with effect from 1 April 2024.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2024 are unaudited, but have been reviewed by the Company's external auditor, RSM Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, whose unmodified review report is set out on page 18 of this interim report. The condensed consolidated financial statements for the six months ended 30 June 2024 have also been reviewed by the Company's Audit Committee.

BOARD OF DIRECTORS

As at the date of this report, the Executive Director is Mrs. Penny Soh Peng CROSBIE-WALSH (Chief Executive Officer), the Non-executive Director is Mr. Hung Han WONG (Non-executive Chairman), and the Independent Non-executive Directors are Mr. Kin Wing CHEUNG, Ms. Imma Kit Sum LING and Mr. Hin Fun Anthony TSANG.

CORPORATE INFORMATION

At 23 September 2024

EXECUTIVE DIRECTOR

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

NON-EXECUTIVE DIRECTOR

Hung Han WONG (*Non-executive Chairman*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kin Wing CHEUNG
Imma Kit Sum LING
Hin Fun Anthony TSANG

COMPANY SECRETARY

Pui Man CHENG

AUDITOR

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

SHARE REGISTRARS

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Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Hong Kong

REGISTERED OFFICE

Suite 2503, 25th Floor
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STOCK CODE

The Stock Exchange of Hong Kong Limited: 00128

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