安寧控股有限公司
ENM Holdings Limited

Stock Code : 00128

ANNUAL REPORT 2020

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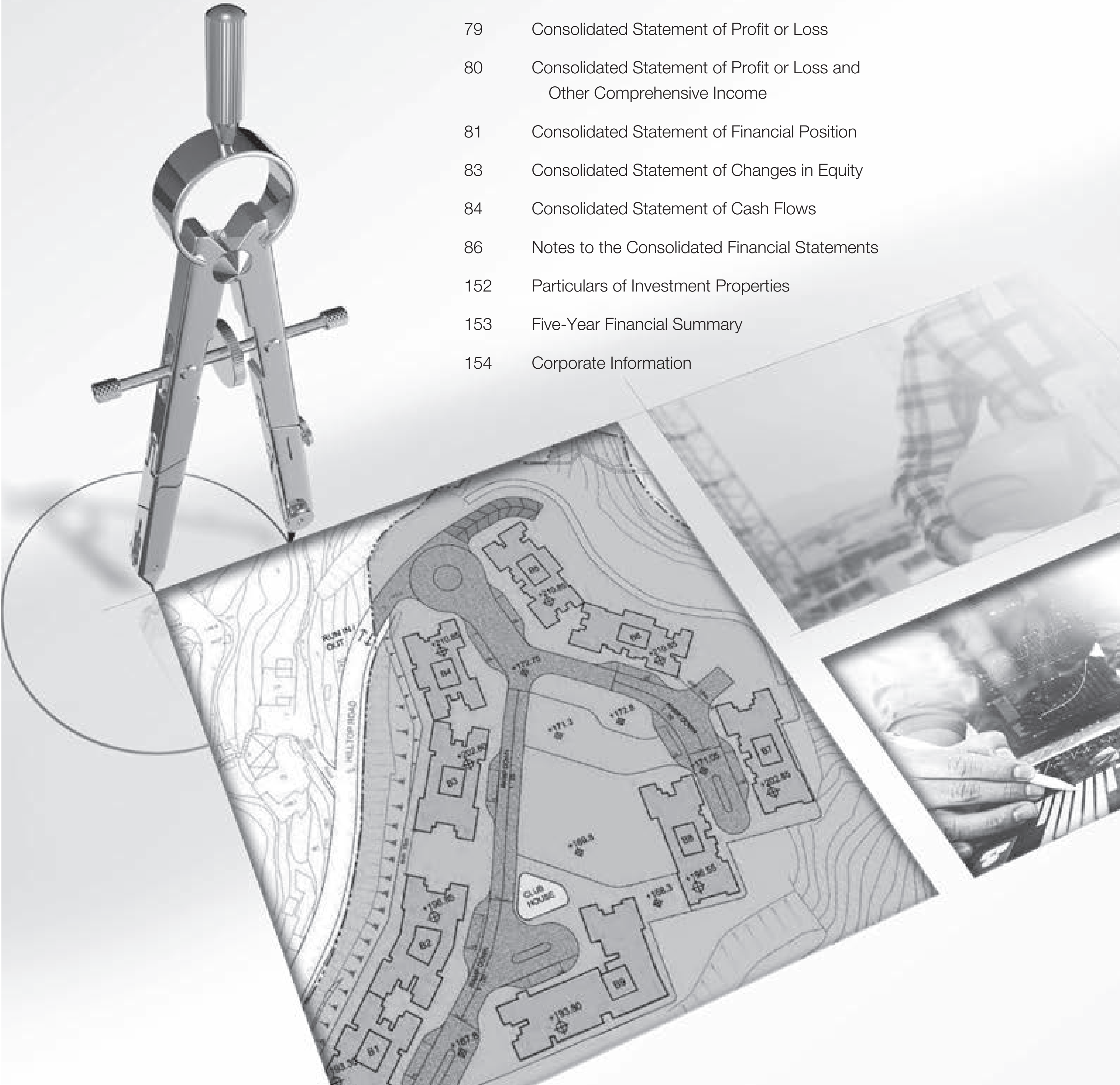


REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A fair review of the Group's business, an analysis using financial key performance indicators, an indication of likely future development in the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2020 as well as a discussion on the Group's compliance with the relevant laws and regulations that have a significant impact on the Group are set out in the "Chief Executive Officer's Statement" on pages 9 to 34. Discussions on the Group's environmental policies and performance and the account of the Group's key relationships with its employees, customers and suppliers are contained in the "Corporate Social Responsibility Report" on pages 58 to 73. The above discussions form part of this Report of the Directors.

RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 December 2020 is set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 79 and 80.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2020.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out on page 153.

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

INVESTMENT PROPERTIES

Particulars of the investment properties of the Group are set out on page 152.

SHARE CAPITAL

There were no movements in the Company's issued share capital during the year.

EQUITY-LINKED AGREEMENTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2020.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company had no reserves available for distribution to shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for less than 10% of the Group's total turnover for the year. The five largest suppliers and the largest supplier accounted for approximately 77% and 31% of the Group's total purchases for the year, respectively.

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

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

DIRECTORS

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

EXECUTIVE DIRECTOR

Mr. David Charles PARKER *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

Mr. Derek Wai Choi LEUNG *(Non-executive Chairman)*
Mr. Hing Lun Dennis AU (appointed on 29 August 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

REPORT OF THE DIRECTORS

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

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

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

DIRECTORS OF SUBSIDIARIES

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

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 35 to 39.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS

As at 31 December 2020, none of the Directors and Chief Executive Officer of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

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

Notes:

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

(ii) Chime Corporation Limited controlled Parasia Limited and was therefore deemed to be interested in the shares in which such company was deemed to be interested.

(iii) Chime Corporation Limited was a controlled corporation of Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai, as joint and several administrators of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang. Thus, each of Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was deemed to be interested in the shares in which Chime Corporation Limited was deemed to be interested.

(iv) Each of Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai was a trustee of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang.

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

Save as disclosed above, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2020 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTION

On 30 November 2018 the Company, as tenant, entered into a tenancy agreement (the "Tenancy Agreement") with Ying Ho Company Limited, Cheong Ming Investment Co., Limited, Dorfolk Investments Limited, Kwong Fook Investors And Developers Limited, The World Realty Limited, On Lee Investment Company Limited, Yau Fook Hong Company Limited, and Tsing Lung Investment Company Limited, (collectively the "Landlords"), as landlords, to lease the office premises situated at Suites 3301 to 3302, 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for three years from 1 December 2018 to 30 November 2021 at a monthly rent of HK$218,778 exclusive of government rates, management fee and air-conditioning charges. The details of the Tenancy Agreement are set out in the Company's announcement dated 30 November 2018. The actual payment made under the Tenancy Agreement for the year ended 31 December 2020 was HK$3,183,174, which did not exceed the annual cap as set by the Company.

The Landlords are companies controlled by Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai, as joint and several administrators of the Estate of Kung, Nina all of whom are substantial shareholders of the Company. Each of Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai is a trustee of the Estate of Kung, Nina also known as Nina Kung and Nina T H Wang and Nina Teh Huei Wang. Therefore the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The aforesaid continuing connected transaction has been reviewed by the Company's Internal Audit Department and the Independent Non-executive Directors of the Company. The Independent Non-executive Directors have confirmed that the aforesaid continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to report on the aforesaid continuing connected transaction in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in writing to the Board that:

(a) nothing has come to its attention that causes it to believe that the aforesaid continuing connected transaction has not been approved by the Company's Board;

(b) nothing has come to its attention that causes it to believe that the transaction was not entered into, in all material respects, in accordance with the relevant agreement governing such transaction; and

(c) nothing has come to its attention that causes it to believe that the aforesaid continuing connected transaction has exceeded the annual caps as set by the Company.

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

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

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

CORPORATE GOVERNANCE

The Company's Corporate Governance Report is set out on pages 40 to 57.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Derek Wai Choi LEUNG
Non-executive Chairman

Hong Kong, 26 March 2021

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

The Group recorded a lower profit for the year of 2020 as compared to the profit attributable to shareholders of the Company for the year of 2019. The COVID-19 pandemic, which commenced its impact in late-January and endured throughout the year, impacted significantly our financial performance in 2020. The Group's retail fashion business and recreational club operations were hit hard by the COVID-19 situation in Hong Kong which resulted in poor local consumer sentiment, statutory restrictions on permitted activities at the club operations under the relevant Government regulations, and the virtual elimination of Mainland and other tourist arrivals. Both the Group's retail fashion business and recreational club operations recorded significant revenue and gross profit declines, and reported losses in the financial year of 2020. Besides, the Group's investment portfolio also contributed less than the 2019 total investment return due to the volatility in the securities market during the year and certain realized losses on investments taken at the nadir of the securities market in March 2020.

Positively, however, the Group's application under Section 12A of the Town Planning Ordinance (Chapter 131, Laws of Hong Kong) to the Town Planning Board to rezone Lot 360, 360 Ext. and Ext. to 360 and Ext. thereto in D.D. 454, Lo Wai, Tsuen Wan, New Territories Hong Kong, where the recreation club is situated, from "Other Specified Uses" annotated "Sports and Recreation Club" to Residential was approved in September 2020 (the "Rezoning Approval"). On 26 February 2021, the Town Planning Board gazetted a draft amended Tsuen Wan Outline Zoning Plan ("OZP") No. S/TW/33, which amongst other matters gave effect to the Rezoning Approval, subject to the processes for approval of the amended OZP.

There are a number of remaining steps required before development can commence including the approval by the Chief Executive in Council of the above-mentioned amended OZP, the negotiation of a new land lease, the re-gazettal of the widened Hilltop Road and the determination and payment of a change of land lease premium. The Group has not entered into any definitive commitment following the Rezoning Approval, however the Group considers the approval up to the date of this report is a significant milestone in the rezoning process and we will make separate announcements as progress continues.

FINANCIAL REVIEW

The profit attributable to shareholders for the year ended 31 December 2020 amounted to HK$11,881,000 as compared to HK$46,197,000 for the last corresponding year. The net profit includes the combination of a loss attributable to the retail fashion business of HK$36,260,000 (2019: loss of HK$11,126,000) which included additional specific provisions above normal on inventory of HK$1,192,000 and an impairment loss on leasehold improvements, furniture, fixtures and equipment of HK$5,392,000 as a result of the impact from the effect of COVID-19 to the retail fashion business, a loss from recreational club operations of HK$14,518,000 (2019: loss of HK$14,342,000), which included an impairment loss on furniture, fixtures and equipment of HK$1,050,000 also resulting from the impact of COVID-19 on the recreational club operations, offset by a segment profit by the investments division of HK$36,933,000 (2019: segment profit of HK$81,062,000), including bank interest income of HK$878,000, rental income of HK$1,130,000 and related overhead cost deductions. Loss from operations (after unallocated corporate other income and administrative expenses) amounted to HK$16,129,000 (2019: profit from operations of HK$49,202,000). The Group's profit (before share of loss attributable to non-controlling interests) for the year was HK$11,783,000 (2019: profit of HK$46,157,000), after deduction of finance costs of HK$3,596,000 (2019: HK$2,245,000) and was positively impacted by the fair value gain of HK$1,200,000 (2019: negatively impacted by the fair value loss of HK$800,000) on revaluation of the Group's investment property, and deficit write-back of HK$30,308,000 (2019: HK$ Nil) on revaluation of the Group's resort and recreational club properties, the fair value of which was determined based on the "Highest and Best" use of the land following the Rezoning Approval obtained in September 2020. More detail on this is contained below and set out in note 7 to the consolidated financial statements. Earnings per share attributable to owners of the Company was HK$0.72 cents (2019: HK$2.80 cents).

CHIEF EXECUTIVE OFFICER'S STATEMENT

The major contributions to the profit of HK$11,783,000 for the year were mainly attributable to the following factors:

(1) before general and administrative expenses, net realised and unrealised gains of HK$54,201,000 (including interest and dividend income of HK$29,246,000, net gains on disposal of HK$3,048,000 and net unrealised fair value gains of HK$21,907,000) within the investment portfolio and other equities investments for the year ended 31 December 2020 as compared to net realised and unrealized gains of HK$98,284,000 (including interest and dividend income of HK$20,465,000, net gains on disposal of HK$9,190,000 and net unrealized fair value gains of HK$68,629,000) for the corresponding year in 2019. With the measures in place for carefully structured asset and manager allocation, most of the asset prices of our marketable fund investments and private equity funds have appreciated during the year, though the value increase was less than that of 2019. Further, substantial dividends of HK$7,804,000 (2019: HK$6,054,000), and also distribution and dividends of HK$9,501,000 (2019: HK$2,495,000) were received from our directly held listed stock, China Motor Bus Company Limited and a private equity investment, ASEAN China Investment Fund III L.P. respectively. However, the continued depreciation in the market value of the investment in PuraPharm Corporation Limited, resulting in unrealized fair value losses of HK$5,121,000 (2019: HK$6,999,000) and the realized losses taken for certain investments at the nadir of the securities market in March 2020 have adversely affected the performance of the investments division for the year of 2020. Thus overall, the Group's investments division recorded a segment profit of HK$36,933,000 (2019: segment profit of HK$81,062,000) amid the volatile securities market.

(2) The COVID-19 pandemic devastated the already weak retail market in Hong Kong. For the year ended 31 December 2020, the Group's retail fashion business saw a massive 34% decline in physical retail store sales over the same period last year. This was primarily attributable to the drastic deterioration in consumer sentiment, "work from home arrangements" and Government advice to the public to "stay home" if at all possible adversely impacting on the market from local shoppers, and the virtual elimination of mainland and other tourist arrivals caused by Government anti-epidemic measures such as border closures, travel restrictions and mandatory quarantines. However, with the ramp-up of internet sales, overall sales were down by 28% to HK$68,614,000 (2019: HK$95,036,000) for the year under review. Although vaccines have started to be administered in Hong Kong and around the world, the development of COVID-19 still remains uncertain and its adverse impact on our retail fashion business may continue well into 2021. A return to normalcy for our patronage, particularly among tourist customers, could potentially take longer than a year. Although the 2020 impact of COVID-19 is already reflected in our results for that year (including normal provisioning), after taking into account the expected long-lasting impacts of COVID-19, the Group has recognized a further inventory provision of HK$1,192,000 and impairment loss of HK$392,000 and HK$5,000,000 for the renovation, furniture and equipment cost for our Harbour City store and Central Building store respectively. For the year of 2020, in spite of the management effort in obtaining rental concessions from landlords and support received from the Government's "Employment Support Scheme""ESS" (six months during the year) and its "Retail Sector Subsidy Scheme", the Group reported an operating loss of HK$36,260,000 including COVID-19 specific impairments as mentioned above, (2019: loss of HK$11,126,000) from the retail fashion business during such decimated retailing environment.

(3) The prolonged statutory measures such as restrictions on social gathering and eateries to halt the spread of COVID-19 brought severe disruption to the Group's recreational club operations. As a result of the cancellation of weddings, conferences, lodging, parties, family dinners and celebrations and other events amid the pandemic situation, and the forced closure of our sporting and other facilities for long periods, the Group's revenue from recreational club operations dropped by 57% to HK$6,239,000 (2019: HK$14,617,000) as compared with last year. Despite cost tightening measures and support from the Government's "ESS" (six months during the year) and "Club-House Subsidy Scheme, the Group reported an operating loss of HK$14,518,000 (2019: loss of HK$14,342,000) from recreational club operations.

(4) The Rezoning Approval complicated the revaluation of the Group's recreational club property as at 31 December 2020. In accordance with the Hong Kong Financial Reporting Standards, and with advice from an independent and reputable valuer, the Group has determined the highest and best use of this property by comparing its value based on the current use as a recreational club and the value based on the Rezoning Approval, which includes factoring in at this point the uncertainty and timing of remaining steps required to develop this site under the Rezoning Approval. A deficit write-back of HK$30,308,000 on revaluation of the Group's resort and recreational club properties resulted from the fair value assessment as set out above. The valuation of the property as at 31 December 2020 is HK$281,000,000, which includes HK$188,724,000 recorded in the Group's property revaluation reserve.

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

	2020 ***HK$'000***	2019 *HK$'000*	Change
Wholesale and retail of fashion wear and accessories	**68,614**	95,036	(28%)
Resort and recreational club operations	**6,239**	14,617	(57%)
Dividend income	**27,493**	18,708	47%
Interest income	**2,631**	3,480	(24%)
Consolidated revenue	**104,977**	131,841	(20%)

The Group's consolidated revenue for the year ended 31 December 2020 declined by 20% to HK$104,977,000 (2019: HK$131,841,000) which was mainly attributable to the substantial decline in sales of (i) retail fashion products by 28% and (ii) catering, lodging and other services income from resort and recreation club operations by 57% as a result of the weak consumer market and economic downturn in Hong Kong following the COVID-19 outbreak since late January 2020. These negative impacts were mitigated by the increase in dividend income/distribution received from China Motor Bus Limited (due to a special dividend of HK$27 (2019: HK$20.8) per share received by the Group) and a private equity fund in which the Group has invested.

The Group's gross profit dropped to HK$65,558,000 (2019: HK$87,388,000), reflecting a 25% decrease. The Group's gross profit margin of 62% for the year ended 31 December 2020 was about 4% lower than 2019, mainly caused by a combination of (i) a significant drop in gross profit margin for the sales of retail fashion products by 11% (or about HK$7,500,000) as a result of higher discounts offered to incentivise customer spending during the unprecedented pandemic market situation and an increase in stock provision and (ii) an increase in dividend income from our investments (included in "Revenue", for which gross margin is theoretically 100%).

The Group's other income mainly comprised (i) rental income of HK$1,130,000 (2019: HK$1,140,000) from the Group's investment property situated in Hong Kong and (ii) anti-epidemic subsidies of HK$7,889,000 (2019: HK$Nil) received from the Hong Kong Government and (iii) one-off income, being recovery of legal costs of HK$2,574,000 from the Hong Kong Building Authority pursuant to the Court of Final Appeal judgement as reported in note 35 to the consolidated financial statements (For the Group's segment information in note 8 to the consolidated financial statements, this one-off income is classified as unallocated other income).

The Group's selling and distribution expenses decreased by 4% to HK$40,361,000 (2019: HK$42,066,000). The decrease was primarily attributable to three major cost savings: (1) the decrease in occupancy costs for the flagship SWANK store due to the consolidation and relocation of two SWANK stores in Landmark (closed in March 2020) into one major SWANK store in Central Building (opened in March 2020), resulting in rental and other cost savings to SWANK for the whole year of 2020; (2) as a result of management efforts, rental concessions of HK$1,839,000 were obtained from landlords of physical retail stores for the year 2020 to assist us in getting through the prolonged difficult time after the outbreak of COVID-19 pandemic, and (3) the reduction of staff costs for retail stores. These positive impacts from cost savings were partly offset by (1) the increase in internet sales commission, derived from the ramp-up of internet sales for the year under review and (2) the increase in occupancy costs due to the full year effect from the opening of the second Paule Ka mono-brand store in Harbour City in August 2019.

The Group's administrative expenses decreased by 11% to HK$62,225,000 (2019: HK$69,602,000), mainly as a result of: (1) the Group's further cost tightening measures for the resort and recreational club operations in view of the difficult operating environment; (2) control of staff costs, and (3) reduction in fees paid to professionals and consultants.

Depreciation for property, plant and equipment, impairment loss and amortization expenses increased by 166% to HK$16,052,000 (2019: HK$6,041,000), mainly because of COVID-19 specific impairments of HK$6,784,000 and the relocation and opening of the major SWANK store in Central Building in March 2020. Amortization of the renovation, furniture and equipment cost for the new SWANK store started from March 2020. The stores being replaced had been either fully or mainly depreciated in the prior years. As stated above, the Group has exceptionally recognized impairment losses of HK$392,000 and HK$5,000,000 for the renovation, furniture and equipment cost for the Harbour City store and Central Building store respectively and an impairment loss of HK$1,050,000 for the Club's furniture, fixtures and equipment cost in view of the prolonged negative impacts of COVID-19 on our retail fashion business and recreational club operations respectively.

The Group's "Other operating gains, net" mainly comprised net realised and unrealised fair value gains of HK$24,955,000 from investment in financial instruments (before interest and dividend income, included in "Revenue") by the investments division for the year ended 31 December 2020 as compared to net realised and unrealised fair value gains of HK$77,819,000 from investment in financial instruments by the investments division for the corresponding year in 2019.

The Group recorded a finance cost on lease liabilities due to the adoption of HKFRS 16 of HK$3,456,000 (2019: HK$1,961,000) for the year ended 31 December 2020. The increase was mainly caused by the recognition of lease liabilities and the finance cost following the full year effect from the commencement of the new leases for the store in Harbour City in July 2019 and the new SWANK store in Central Building in October 2019.

BUSINESS REVIEW

Retail Fashion

SWANK Hong Kong

With the advent COVID-19 in late January 2020, the retail market in Hong Kong faced never-before experienced challenges. Hong Kong is renowned as one of the world most popular destinations with 65 million and 56 million visitors in 2018 and 2019 respectively. With the decline of almost all tourist visits (-99.7% vs 2019) since the second quarter of 2020, the total numbers of in-bound travellers dropped from 3.2 million in January 2020 to 199,000 in February 2020, and total of 161,000 from March to December 2020. As a result, the Hong Kong retail market was entirely reliant on local spending which was also constrained by "work from home arrangements" as well as "stay at home" advice. The social distancing implementation required by the Government further minimized retail traffic footfall. High-end luxury retail stores in prime locations suffered the most in 2020. However, the on-line business has been growing even more rapidly worldwide than before due to COVID-19, and on-line shopping for clothes and daily necessities became the new norm. SWANK started its on-line business in February 2019, with very positive sales in 2020 with a 217% increase compared to 2019, while the sales mix from our online business increased from 3% in 2019 to 14% in 2020.

The opening of the flagship multi brand store at Central Building in March 2020 brought a new era to SWANK. With the new store concept and spacious location with separate ladies' and men's sections, we now offer a better shopping experience and product varieties to shoppers, and have received many compliments from our regular clients. Due to COVID-19, we cancelled our store opening celebration as well as our seasonal launch events, and there were other limitations on maximizing our exposure to the market. With the lack of walk-in traffic in Central due to "work from home arrangements", we were grateful that our sales professionals managed to closely connect with our regular clients and VIP customers to introduce them to our latest collections. Local sales trends rebounded somewhat in September 2020 as COVID-19 cases dropped to single digits per day, while we recorded one of our best performing month in October 2020 thanks to our innovative marketing promotion. However, store traffic dropped drastically with the 4th wave of COVID-19 from mid-November 2020 to year's end. Additionally, we experienced delayed shipments from a number of our brand suppliers due to their own production and other limitations also caused by COVID-19 in their home countries.

The Paule Ka business also faced significant challenges in 2020. The overall decline in sales was almost totally due to the lack of tourist presence at our Harbour City store. With a 94% drop in tourist traffic in Hong Kong compared to 2019, despite in-mall promotions, the business suffered drastically. Paule Ka's Central store also suffered from the lack of retail traffic, but our store maintained a stable sales trend due to its strong regular client base and high conversion rate. As customers spent less on working outfits due to the "work from home arrangements", business dropped by 25% compared to 2019 which was nevertheless an out-performance of the ladies luxury fashion market.

As a result of COVID-19, SWANK adopted an aggressive pricing strategy which resulted in an overall reduction in our profit margin by approximately 11% compared to 2019 and additional inventory provision and impairment loss on leasehold improvements, furniture, fixtures and equipment of HK$1,192,000 and HK$5,392,000 respectively. The COVID-19 related reduction in gross profit margin reduced our net income by about HK$7,500,000.

Resort and Recreational Club Operations

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

Hilltop Country Club is situated in the Lo Wai district of Tsuen Wan with a total site area of over 400,000 square feet, Hilltop is one of the earliest private country clubs in Hong Kong providing recreational and outdoor activities, conferences, dining and lodging facilities to its members and their guests. It is one of the few private clubs in Hong Kong that offers lodging facilities for members and their guests.

The operating performance of Hilltop for 2020 was not able to contribute profit to the Group partly due to the impact of COVID-19. However, Hilltop's operating results for the year with an operating loss of HK$13,468,000 (before impairment loss of HK$1,050,000 on furniture, fixture and equipment) were an improvement of HK$874,000 from the equivalent loss of HK$14,342,000 in 2019. This improvement is mainly attributed to the subsidies of the Employment Support Scheme by the Government, the cost savings strategy adopted by the Club's Management, and an increase in regular dining revenue.

The decrease in the Club's revenue from HK$14,617,000 in 2019 to HK$6,239,000 in 2020 was mainly a product of the Government's social distancing requirements and other restrictions as a result of the COVID-19 pandemic, which led to cancelling or postponing functions and wedding banquets, partly offset by an improvement from the patronage in our European and Chinese restaurants due to our high level of hygiene and the spacious environment provided to our members and guests.

In the coming year, the Club's management will try to strongly focus on the banquet and conference business for corporate members and increase revenue with the anticipation of the COVID-19 vaccinations, together with the anticipated economic recovery.

As mentioned in the overview section of this report, in September 2020, the Group obtained approval of its rezoning application. With the remaining steps required including the approval by the Chief Executive in Council of the amended OZP which gives effect to the Section 12A approval, the negotiation of a new land lease and the determination and payment of the change of land lease premium, the Group has not entered into any plan to wind down the Club's recreational and resort operations.

Investment in Financial Instruments

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

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

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

As of 31 December 2020, the total carrying value of the Group's investment portfolio in financial instruments was HK$672,003,000 (31 December 2019: HK$694,725,000), representing approximately 54.7% (31 December 2019: 66.4%) of the carrying value of the Group's total assets.

Our diverse portfolio delivered a solid set of returns despite a volatile market in 2020. The main contributing factors, apart from the cautious asset allocation approved by the Board and the selection of investment managers approved by our Investment Committee, was the decision of the United States Federal Reserve to launch a USD 700 billion asset purchase plan and cut interest rates to nearly zero, together with the passage by the United States Congress of a USD 2.2 trillion stimulus package in the aftermath of the "melt-down" in both equity and fixed income markets in late February and March 2020. These measures lifted investor sentiment, driving asset prices up in both fixed-income and equity markets. The United States Presidential election victory of former vice-President Joseph R. Biden in early November reduced some concern about trading uncertainties with China; as a result the Chinese, the United States and other global securities markets recorded substantial gains during the year.

Further our directly held listed stock, China Motor Bus Company Limited recorded considerable gains as the company declared special dividends of HK$27 per share or HK$1,223,318,000 following the sales of its property in North Point jointly held with Swire Properties.

Under this backdrop, the Group's investment in financial instruments recorded a net gain of HK$54,201,000 (or 6.88%) (2019: a net gain of HK$98,284,000) to the Group for the 12 months ended 31 December 2020 before general and administrative expenses.

A. Marketable Funds Investment Portfolio – including unitized equity, fixed income and money market fund investments

The marketable and investment portfolio includes four investment strategies, which are a money market portfolio, an investment grade & high yield bond funds portfolio, an enhanced yield fund portfolio and an equity–based fund portfolio. All investments are marketable securities which are traded over-the-counter.

The total carrying value of the Group's investment in the marketable funds investment portfolio was HK$414,009,000 as of 31 December 2020 (31 December 2019: HK$460,487,000), representing approximately 33.7% of the carrying value of the Group's total assets; and the asset allocation in the portfolio as at year's end comprised of 51.5% fixed income funds, 38.6% enhanced yield funds, 6.2% equity funds and 3.7% gold exchange-traded fund. The marketable funds investment portfolio recorded a net profit of HK$21,151,000 (or 4.2%) (2019: net gain of HK$60,496,000) for the 12 months ended 31 December 2020. During the year, the Investment Committee of the Board and the management undertook a number of modifications of asset allocation, reflecting its view of risk at different times in a very volatile year.

Investment Grade & High Yield Bond Funds Portfolio

In this strategy, the Group held 6 fixed income funds, which can be mainly grouped into three categories, namely investment grade bond funds, high yield bond funds and a floating rate senior loan fund. As at 31 December 2020, the fair value of the Group's investment in this strategy was HK$213,103,000, representing approximately 51.5% of the carrying value of the marketable funds investment portfolio and 17.3% of the carrying value of the Group's total assets. The total net return of the Group's investment was HK$2,792,000 (or 1.1%) in profit for the 12 months ended 31 December 2020, including dividend income of HK$9,222,000 and offset by a mark-to-market loss of HK$ 178,000 and a realized loss of HK$ 6,252,000. Below are the individual fund investments with fair values exceeding 1.5% of the carrying value of the Group's total assets.

PIMCO GIS - Income Fund

The PIMCO Income Fund is a portfolio that is actively managed and utilizes a broad range of fixed income securities to maximize current income while maintaining a relatively low risk profile, with the secondary goal of capital appreciation. The fund (Institutional Income Class USD) has had a 5 year annualized return of 6.25% for the period 2016-2020. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$82,105,000 (31 December 2019: HK$77,079,000), representing approximately 6.7% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$5,026,000 (or 6.3%) gain in the 12 months ended 31 December 2020, including a HK$2,102,000 mark-to-market gain and HK$2,924,000 of dividend income. The total Fair Value as at 31 December 2020 reported above is the net figure after including the mark-to-market return, and the reinvestment of dividend income received. The fund increased exposure to high quality credit after the sell-off in March 2020, which contributed positively as the spreads returned back to normal later.

IP All Seasons Bond Fund

The IP All Seasons Bond Fund (managed by Income Partners Asset Management (HK) Limited) aims to generate income and capital growth through investments in global investment grade bonds. The Fund invests in bonds issued by Governments, Government agencies, corporations and financial institutions on a global basis, with a strong emphasis on the Asian region. At least 70% of its bond portfolio consists of investment-grade related securities. The fund (Class A Distribution) has had a 5 year annualized return of 4.88% for the period 2016-2020. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$42,893,000 (31 December 2019: HK$44,426,000), representing approximately 3.5% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$676,000 (or 1.5%) gain in the 12 months ended 31 December 2020 comprising dividend income of HK$2,210,000 and mark-to-market loss of HK$1,534,000.

Robeco High Yield Bond Fund

The Robeco High Yield Bond Fund invests in corporate bonds with a sub-investment grade rating, issued primarily by issuers from the developed market (Europe/US). The selection of these bonds is mainly based on fundamental analysis. The portfolio is broadly diversified, with a structural bias to the higher-rated segment in high yield. Performance drivers are the top-down beta positioning as well as bottom-up issuer selection. The fund (Class CH USD) has had an annualized return of 5.89% for the period since its inception in May 2017 and ended December 2020. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$39,578,000 (31 December 2019: HK$39,771,000), representing approximately 3.2% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$1,731,000 (or 4.4%) gain for the 12 months ended 31 December 2020 comprising HK$1,924,000 in dividend income and HK$193,000 in mark-to-market loss.

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

The UBS Euro High Yield Bond Fund invests primarily in high-yield corporate bonds selected using strict criteria, and either denominated in EUR or hedged into EUR. When selecting issuers of such bonds, particular attention is taken to spread investments across the various credit ratings. The fund (Class K-1 with monthly distribution) has had a 5 year annualized return of 6.14% for the period 2016-2020. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$35,496,000 (31 December 2019: HK$36,491,000), representing approximately 2.9% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$1,169,000 (or 3.2%) gain in the 12 months ended 31 December 2020 comprising HK$2,164,000 in dividend income and HK$995,000 in mark-to-market loss.

Enhanced Yield Fund Portfolio

As at 31 December 2020, the Group held 4 funds in this strategy with a fair value of HK$159,977,000, representing approximately 38.6% of the carrying value of the marketable fund investment portfolio and 13% of the carrying value of the Group's total assets. The total net return of the Group's investment was HK$4,757,000 (or 2.3%) in profit for the 12 months ended 31 December 2020. Below are the individual fund investments with fair values exceeding 1.5% of the carrying value of the Group's total assets.

IP All Seasons Asian Credit Fund

The IP All Seasons Asian Credit Fund (managed by Income Partners Asset Management (HK) Limited) aims to provide an absolute return of capital growth and income by investing in the liquid Asian credit markets while minimizing return volatility. The Fund seeks to enhance returns for this portfolio by (a) relative value trading; (b) utilizing credit derivatives such as credit linked notes and credit default baskets; and (c) employing leverage. It also employs various tactical approaches, including a country rotation approach, a sector rotation approach; and an instrument/arbitrage approach. With an aim to minimize return volatility, the Fund utilizes dynamic hedging strategies to hedge out certain interest rate, currency and credit risks from time to time. The fund (Accumulation Class) has had a 5 year annualized return of 7.19% for the period 2016-2020. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$73,642,000 (31 December 2019: HK$67,874,000), representing approximately 6% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$3,569,000 (or -4.6%) in mark-to-market loss during the 12 months ended 31 December 2020.

Prudence Enhanced Income Fund

Prudence Enhanced Income Fund, managed by Fangyuan Asset Management Limited, is an absolute return long-short credit strategy which aims to generate stable income and capital appreciation primarily by investing in a variety of fixed income instruments. The strategy seeks opportunities throughout Asia. The fund (accumulating class) has had a 5 year annualized return of 7.43% for the period 2016-2020. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$44,071,000 (31 December 2019: HK$80,910,000), representing approximately 3.6% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$2,062,000 (or 2.5%) during the 12 months ended 31 December 2020 including HK$2,185,000 mark-to-market gain and a realized loss of HK$123,000.

Janus Henderson Balanced Fund

Janus Henderson Balanced Fund aims to provide a return from a combination of capital growth and income. The fund invests between 35%-65% of its assets in the shares (equities) of mainly US companies, and between 35%-65% of its assets in debt securities and loan participations issued mainly by US companies or other US issuers. The fund (Class A2, net) has had an annualized return of 9.9% for the period 2016-2020. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$30,086,000 (31 December 2019: HK$Nil), representing approximately 2.4% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$3,104,000 (or 11.5%) mark-to-market gain during the 12 months ended 31 December 2020.

Equity-Based Funds Portfolio

As at 31 December 2020, the Group held 2 equity-based funds with a fair value of HK$25,448,000, representing approximately 6.2% of the carrying value of the marketable fund investment portfolio and 2.1% of the carrying value of the Group's total assets. The Equity-based Funds Portfolio includes one China opportunity fund and one technology fund. The total net return of the Group's investment in equity-related funds was HK$13,600,000 (or 18.0%) gains for the 12 months ended 31 December 2020.

UBS China A Opportunity Fund

The UBS China A Opportunity Fund invests principally in Chinese firms and the majority of net assets are invested in A shares which are stocks in Chinese companies that are registered in China's local markets. The fund (Class A) has had a 5 year annualized return of 22.96% for the period 2016-2020. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$21,678,000 (31 December 2019: HK$15,991,000), representing approximately 1.8% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$5,687,000 (or 35.6%) mark-to-market gain for the 12 months ended 31 December 2020.

Gold Exchange-traded Fund

iShares Gold Trust

iShares Gold Trust is an Exchange-Traded-Fund (ETF) listed in the United States which seeks to reflect generally the performance of the price of gold. As at 31 December 2020, the Fair Value of the Group's investment in this Fund was HK$15,481,000 (31 December 2019: HK$Nil), representing approximately 1.3% of the carrying value of the Group's total assets.

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

MS Portfolio

Still under the control of, and with each security in the name of the Group, we have allocated a certain portion of our investment to a discretionary management portfolio managed on our behalf by Morgan Stanley Asia International Limited. The MS Portfolio offers a bespoke asset allocation solution based upon Morgan Stanley Global Investment Committee Model recommendations and dynamically incorporated monitoring of the macroeconomic outlook, market conditions, fund manager views and fund portfolio positioning into the portfolio. Investments are made via traditional and sophisticated multi-asset, equity and fixed income funds, ETFs and money market instruments. As of 31 December 2020, the total carrying value of the MS Portfolio was HK$67,160,000 with 26 fund/ETF holdings (31 December 2019: HK$59,062,000), representing approximately 5.5% of the carrying value of the Group's total assets. The asset allocation in the portfolio comprised 27.3% fixed income funds, 56.2% equity funds and others 16.5%. The underlying assets in the MS Portfolio were set up gradually to spread risk and a certain portion of the funds can be invested in the Money Market Fund awaiting suitable opportunities. The MS Portfolio recorded a net profit of HK$9,823,000 (or 15.9%) during the 12 months ended 31 December 2020.

LGT Portfolio

Still under the control of, and with each security in the name of the Group, we have allocated a certain portion of our investment to a discretionary portfolio managed on our behalf by LGT Bank (Hong Kong). The LGT portfolio offers a bespoke asset allocation solution based upon recommendations from LGT's Investment Committee in Asia and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and security and fund selection into the portfolio. Investments are largely made via direct equity and fixed income securities, and to a smaller extent with funds or ETFs. As of 31 December 2020, the total market value of the LGT portfolio was HK$69,998,000 (31 December 2019: HK$55,857,000), with 77 securities (fixed income, equities and alternative investment holdings), representing in total approximately 5.7% of the carrying value of the Group's total assets. The asset allocation in the LGT portfolio as of 31 December 2020, comprised 65% in fixed income, 35% in equities, equity mutual fund and alternative investments. The underlying assets in the LGT portfolio have been set up to diversify risk and reduce volatility, and thus fixed income is the dominant asset class within the portfolio. The LGT Portfolio returned a gain of HK$10,658,000 (or 17.2%) during the 12 months ended 31 December 2020.

C. Listed Securities

Under the intention to minimize the Group's investments in individual listed stocks and corporate bonds and increase substantially the proportion of its investment in unitized equity and fixed income funds managed by professional asset managers, the Group disposed most of its listed stock holdings by the end of 2018. As of 31 December 2020, the Group directly held only two listed securities in our portfolio, which are China Motor Bus Company, Limited ("CMB") and PuraPharm Corporation Limited ("PuraPharm"). As of 31 December 2020, the total carrying value of the investments in CMB and PuraPharm shares was HK$33,517,000 (31 December 2019: HK$44,329,000), representing approximately 2.7% of the carrying value of the Group's total assets. The investment in CMB and PuraPharm recorded a net loss of HK$2,595,000, which represents an unrealized fair value loss of HK$10,811,000, a realized gain of HK$411,000 and dividend income of HK$7,805,000 to the Group for the 12 months ended 31 December 2020 (31 December 2019: HK$5,580,000 net gain).

China Motor Bus Company, Limited

The Group has had an investment in the shares of CMB for many years. As reported in the 2016 Annual Report and in our related announcement of 28 December 2016, the Group took advantage of an offer from a fund specialized in extracting value from underperforming assets to reduce substantially, and at a substantial profit from previous prices, our illiquid stake in this Hong Kong listed company which is now mainly a property developer. The Group believes that CMB's share price trades at a substantial discount to both its stated and its potential net asset value, and accordingly kept a small portion of its securities in order to benefit from the potential upside. It is the intention of the Group to retain this stock until a further profit opportunity arises. Even after the payment of these special dividends, more than HK$60 per share of the total balance sheet of CMB is represented by cash and there are still major properties and property development opportunities in CMB. The total carrying value of the Group's investment in CMB had reduced to HK$27,713,000 as of 31 December 2020 (31 December 2019: HK$33,403,000), representing approximately 2.3% of the carrying value of the Group's total assets.

PuraPharm Corporation Limited

The Group invested in the pre-IPO of PuraPharm, a substantial supplier of Chinese medicine in Hong Kong, and sold approximately 40% of its stake into the IPO with profitable results which have previously been reported. The remaining 60% of its stake was retained at the time for future appreciation which has unfortunately never eventuated. At the same time, the lack of liquidity in the securities trading of the stock has prevented us from exiting except to a very small degree in 2019. The total carrying value of the Group's investment in PuraPharm had reduced to HK$5,804,000 as of 31 December 2020 (31 December 2019: HK$10,926,000), representing approximately 0.4% of carrying value of the Group's total assets.

D. Listed USD corporate bond investments with fixed tenor

As with the listed equity investments, with the Group's intention to reduce investments in individual bonds managed by the Group, the total carrying value of the Group's investment in listed corporate bonds had reduced to HK$7,313,000 as of 31 December 2020 (31 December 2019: HK$7,413,000), representing approximately 0.6% of carrying value of the Group's total assets. The Group's investment in corporate bonds recorded a net gain of HK$273,000 (or 3.7 %) for the 12 months ended 31 December 2020 (2019: a net gain of HK$1,109,000).

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

The total carrying value of the Group's investment in this category was HK$80,006,000 (31 December 2019: HK$67,577,000) as of 31 December 2020 and it recorded a net gain of HK$14,891,000 (2019: a net gain of HK$19,052,000) for the 12 months ended 31 December 2020.

ACIF III Fund (Private Equity)

The Group 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 the UOB Venture Management Private Limited ("UOBVM") team and targets investments in growth oriented companies operating in East and South East Asia and China. As of 31 December 2020, the Group has a total invested of HK$29,543,000 in this fund and its capital value was HK$56,865,000 based on the management accounts it has provided. The total return of the Group's investment in ACIF III is HK$13,308,000 gain for the 12 months ended 31 December 2020 (2019: HK$18,823,000 gain). The internal rate of return for the fund as of 31 December 2020 was 23.86%, the Group continues to be happy with the performance of this long-term private-equity investment which helps us to manage our risk by giving us an exposure to a wide and diverse range of potentially profitable private equity investments managed by a tried and tested Manager. Based on the briefings provided by the manager to the Limited Partners in the fund of which we are one, we have confidence in both its performance and its prospects.

ACIF IV Fund (Private Equity)

With the success of ACIF III, the Group made a capital commitment of US$4,000,000 (equivalent to HK$31,120,000) in ACIF IV for a 1.649% shareholding. Like all private equity funds, the actual draw-down of funds will take place as required by the underlying investments over a few years. ACIF IV Fund is an exempted limited partnership incorporated in the Cayman Islands on 20 February 2018, which is a closed-end private equity fund. The Fund is also managed out of Singapore by the UOBVM team, and is a "follow-on" fund to its predecessors (ACIF I, ACIF II and ACIF III) and continues its focus of investing primarily via minority stakes in expansion stage capital opportunities through privately negotiated equity and equity related investments in growing small and medium sized companies benefitting from the continuing expansion of trade and investment among the ASEAN member-states and China, and their respective overseas trading partners. The total return of the Group's investment in ACIF IV for the year 2020 is HK$1,549,000 gain which include distribution income of HK$600,000 and fair value gain HK$949,000 of the underlying investments offset by the management fee charged by the General Partner and the administration fee of the fund. This fund is still in its investment phase where substantial profits are not to be expected; nevertheless, the fund currently has a positive internal rate of return of 3.58%.

Investment Portfolio

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

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

Investment Portfolio (Cont'd)

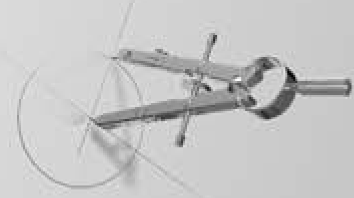
The Group's investment portfolio as at 31 December 2020 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2020 '000	Note	Percentage of shareholding as at 31 December 2020 %	Investment cost of investments held as at 31 December 2020 HKD'000 *(Note 6)*	For the year ended 31 December 2020 Fair value Gain/(loss) HKD'000	Gain/(loss) on disposal HKD'000	Interest income HKD'000	Dividend income HKD'000	Total HKD'000	Fair value as at 31 December 2020 HKD'000	Percentage to the Group's total assets as at 31 December 2020 %	Fair value as at 31 December 2019 HKD
<u>Financial Assets at fair value through profit or loss</u>														
– Current assets														
A. Marketable Funds Investment Portfolio, at fair value														
Unlisted														
Investment Grade & High Yield Bonds Funds Portfolio														
PINCMII ID	PIMCO GIS – Income Fund	Fixed income fund	869		N/A	77,186	2,102	–	–	2,924	5,026	82,105	6.7%	77,079
IPASBAD KY	IP All Seasons Bond Fund	Fixed income fund	53		N/A	42,790	(1,534)	–	–	2,210	676	42,893	3.5%	44,426
RHYBCHU LX	Robeco High Yield Bond Fund	Fixed income fund	48		N/A	38,900	(193)	–	–	1,924	1,731	39,578	3.2%	39,771
UBEHK1U LX	UBS (Lux) Bond Fund - Euro High Yield (USD Hedge)	Fixed income fund	0		N/A	36,003	(995)	–	–	2,164	1,169	35,496	2.9%	36,491
GSAPUDH KY	Goldman Sachs INV UNT TST-AS High Yield Bond Fund	Fixed income fund	87		N/A	7,780	337	–	–	–	337	9,036	0.7%	8,699
ALGFIUS ID	Algebris Financial Credit Fund	Fixed income fund	–		N/A	N/A	–	(3,088)	–	–	(3,088)	–	0.0%	17,930
PGIPSIA ID	Principal Preferred Securities Fund	Fixed income fund	–		N/A	N/A	–	(3,164)	–	–	(3,164)	–	0.0%	17,571
	Others	Fixed income fund			NA	N/A	105	–	–	–	105	3,995	0.3%	–
Subtotal							(178)	(6,252)	–	9,222	2,792	213,103	17.3%	241,967

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2020 was as follow:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2020 '000	Note	Percentage of shareholding as at 31 December 2020 %	Investment cost of investments held as at 31 December 2020 HKD'000 (Note 6)	For the year ended 31 December 2020: Fair value Gain/(loss) HKD'000	For the year ended 31 December 2020: Gain/(loss) on disposal HKD'000	For the year ended 31 December 2020: Interest income HKD'000	For the year ended 31 December 2020: Dividend income HKD'000	For the year ended 31 December 2020: Total HKD'000	Fair value as at 31 December 2020 HKD'000	Percentage to the Group's total assets as at 31 December 2020 %	Fair value as at 31 December 2019 HKD
Enhanced Yield Fund Portfolio														
ASCREHA KY	IP All Seasons Asian Credit Fund - Accumulation Shares Series 1	Fixed income fund	255		N/A	62,240	(2,925)	–	–	–	(2,925)	64,950	5.3%	67,874
ASCREHA KY	IP All Seasons Asian Credit Fund - Accumulation Shares Series 101	Fixed income fund	34		N/A	9,336	(644)	–	–	–	(644)	8,692	0.7%	–
PRUENHN KY	Prudence Enhanced Income Fund Class A - Series 1	Alternative fund	7		N/A	40,276	2,185	(123)	–	–	2,062	44,071	3.6%	80,910
JANBAA1 ID	Janus Henderson Balanced Fund	Multi assets fund	105		N/A	26,982	3,104	–	–	–	3,104	30,086	2.4%	–
ALZIGIT LX	Allianz Income & Growth Fund	Multi assets fund	1		N/A	9,078	2,258	902	–	–	3,160	12,178	1.0%	17,360
Subtotal							3,978	779	–	–	4,757	159,977	13.0%	166,144
Equity-Based Funds Portfolio														
UBSCHOA	UBS China A Opportunity Fund	Equity fund	6		N/A	10,072	5,687	–	–	–	5,687	21,678	1.8%	15,991
TRGBTEI LX	T.Rowe Price Global Technology Equity Fund	Equity fund	–		N/A	N/A	–	6,446	–	–	6,446	–	0.0%	13,794
ULTTUPA LX	UBS (LUX) Equity - Long Term themes P- Acc Fund	Equity fund	–		N/A	N/A	–	(2,648)	–	–	(2,648)	–	0.0%	8,501
JPGEULU LX	Jupiter European Growth Fund Class L	Equity fund	–		N/A	N/A	–	(1,313)	–	–	(1,313)	–	0.0%	5,133
CSGREBU LX	CS Global Robotics Equity Fund	Equity fund	–		N/A	N/A	–	838	–	–	838	–	0.0%	4,451
FSEFIAU LX	Fundsmith Equity Fund	Equity fund	–		N/A	N/A	–	2,186	–	–	2,186	–	0.0%	–
	Others	Equity Fund			N/A	N/A	1,404	1,000	–	–	2,404	3,770	0.3%	4,506
Subtotal							7,091	6,509	–	–	13,600	25,448	2.1%	52,376



Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2020 was as follow:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2020 '000	Note	Percentage of shareholding as at 31 December 2020 %	Investment cost of investments held as at 31 December 2020 HKD'000 (Note 6)	For the year ended 31 December 2020: Fair value Gain/(loss) HKD'000	Gain/(loss) on disposal HKD'000	Interest income HKD'000	Dividend income HKD'000	Total HKD'000	Fair value as at 31 December 2020 HKD'000	Percentage to the Group's total assets as at 31 December 2020 %	Fair value as at 31 December 2019 HKD
Gold Exchange-traded Fund														
XAU US Equity	iShare Gold Trust (IAU)	Equity fund	110		N/A	15,479	2	–	–	–	2	15,481	1.3%	–
Subtotal							2	–	–	–	2	15,481	1.3%	–
							10,893	1,036	–	9,222	21,151	414,009	33.7%	460,487
B. Discretionary Investment Portfolio, at fair value														
1) Managed by Morgan Stanley Asia International Limited														
Unlisted														
WELGQDU LX	Wellington GQG P	Equity fund	36		N/A	5,287	895	131	–	–	1,026	6,370	0.5%	3,083
ALLIGAT LX Equity	ALLIANZ CHINA A-SHARES CLASS AT ACC USD	Equity fund	21		N/A	4,628	1,238	–	–	–	1,238	5,866	0.5%	–
	Others	Mainly Bond fund, Equity fund, Mutual fund and Alternative fund		*1*	N/A	N/A	6,117	1,418	–	24	7,559	54,924	4.5%	55,979
Subtotal							8,250	1,549	–	24	9,823	67,160	5.5%	59,062
2) Managed by LGT Bank (Hong Kong)														
Listed and unlisted														
	Others	Corporate bond investment		*2*	N/A	N/A	1,411	555	1,380	–	3,346	45,280	3.7%	38,397
	Others	Equity / Fund / Gold investment		*3*	N/A	N/A	7,544	(503)	–	271	7,312	24,718	2.0%	17,460
Subtotal							8,955	52	1,380	271	10,658	69,998	5.7%	55,857
							17,205	1,601	1,380	295	20,481	137,158	11.2%	114,919

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2020 was as follow:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2020 '000	Note	Percentage of shareholding as at 31 December 2020 %	Investment cost of investments held as at 31 December 2020 HKD'000 (Note 6)	For the year ended 31 December 2020: Fair value Gain/(loss) HKD'000	Gain/(loss) on disposal HKD'000	Interest income HKD'000	Dividend income HKD'000	Total HKD'000	Fair value as at 31 December 2020 HKD'000	Percentage to the Group's total assets as at 31 December 2020 %	Fair value as at 31 December 2019 HKD
C. Listed Equity Investments, at fair value														
Listed Hong Kong														
26	China Motor Bus Company Limited	Property development and Investment	284		0.63%	14,079	(5,690)	–	–	7,805	2,115	27,713	2.3%	33,403
1498	PuraPharm Corporation Limited	Chinese medicine company	8,536		2.16%	33,669	(5,121)	411	–	–	(4,710)	5,804	0.4%	10,926
							(10,811)	411	–	7,805	(2,595)	33,517	2.7%	44,329
D. Debt Investments, at fair value														
Listed Hong Kong USD corporate bonds				*4*	N/A	N/A	(100)	–	373	–	273	7,313	0.6%	7,413
– Non-current and current assets														
E. Other Fund Investments, at fair value														
Unlisted investments														
N/A	ASEAN China Investment Fund III L.P.	Private equity fund	3,773	*5*	1.532%	29,354	3,808	–	–	9,500	13,308	56,865	4.6%	52,364
N/A	ASEAN China Investment Fund IV L.P.	Private equity fund	2,334	*5*	1.649%	18,162	949	–	–	600	1,549	21,657	1.8%	12,585
	Others				N/A	N/A	(37)	–	–	71	34	1,484	0.1%	2,628
							4,720	–	–	10,171	14,891	80,006	6.5%	67,577
	Total						21,907	3,048	1,753	27,493	54,201	672,003	54.7%	694,725

Notes:

1) Including fund investments disposed during the year and the Group's other 24 investments mainly in unlisted bond and equity fund, money market fund, mutual fund and commodity fund held at the year end. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 31 December 2020.

2) Including debt investments disposed during the year and other 23 investments in USD corporate bonds with fixed tenor listed in Hong Kong and overseas held at year end. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 31 December 2020.

3) Including equity/fund investments disposed during the year and other 54 investments in listed equity/unlisted fund/unlisted gold investment held at year end. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 31 December 2020.

4) Included the Group's other 2 investments in USD corporate bonds with fixed tenor held at year end. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 31 December 2020.

5) It represents the Partners' capital paid-up amount in Thousand US Dollars which the Group had paid as at 31 December 2020.

6) For investments held at year end with carrying value more than 0.5% of the Group's total asset as at 31 December 2020.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

KEY RISKS AND UNCERTAINTIES

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

Business Risk

Retail Fashion

In the first weeks of January 2020, the market was beginning to experience a rebound from the social unrest in Hong Kong during 2019. However, with the advent and wide spread of COVID-19, retail traffic drastically dropped starting from the last 10 days of January 2020. Hong Kong's in-bound tourist numbers dropped by 81% during the first quarter of 2020 against the first quarter of 2019, followed by a further reduction of 99.8%, 99.7%, 99.8% for the subsequent quarters compared to the same period in the previous year. Locations heavily relying on footfall from tourist traffic, such as Harbour City, have suffered the most, however elsewhere, our strong SWANK VIP Program helps to maintain a certain level of our traffic from our strong pool of high spending and loyal local clientele.

Infection and quarantine risk: Although we are very careful and follow all Government guidelines as to social distancing, registration and sanitation for our stores, nevertheless we could be unlucky and find that one of our customers was in one of our stores with an unknown, but later discovered, positive case of COVID-19. Even one such customer's presence for any length of time could result in a shutdown of that store for an indeterminate period of time. Even worse would be if one or more of our staff were infected including by such a visitor to our store which could result in a prolonged shutdown and the quarantining of others of our staff, which could impede our ability to carry out our business as well as being extremely detrimental to the staff concerned.

As per a Bain and Company press release on November 2020, the worldwide retail business suffered a disaster due to COVID-19. Altogether, the world's luxury goods market experienced estimated business losses of EUR 1 trillion in 2020. Cities in Europe, America, South East Asia and Australia have been locked down for months during the year. Shopping malls and retail stores globally were closed for months with minimal functions, many brands executed drastic cost cutting strategy by closing down direct operation stores in non-profitable regions, and organization reengineering to slim down company structures. Retail stores were not fully functioning and inventory was not moving during lock downs. However, while E-commerce grew and became the best performing sales channel worldwide in 2020, factories and warehouses in Europe were closed for months and production capacity lead to a decrease in fashion collections and delayed deliveries. SWANK also suffered from delays in merchandise delivery as well as cancelled orders from our vendors for our Fall Winter 20 & Spring Summer 21 collections.

The foregoing highlights two substantial risks that came to the forefront as a consequence of COVID-19; namely supplier/vendor risk and freight/delivery risk. In the case of suppliers/vendors, the most important for us are Brand Principals, such as fashion labels headquartered in major European capitals predominantly Milan and Paris. During 2020, many of them and their factories/suppliers were in "lockdown" for long periods, meaning that their capacity to supply us on a timely basis was reduced, leading to the delays identified above. In many cases, their freight forwarders were also impacted as well as freight routes as a result of flight cancellations. Since we rely on early delivery to ensure that we have new products in our shops, this contributed to the poor results for the business. Freight charges also tended to rise as a result of the disruption, reducing margins.

Also, during 2020 a number of global fashion businesses were in financial difficulties, or even entered administration. Although have careful scrutiny of supplier credit, and for important suppliers arrange Letters of Credit at Sight plus a certain number of days (meaning that if there is no delivery, we do not pay), nevertheless our business relies on us receiving the goods to sell at a margin in our shops. If they are not received, even if there is no loss on purchase, there is a loss in sales.

To our knowledge, two of our brand suppliers including our major brand principal Paule Ka for whom we are a franchisee with two mono-brand stores, have been in financial difficulties in the latter half of 2020 and early 2021. At the time of writing, we have been advised of a new owner and restructuring by Paule Ka and are awaiting presentation to us of its Fall Winter 2021 collection offering to assess the impact (if any) on us.

Hill Top Club

As described earlier, Hill Top's operation were severely adversely impacted by the advent of COVID-19 and the corresponding social distancing measures imposed by the Government during 2020. Many of these restrictions continue to impact in 2021, but without the same level of Government financial support. The continued risks of the pandemic may lead to temporary suspension of the club's operations, infection from our members leading to temporary closure and/or reduction in member's club and leisure activities, or infection from our employees leading to prolonged closure and lack of services provided by the club to its members. Although the club has provided COVID-19 testing to our employees and has strengthened the cleaning and hygienic measures in the club's premises, the COVID-19 risk continues to be the key business risk the club will face until vaccinations are provided to the majority of the club's members and staff.

Many of our other risks relate to the aging nature of the club with many facilities in need of refurbishment work. Although careful to ensure compliance with various statutory and other regulations, and having our facilities are inspected at least annually by relevant Government agencies as part of our licence renewal, there are nonetheless aspects of the club's infrastructure that are not operating as efficiently or with as much comfort as they could.

As a club operator with membership data base and other sensitive information, the club also has to be concerned about security and data privacy. IT security monitoring and employee guidelines are provided in a company-wide basis to protect the club's data.

The proposed advent of the conversion of all public holidays to statutory holidays, together with regulatory change in relation to employment of casual staff will have a major impact on the cost of labour in the club, including both permanent and casual staff.

With respect to the Group’s Rezoning Approval, there can be no assurance that the Group will succeed in obtaining all the requisite approvals (including the approval for application for lease modification), consents or permits from the relevant Government authorities required for the development of residential units on the site in a timely manner.

Financial Instruments Investments

The risks for financial instruments investments mainly include market risks, issuer risk associated with a specific issuer of a security, liquidity risk and currency risks.

Market risk refers to the impact on performance of an investment product caused by the fluctuation of the general global, regional or local economic situation, along with the political and economic factors in the relevant countries or business sectors. In particular, any changes in market rates or prices (e.g. interest rates, stock prices, foreign exchange rates, or commodity prices) could have a significant impact on the valuation of the investment securities.

Issuer risk refers to the ability of an Issuer, and/or a Guarantor (if any), to meet its payment obligation to the investor.

Liquidity risk consists of secondary market risk and redemption risk. If investor tries to sell a security, he may not be able to find a buyer or the sale price may be below his original purchase price in the secondary market and/or there might be redemption restriction for certain funds investments.

Currency risk refers to the fact that if a product is denominated in a currency other than our base currency, changes in the rate of exchange may have an adverse effect on value, price or income in respect of the investment product.

In 2020, the outbreak of COVID-19 and a virtual lockdown in many different countries led to a sell-off in global financial markets and the major equity indices in the United States and elsewhere posted their sharpest falls since 2008 during the late February and March 2020. The decision of the Federal Reserve to launch a USD 700 billion asset purchase plan and cut interest rates to nearly zero, combined with a USD 2.2 trillion stimulus package approved by the US Congress, lifted investors’ sentiment and also contributed to a decrease in the market risk. Looking forward however, we believe that the rising US Treasury bond yields, the speed of rollout and effectiveness of the vaccine against different coronavirus variants, and uncertainties on the US-China relationship could still affect the global economy and securities markets for both bonds and equities. With this backdrop, the Group will continue a prudent approach to balance the risks and returns of our investment portfolio. Firstly, we will continue to diversify the asset allocation of our investment portfolio management. Also as mentioned in previous reports, we have increased substantially the proportion of our investment mainly in unitized equity and fixed income funds and set up a discretionary portfolio under our control but managed by professional asset managers to assist us in monitoring, managing and responding to the different risks as they emerge. Furthermore, the Group does not invest in speculative derivatives, to avoid exposure to high-risk products.

Strategic Direction Risk

The success of our businesses depends on achieving our strategic objectives, tied in with creating long-term value for our shareholders, including through acquisitions, joint ventures, dispositions and restructurings. The Group faces risk in its application of its assets and capital towards suitable investments and seizure of business and investment opportunities when such opportunities arise.

Appropriate measures have been adopted by management to enhance budget control and variance analysis to enable intelligent input into strategic decisions. The Board of Directors, with its broad and diverse knowledge and experience, has continued to provide strategic thinking and leadership, as well as oversight on behalf of all shareholders, in steering the direction and the parameters of Group decision-making. Implementation of, and performance against, strategy is monitored both at Board and management level.

Cyber Risk and Security and Data Fraud or Theft

Cyber-attack can affect the Group with its daily computer operations which are vital to our retail operations and important generally, and data breaches can lead to unauthorized disclosure of customer and Group information which may adversely affect the image and benefit of the Group, potentially be in breach of various legal requirements, as well as adversely affecting the involved customers. With the increasing number of cyber-attack and data breaches occurring globally in recent years, cyber security and data protection have become an area of focus for the Group. In order to avoid and mitigate cyber risk and to protect our data, we have developed comprehensive internal control guidelines for information security, and our Internal Control handbook will be reviewed periodically and updated, as required. Following are some of the controls and protections we have already applied in our Group as information security measures:

(a) Implementation of Next Generation Firewall. Firewall upgraded with feature of zero-day protection.

(b) Use of End Point Protection (anti-virus) with periodical update

(c) Using email filtering service provided by a professional security vendor

(d) Periodical data backup

(e) Appropriate operating system patch update

(f) Annual IT Risk Registry and Internal Control Handbook review

(g) Regular network security assessment by certified consultant

Manpower and Retention Risk

Hong Kong has suffered from an adverse impact in the aftermath of 2019's social unrest as well as the health issues associated with the COVID-19. In order to maintain a sustainable business in this difficult year, the competition for acquiring high calibre and competent talent in the open markets within which the Group operates, together with our desire to minimize all of our input costs (including that of labour) have led to the risk that the Group may not be able to attract and retain key personnel and talent with appropriate and required skills, experience and competence to assist in meeting our business objectives.

The Group has well recognized this risk and is committed to attempting to provide, consistent with its overall need to conserve expenditure, attractive remuneration packages and training opportunities to suitable candidates and current personnel. Effective and regular performance evaluation has also been adopted in order to reward the outstanding staff for their career path development.

Legal and Compliance Risks

Legal and compliance risks relate to risks arising from the Government and regulatory environment and actions, including those resulting from our obligations to The Stock Exchange of Hong Kong Limited and Securities and Futures Commission, legal proceedings and compliance with local laws and regulations, including those relating to financial reporting, labour, the environment, prevention of corruption and health and safety.

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

Financial Risks

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

Macro-economic, Political Instability and Business Continuity Risk

The Group runs diversified businesses and is exposed to changing economic, social and political developments that may impact consumer demand, disrupt operations and impact profitability. Adverse macro-economic conditions, social unrest or virus spread may impact the spending habits of consumers, investment returns and impact our overall financial performance and operations. A business continuity failure could make it difficult to carry out our normal day-to-day activities.

Our diversified strategy helps to mitigate reliance on particular investments and businesses. The Group has developed and continues to develop and refine business contingency plans and arrangements. Group IT systems are subject to specific disaster recovery arrangements. We can also now support remote work from our head office operations if employees cannot travel to our offices.

TREASURY MANAGEMENT/POLICIES

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

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

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

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2020, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK$150,607,000 (31 December 2019: HK$124,828,000). At 31 December 2020, total borrowings and lease liabilities amounted to HK$6,617,000 (31 December 2019: HK$5,236,000) and HK$28,012,000 (31 December 2019: HK$47,388,000) respectively with HK$25,056,000 (31 December 2019: HK$24,612,000) repayment falling due within one year. As mentioned in previous annual reports and described in more detail above, the Group has invested a substantial proportion of the cash and non-pledged deposit holdings in external unitized equity and debt-related investment funds during the second half of 2018 which continues in 2020 and this year. The Group will retain more than enough cash deposits for its daily activities in the treasury portfolio, and has chosen a high proportion of the marketable funds to ensure that there is more than adequate liquidity available to deal with any likely eventuality as though the funds had been retained as cash. The Group's gearing ratio (a comparison of total borrowings and lease liabilities with equity attributable to equity holders of the Company) was 3.0% at the year-end date (31 December 2019: 5.4%). The Group is still in a sound financial position with its current ratio (current assets over current liabilities) at 31 December 2020 standing at 16.3 times (31 December 2019: 16.3 times). Despite the fact that our businesses suffered to varying degrees in 2020 and the development of COVID-19 still remains uncertain, the management of the Group is closely monitoring the developing situation and believes that while the near term remains challenging, our strong liquidity position will provide support for the long-term prospects of our businesses.

At 31 December 2020, the Group's bank balance and borrowings were primarily denominated in United States dollars, Hong Kong dollars, Renminbi and Euro and exchange differences were reflected in the audited consolidated financial statements. All borrowings of the Group are on a floating rate basis.

PLEDGE OF ASSETS

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

With respect to the Retail Fashion Business, SWANK complies with the requirements under the Sales of Goods Ordinance, the Trade Descriptions Ordinance and the Competition Ordinance in respect of the sale of merchandise in Hong Kong.

Our Resort and Recreational Club Operation, Hilltop operates strictly in compliance with the Clubs (Safety of Premises) Ordinance and related laws and regulations to obtain a certificate of Compliance from the Licensing Authority of the Home Affairs Department to operate the Club. Hilltop also strictly complies with the requirements and directions under the Prevention and Control of Disease Ordinance and reminds its members to comply with the various anti-epidemic regulations and restrictions, including the requirements on group gatherings, social distancing, sanitation and the wearing of masks.

The Group is committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance with a view to protecting the privacy of the SWANK's customers including its VIP customers, and of Hilltop's members.

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

On the corporate level, the Group complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Securities and Futures Ordinance for, among other things, the disclosure of information and proper and effective corporate governance.

To ensure that the Group complies with the relevant laws and regulations, the management constantly reviews its practices to keep up to date with the latest developments in regard to all relevant laws and regulations. Training on important topics such as the anticorruption procedures and practices are provided periodically. Appropriate policies and procedures have been put in place to ensure compliance with the relevant laws and regulations. These policies and procedures are reviewed from time to time and updated where necessary and are made available to the employees on the Company's internal public folders.

The management and division/department heads attend external seminars and workshops on a regular basis to keep informed of the latest developments in regard to all relevant laws and regulations.

During the year ended 31 December 2020, the Group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Group.

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

The Group's Rezoning Approval was included by the Government's Planning Department in its Tsuen Wan Outline Zoning Plan ("OZP") amendment proposal No. S/TW/33 which was gazetted on 26 February 2021 following Town Planning Board approval. The draft Tsuen Wan OZP No. S/TW/34, incorporating the amendments to Tsuen Wan OZP No. S/TW/33 is exhibited under Section 5 of the Town Planning Ordinance (Chapter 131 Laws of Hong Kong) for public inspection and representation for a period of two months from 26 February 2021 to 26 April 2021.

Save as the matter above, there have been no important events significantly affecting the finances and future prospects of the Group that have occurred since the end of the financial year.

CONTINGENT LIABILITES

The Group's contingent liabilities as at 31 December 2020 are set out in note 35 to the consolidated financial statements.

A Consent Settlement was entered between the Group and the Hong Kong Building Authority ("BA") as a result of which the Group's investigatory, and potential remedial and maintenance responsibilities is limited to a small part of the slope features adjacent to works near the northernmost portion of the road undertaken by the Group in the early 1980s. Pursuant to the new Dangerous Hillside Order issued on 13 June 2019, the BA approved the Group's proposal for remediation work and the Group commenced it in October 2020. As at 31 December 2020, the remediation work is in progress and expected to be finished within the second quarter of this year.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 126 staff, including Executive Director compared with 144 as at 31 December 2019. Total employee costs (including Directors' emoluments) were approximately HK$48,366,000 for the year ended 31 December 2020 (2019: HK$52,033,000). Employees' remuneration is determined with reference to individual duties, responsibilities and performance. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, sales commissions, discretionary performance bonuses and internal/external training support. The Group has a comprehensive Code of Conduct to be adhered to by all Group employees (including Executive Director).

FUTURE OUTLOOK AND STRATEGIES

SWANK Hong Kong

The global direction for traditional retailers is a decline in physical retail store networks such that diversification to e-commerce channels becomes a key growth area. To adjust retailer's footprints to the new map of luxury buying, maximizing customer experience is key element of success. SWANK's strategy is at the forefront of this global trend from our existing store network with our key focus on enhancing customer experience at our new multi-brand flagship store, while expanding our e-commerce business by partnering with a renowned world class e-commerce platform and the planned launch of our own online sales platform at SWANK.com in 2021. We will focus on brand building to re-introduce SWANK to the on-line market, enhance digital marketing and be active on social media to reach out to a wide spectrum of shoppers both in Hong Kong and elsewhere. E-commerce is forecast to be one of our key sales channel going forward to contribute to SWANK's growth. A key feature of e-commerce is that many of the costs that in a traditional retail environment would be fixed costs (such as shop leases) are replaced by variable costs in an e-commerce environment.

The global luxury market outlook forecasts business returning to the first half of 2019 levels by the end of 2022 to early 2023. Luxury brands are targeting so-called Generations Y & Z currently being represented by less than 60% of sales mix but expected to reach 65% to 70% by 2025. However, SWANK's strategy is clear, we treasure the long relationship with our regular clients, maintaining expertise and high quality of service with a personal touch, and offering world class quality luxury products. The buying strategy for SWANK multi label for 2021 will be focusing on the top quality European ready to wear brands like Brunello Cucinelli, Kiton, Brioni, Agnona, Ermanno Scervino, Colombo and Herno, with the presentation of fashion brands like Andrew Gn, Antonio Marras, Erdem, Victor & Rolf, Markus Lupfer, Pierre Louis Mascia and Paul Smith to create excitement for our clients. We will extend our accessories assortment from our core brands as well as to explore new partnerships such as with Rupert Sanderson (shoes) and Tom Dixon (home décor). 'An Eye for Beauty, A Passion for Perfection' is our motto; we will maintain our passion to bring exciting brands to the market, also looking into partnership opportunities for mono brand stores with the right location and right moment.

Hilltop

The impact of COVID-19 and the corresponding measures imposed by the Government severely adversely impacted banquet (including weddings) and meeting revenue for Hilltop, however a positive outlook into the second half of 2021 is expected from a reasonable pipeline of bookings for functions, weddings, conferences and other events. Although the varying restrictions impacting our restaurants, and our sports and entertainment facilities have had a severe impact on our revenues, the Club's management team noted the gradual increase in demand as members appreciate the level of quality service and of hygiene that we have implemented.

CHIEF EXECUTIVE OFFICER'S STATEMENT

As referred to elsewhere in this CEO Statement, and announced publicly, following decisions in September 2020 by the Town Planning Board, the Rezoning Approval for this land has been included in an amendment to the Outline Zoning Plan ("OZP") for the Tsuen Wan District proposed by the Planning Department of the HKSAR Government and approved for gazettal by the Town Planning Board in February 2021. Such gazettal took place on 26th February and the proposed amended OZP is exhibited for public comment until 26th April 2021 following which there is a period for proponents to reply to any comments, and further decisions by authorities, notwithstanding that our proposal has already been through multiple rounds of public comments, as well as those by Government departments which resulted in significant amendments and the approval under s12A by the Town Planning Board in September 2020. However, there remain further steps required by the Group and approval in due course by the Chief Executive in Council in respect of such plan, as well as many steps required by the Lands Department before the Group will be able to develop this site as a residential site, the Club will continue to recruit on a year-by-year membership basis in the growing Tsuen Wan and surrounding residential areas.

Investments

Over the last 12 months, the outbreak of the coronavirus pandemic has led to a volatile and difficult year for investment in marketable securities in 2020. Since February 2021, the United States and the United Kingdom have seen large declines in COVID-19 new cases and an even larger decline in hospitalization and deaths. With further advancements in COVID-19 testing and increasing uptake of COVID-19 vaccinations in most developed countries, this should diminish the need for social distancing and help the resumption of all forms of business together with cross-border travel. This, together with ongoing fiscal stimulus and accommodative monetary policies introduced by various Governments and central banks, will gradually improve global business confidence going forward.

As of the time of writing, the market was convinced that a return to pre-pandemic lives would lead to a strong economic recovery and drive up equity prices in the United States. The US Federal Reserve's Chairman also said economic reopening could cause inflation to pick up temporarily. Thus, despite the rising optimism, existing challenges and uncertainties, including the volatile Sino-US relations and inflation risk, may lead to corrections and further volatility in the market.

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

In summary, our 2021 focus will be on recovery in our retail business as COVID-19 recedes, continued operation at economically optimal levels of our resort club, prudent allocation of our investment portfolio, and a rigorous pursuit of our rezoning application, with its required new land grants and other associated Government requirement.

David Charles PARKER
Executive Director and Chief Executive Officer

Hong Kong, 26 March 2021

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTOR

Mr. David Charles PARKER, aged 67, has been an Executive Director and the Chief Executive Officer of the Company since January 2017. Mr. Parker is the chairman of the Investment Committee, a member of the Corporate Governance Committee and the Remuneration Committee of the Company, and a director of all principal subsidiaries of the Company. Mr. Parker was educated at the University of Western Australia and has extensive senior managerial experience in both listed and unlisted companies in Hong Kong in industries including financial services, property development, hotels ownership and operation, and oil transportation, logistics and storage. Before joining the Group, Mr. Parker had been the chief executive officer or the chief operating officer of companies listed on The Stock Exchange of Hong Kong Limited and over the previous close to eight years, held various positions in Chinachem Group, including chief operating officer, director of corporate governance and executive director with responsibilities at various times including investments, legal, corporate secretarial, insurance, internal control, information technology, hotel operations, cinema operations and corporate social responsibility activities, and had represented it for various external investments and bodies. During his time as Chief Operating Officer of the listed financial services holding company Sun Hung Kai & Co. Ltd, Mr. Parker was appointed by the Securities and Futures Commission of Hong Kong (SFC) to its Working Group on the restructuring of the Financial Services Industry, which led to the reform of the margin financing and capital adequacy laws relating to the brokerage industry in Hong Kong.

NON-EXECUTIVE DIRECTORS

Mr. Derek Wai Choi LEUNG, aged 70, was appointed as an Executive Director of the Company in December 2000, and was re-designated as a Non-executive Director of the Company and has been the Non-executive Chairman of the Board of the Company since January 2017. Mr. Leung is the chairman of the Corporate Governance Committee of the Company, a member of the Audit Committee, the Investment Committee and the Nomination Committee of the Company, and a director of a subsidiary of the Company. Mr. Leung was the Acting Chief Executive Officer of the Company from March 2016 to January 2017. Mr. Leung is currently a senior advisor of Chinachem Group. He had been in the banking industry for 16 years and was in charge of the treasury and capital markets division of a wholly owned banking subsidiary of one of the largest banks in the world for about ten years. Mr. Leung is a member of The Institute of Chartered Accountants of Scotland. Mr. Leung holds a BSc (Engineering) degree. Mr. Leung is a director of Chime Corporation Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Hing Lun Dennis AU, aged 61, has been a Non-executive Director of the Company since August 2020. Mr. Au is the Managing Director of Real Estate at Chinachem Group, a well-established leading property group in Hong Kong. He is a director of a number of companies which are controlled by Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai, as joint and several administrators of the Estate of Kung, Nina, all of whom are substantial shareholders of the Company collectively holding approximately 44.28% of the issued shares of the Company. Mr. Au was previously with Computime Group Limited ("Computime"), a consumer electronics company in Hong Kong (whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited, stock code: 320) holding various roles at different times including as a board member, an executive director, the deputy chief executive officer and a member of the executive committee. Mr. Au was an executive director of Computime during the period from May 2014 to February 2018 and was a non-executive director of Computime during the period from February 2018 to January 2020. Mr. Au joined Chinachem Group in December 2019 prior to which he was the managing director of two private property businesses.

In 1994, Mr. Au joined Wing Tai Properties Limited ("Wing Tai" and, together with its subsidiaries, collectively "Wing Tai Group") (formerly known as USI Holdings Limited) serving as the chief financial officer, and he also served as the company secretary of Wing Tai from 1996 to 2006. Wing Tai is listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 369). He joined the board of Wing Tai as an executive director in February 2004 and was appointed the managing director of Wing Tai Group's property division in 2006. Mr. Au resigned as an executive director of Wing Tai and the managing director of Wing Tai Group's property division with effect from 6 May 2014. He was also an executive director of Wing Tai Group's subsidiary, Winsor Properties Holdings Limited (now known as Vanke Overseas Investment Holding Company Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited, stock code: 1036) from October 2007 to September 2012.

Mr. Au is a fellow member of the Association of Chartered Certified Accountants. He holds a Master of Business Administration degree from the University of Hong Kong and a Bachelor of Science degree from Dalhousie University, Halifax, Nova Scotia, Canada.

Mr. Au is a member of the executive committee of each of Chime Corporation Limited, Diamond Leaf Limited, Parasia Limited and Solution Bridge Limited, which are all substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kin Wing CHEUNG, aged 66, has been an Independent Non-executive Director of the Company since June 2016. Mr. Cheung is the chairman of the Audit Committee and the Nomination Committee of the Company, and a member of the Investment Committee of the Company. Mr. Cheung holds a Bachelor of Commerce from the University of Calgary, Canada. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Institute of Chartered Accountants in England and Wales.

Mr. Cheung has around 30 years of experience in information technology, financial accounting, auditing and management. Since February 1999, Mr. Cheung has been a director and lead consultant of Sunplex Consultants Limited, a company providing human resources management and information technology consultancy services to its clients (including government organisations and private companies).

Mr. Cheung had held several positions, including assistant manager, manager and senior manager in Coopers & Lybrand (now known as PricewaterhouseCoopers) between September 1980 and March 1995 and was a partner of Coopers & Lybrand (now known as PricewaterhouseCoopers) from March 1995 until his resignation in May 1999. Mr. Cheung was a director of the finance and operation department of the Hong Kong Institute of Certified Public Accountants between July 2004 and April 2008 and a consultant of the Hong Kong Institute of Certified Public Accountants between April 2008 and August 2008.

Mr. Cheung is currently an independent non-executive director of BaWang International (Group) Holding Limited (whose shares are listed on The Stock Exchange of Hong Kong Limited, stock code: 1338), Kin Pang Holdings Limited (whose shares are listed on The Stock Exchange of Hong Kong Limited, stock code: 1722) and Trio Industrial Electronics Group Limited (whose shares are listed on The Stock Exchange of Hong Kong Limited, stock code: 1710). Mr. Cheung is also a director of Self Strengthening Service Centre Limited, which is an NGO engaged in charitable activities to help the underprivileged.

Mr. Cheung was an independent director of AXA China Region Trustees Limited, a provider of investment and retirement solutions, from August 1999 to August 2015, and an independent non-executive director of Bank of Communications Trustee Limited, a trust company, from November 2003 to January 2018.

Mr. Kiu Sang Baldwin LEE, aged 64, has been an Independent Non-executive Director of the Company since June 2016. Mr. Lee is the chairman of the Remuneration Committee of the Company, and a member of the Audit Committee, the Corporate Governance Committee and the Nomination Committee of the Company. Mr. Lee holds a degree of Master of Business Administration from Concordia University in Montreal, Canada and a degree of Bachelor of Commerce from McGill University in Montreal, Canada. Mr. Lee is a fellow member of the Institute of Canadian Bankers and a senior fellow member of the Hong Kong Securities and Investment Institute.

Mr. Lee has been the managing director of Centurion Corporate Finance Limited since 1994. Mr. Lee is also a responsible officer for the dealing in securities, advising on securities, advising on corporate finance and asset management of Centurion Corporate Finance Limited, a licensed corporation under the Securities and Futures Ordinance of Hong Kong. Prior to his present posting, Mr. Lee was a director at Sun Hung Kai International Limited, the corporate finance arm of Sun Hung Kai & Co. Limited where he was involved in the supervision and management of the corporate finance team of Sun Hung Kai International Limited. Prior to returning to Hong Kong in 1991, Mr. Lee worked as a banker and a corporate finance professional in Toronto, Canada. Mr. Lee has experience in banking, asset management, securities trading and corporate finance.

Mr. Ted Tak Tai LEE, aged 70, has been an Independent Non-executive Director of the Company since August 2017. Mr. Lee is a member of the Audit Committee, the Investment Committee and the Remuneration Committee of the Company. Mr. Lee is a US certified public accountant (inactive) and a member of the American Institute of Certified Public Accountants. He was a senior partner of Deloitte Touche Tohmatsu Limited, where he worked for 31 years in both Asia and the United States. He holds a MBA in finance and accounting from the University of Southern California and a Bachelor of Science in accounting from California State University, Fresno. He is the chairman of the USC Alumni Club of Shanghai.

Mr. Lee is currently the managing director of T Plus Capital Limited which engages in the provision of strategic, financial and business development advisory services in China. He has a long history of providing advice on cross border investments, mergers and acquisitions, and has extensive experience in providing audit and accounting services to international and multinational companies in China and the United States. Mr. Lee is currently also an independent non-executive director of East West Bank (China) Limited (a wholly-owned China subsidiary of East West Bancorp, Inc. listed on NASDAQ). From September 2007 to April 2009, he was an executive director of Prax Capital, a private equity firm specializing in China-focused investments.

Mr. Lee was an independent non-executive director of Daphne International Holdings Limited (whose shares are listed on The Stock Exchange of Hong Kong Limited, stock code: 210) from September 2011 to June 2019 and an independent non-executive director of COFCO Joycome Foods Limited (whose shares are listed on The Stock Exchange of Hong Kong Limited, stock code: 1610) from December 2017 to December 2020.

BIOGRAPHIES OF DIRECTORS

Ms. Sarah Young O'DONNELL (former name Ms. Sarah Elizabeth YOUNG), aged 57, was appointed as a Non-executive Director of the Company in August 2017 and has been re-designated as an Independent Non-executive Director of the Company since March 2018. Ms. O'Donnell is a member of the Corporate Governance Committee, the Nomination Committee and the Remuneration Committee of the Company. Since 2014 Ms. O'Donnell has served in an advisory capacity for USA, Mid-East and Asia-based brands, retail and e-commerce concepts encompassing the categories of fashion, fashion accessories, fine jewellery and beauty. Ms. O'Donnell has extensive experience in the retail business across finance, business development and revamping, productivity management, brand management, store management and operations, and human resources development and management. Ms. O'Donnell was the chief executive officer of Hong Kong Seibu Enterprise Company Limited, a subsidiary of Hong Kong-listed Dickson Concepts International Limited from 2008 to 2014, where she ran Hong Kong Seibu department stores, and she also created and operated the cosmetics mega-stores, BEAUTY AVENUE. Prior to assuming the role of chief executive officer, Ms. O'Donnell served as the chief operating officer of Hong Kong Seibu Enterprise Company Limited and, prior to that, in regional roles with the Dickson Group as well as the Lane Crawford Group. Ms. O'Donnell started her career in the Bloomingdale's Management Training Program and then moved into store management and merchandising roles there. Ms. O'Donnell was awarded a Bachelor of Arts degree from Wellesley College and an Associate in Applied Science degree from Parsons School of Design, and was a Teaching Fellow at Harvard University. She serves on the Board of Directors as secretary of the National Eczema Association based in San Francisco and is a member of the Wellesley Business Leadership Council.

Notes:

1. Directors' emoluments are determined with reference to their duties and responsibilities, and the Group's operating results. The details of the emoluments of the Directors on a named basis are disclosed in note 15 to the consolidated financial statements.

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

3. All Non-executive Directors and Independent Non-executive Directors (except for those who were appointed after the annual general meeting of the Company held on 10 June 2020 (the "2020 AGM") and will retire in the forthcoming annual general meeting in accordance with the Company's Articles of Association) are appointed for a specific term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and are subject to retirement by rotation in accordance with the Company's Articles of Association.

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

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr. Hon Sum Ricky WONG, aged 41, joined the Group in September 2020. Mr. Wong is the Chief Financial Officer of the Company. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of Chartered Accountants Australia and New Zealand. Mr. Wong has over 8 years of extensive senior financial management experience in both listed and unlisted companies in Hong Kong. Prior to joining the Company, Mr. Wong had held the chief financial officer and other senior management roles in finance, as well as 12 years of experience in international accounting firms in Hong Kong and Sydney, Australia. Mr. Wong holds a Master of Commerce Degree in Finance from The University of New South Wales and a Bachelor of Commerce Degree in Accounting and Finance from The University of Sydney.

Ms. Kwok Yee LAI, aged 43, joined the Group in November 2020. Ms. Lai is the Merchandising & Commercial Director of The Swank Shop Limited, a fashion retail subsidiary of the Company. Ms Lai has worked in international luxury fashion retail for over 2 decades, with a solid background of buying and merchandising, retail operation management, CRM, training and visual merchandising for direct operation stores, joint venture stores as well as online business. Prior to joining Swank, Ms. Lai was the Regional Merchandising & Commercial Director, Women's of Fendi Asia managing the buy and the retail merchandising activities for over 40 direct operation stores across Hong Kong, Macau, Taiwan, Singapore, Malaysia, Thailand, Philippines, Australia and Korea for ladies' and children's categories. Ms. Lai had previously worked in Versace Asia Pacific for seven years and acted as the Regional Merchandising and Retail Director from June 2013 to April 2019 handling the P&L for over 110 shops across Greater China, Singapore, Malaysia, Thailand, Australia and Korea and overseeing the regional functions including retail operations, CRM, training and the visual merchandising team. Ms. Lai had started her career with Gucci Group Asia Pacific after her graduation and finished as the merchandising manager for Hong Kong and Macau on general merchandising for all categories. Ms. Lai holds a Master of Arts in Global Fashion Management from The Hong Kong Polytechnic University and a Bachelor of Business Administration (Business Economics) from the City University of Hong Kong.

Ms. Pui Man CHENG, aged 48, joined the Group in September 1999. Ms. Cheng is the Company Secretary of the Company. Prior to her current role, Ms. Cheng was a financial controller of the Company until June 2001. Before joining the Group, Ms. Cheng worked in the audit and assurance department of an international accounting firm. Ms. Cheng is a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Ms. Cheng holds a Bachelor of Business Administration.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance standards and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value and safeguard the interests of shareholders and other stakeholders. The Company has adopted a Corporate Governance Practice Manual which gives guidance on how corporate governance principles are applied to the Company.

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2020.

BOARD OF DIRECTORS

Board Composition

The Board of the Company currently comprises seven Directors, namely, Mr. David Charles PARKER (Chief Executive Officer) as an Executive Director; Mr. Derek Wai Choi LEUNG (Non-executive Chairman) and Mr. Hing Lun Dennis AU as Non-executive Directors; and Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O'DONNELL as Independent Non-executive Directors, whose biographies are set out on pages 35 to 38 of this annual report and also available on the Company's website. An updated list of the Directors and their roles and functions is available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

The changes to the composition of the Board and Board committees during the year ended 31 December 2020 and up to the date of this report were as follows:

27 March 2020	Mr. Derek Wai Choi LEUNG, a Non-executive Director and the Non-executive Chairman, has been appointed as a member of the Investment Committee.
27 March 2020	Mr. Kin Wing CHEUNG, an Independent Non-executive Director, has been appointed as a member of the Investment Committee and has resigned as a member of the Remuneration Committee.
27 March 2020	Mr. Kiu Sang Baldwin LEE, an Independent Non-executive Director, has been appointed as a member of the Corporate Governance Committee and has resigned as a member of the Investment Committee.
27 March 2020	Ms. Sarah Young O'DONNELL, an Independent Non-executive Director, has been appointed as a member of the Nomination Committee and the Remuneration Committee, and has resigned as a member of the Audit Committee.
27 March 2020	Mr. Kin Wing CHEUNG, an Independent Non-executive Director, has been appointed as the chairman of the Nomination Committee in place of Mr. Derek Wai Choi LEUNG.
29 August 2020	Mr. Hing Lun Dennis AU has been appointed as a Non-executive Director.

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

As at the date of this report, all Independent Non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules (the "Independence Guidelines"). The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence and still considers them to be independent.

Ms. Sarah Young O'DONNELL was appointed as a Non-executive Director of the Company on 29 August 2017 and has been subsequently re-designated as an Independent Non-executive Director of the Company since 27 March 2018. After taking into consideration the following reasons, Ms. Sarah Young O'DONNELL has been considered to be independent and able to carry out her duties as an Independent Non-executive Director of the Company:

(i) Other than Rule 3.13(7) of the Listing Rules (see below), Ms. Sarah Young O'DONNELL is able to confirm her independence to the Stock Exchange in respect of each of the other factors set out in Rule 3.13 of the Listing Rules;

(ii) Since 26 January 2017, Ms. Sarah Young O'DONNELL has no longer provided any further consultancy service to the Group after her one-off assignment to review the Group's fashion retail operation;

(iii) Ms. Sarah Young O'DONNELL has not held any executive position nor had any management function in the Group;

(iv) Ms. Sarah Young O'DONNELL is not financially dependent on the Company, nor any holding company or their respective subsidiaries or core connected persons of the Company;

(v) Ms. Sarah Young O'DONNELL has no financial, business, familial or other relationships with any director, the chief executive or substantial shareholder of the Company;

(vi) In view of her strong retail background, Ms. Sarah Young O'DONNELL could bring a broad range of operational and management experience, oversight and skills and provides a more balanced mix to the existing composition of the Company's Independent Non-executive Directors, which in turn should strengthen and supplement their significant independent, constructive and informed contributions to the Company and further enhance the effective strategic management and development of the Group; and

(vii) Her re-designation can further enhance the independent element of the Board, which results in additional independent judgment and oversight over the Company's business and operations. This greater level of independence is consistent and in compliance with the corporate governance principle in respect of board composition as set out in Code Provision A3 of the CG Code.

During the period from 1 January 2020 to 26 March 2020, Ms. Sarah Young O'DONNELL did not meet the single factor of Independence set out in Rule 3.13(7) of the Listing Rules given that she was a Non-executive Director of the Company during two years immediately prior to the date of her re-designation. As at the date of this report, Ms. Sarah Young O'DONNELL meets the Independence Guidelines.

Independent Non-executive Directors are identified in all corporate communications containing the names of the Directors.

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

Role of the Board

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

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

Non-executive Chairman and Chief Executive Officer

The Non-executive Chairman and the Chief Executive Officer positions are currently held by Mr. Derek Wai Choi LEUNG, a Non-executive Director and Mr. David Charles PARKER, an Executive Director respectively.

The Non-executive Chairman is responsible for leadership of the Board, finalising and approving Board agendas and taking into account any matters proposed by other Directors for inclusion in the agendas, facilitating effective contributions from and dialogue with all Directors and constructive relations between them, ensuring that all Directors are properly briefed on issues arising at Board meetings and that they receive accurate, timely and clear information, and ensuring that good corporate governance practices and procedures are established. The Chief Executive Officer is responsible for implementing the policies and strategies set by the Board and the day-to-day operation and management of the Group's business. Division of responsibilities between the Non-executive Chairman and the Chief Executive Officer is clearly defined in the Company's Corporate Governance Practice Manual.

Appointments, Re-election and Removal of Directors

All Directors have formal letters of appointment setting out the key terms of their appointment.

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

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

Mr. Hing Lun Dennis AU was appointed as a Non-executive Director after the 2020 AGM and will retire in the forthcoming annual general meeting in accordance with the Company's Articles of Association.

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board has adopted its Board Diversity Policy setting out the approach to achieve diversity on the Board.

In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nomination Committee monitors the implementation of the Board Diversity Policy. The Nomination Committee considers that the Board has in place a diverse mix of skills, knowledge and experience, as well as gender diversity with a female member on the Board. During the year, the Nomination Committee reviewed and concluded that it was unnecessary to set any measurable objectives for implementing the Board Diversity Policy. All Board appointments will continue to be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee reviews the Board Diversity Policy from time to time to ensure its continued effectiveness.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry of all Directors, all Directors complied with the required standards set out in the Model Code during the year ended 31 December 2020.

Directors' Induction and Continuing Professional Development

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

董事 HKIoD 持續進修 2020 Director CPD

During the year ended 31 December 2020, the Company arranged for the Directors an in-house training session on the development of regulatory updates and issues, conducted by The Hong Kong Institute of Directors.

The Company Secretary from time to time provides Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements.

The Directors provide the Company with their training records annually and such records are maintained by the Company Secretary. The training records of Directors are reflected on page 49.

Board Meetings

The full Board held four regular meetings and four non-regular meetings during the year ended 31 December 2020.

A schedule for regular Board meetings for each year is provided to Directors at the end of the preceding year and any amendments to the schedule are notified to Directors at least 14 days before the meetings. All Directors are invited to include any matters in the agenda. Meeting agenda and accompanying Board papers are circulated to all Directors at least three days in advance of every regular Board meeting.

The Directors can attend Board meetings in person, by phone or through other means of electronic communication in accordance with the Company's Articles of Association.

The minutes of Board meetings record the matters discussed and decisions resolved at Board meetings. The minutes would be sent to all Directors within reasonable time after each meeting and generally be made available for inspection by Directors.

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

The Company has arranged appropriate liability insurance for the Directors of the Group in respect of legal action against them.

DELEGATION BY THE BOARD

Management

The Board delegates the management and day-to-day running of the Group to the Chief Executive Officer in accordance with such policies and directions as the Board may from time to time determine, with the exception of the matters stated in the Statement of Matters Reserved for the Board set out in the Company's Corporate Governance Practice Manual which require the approval of the Board.

Management, under the leadership of the Chief Executive Officer, is responsible for the day-to-day management of the Group's businesses and the implementation of the strategies and policies as determined by the Board.

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

Board Committees

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

The membership of each Board Committee is shown below:

Name of Directors	Audit Committee	Corporate Governance Committee	Investment Committee	Nomination Committee	Remuneration Committee
Executive Director					
Mr. David Charles PARKER		Member	Chairman		Member
Non-executive Directors					
Mr. Derek Wai Choi LEUNG	Member	Chairman	Member	Member	
Mr. Hing Lun Dennis AU					
Independent Non-executive Directors					
Mr. Kin Wing CHEUNG	Chairman		Member	Chairman	
Mr. Kiu Sang Baldwin LEE	Member	Member		Member	Chairman
Mr. Ted Tak Tai LEE	Member		Member		Member
Ms. Sarah Young O'DONNELL		Member		Member	Member

Audit Committee

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

During the year ended 31 December 2020, the Audit Committee held three meetings and its major tasks performed were:

- Reviewed and endorsed the 2019 Annual Report and the annual results announcement, and the 2020 Interim Report and the interim results announcement;
- Reviewed the approach and methodology applied with respect to the key audit matters included in the year end auditor's report;
- Reviewed the continuing connected transaction of the Group for the year ended 31 December 2019;
- Reviewed and approved the external auditors' audit services and fees for 2020;
- Recommended the re-appointment of RSM Hong Kong as the external auditor of the Company at the 2020 AGM;

- Reviewed the adequacy and effectiveness of the risk management and internal control systems;
- Reviewed the Group's internal control handbook;
- Reviewed the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions;
- Reviewed the adequacy of the resources of the Group's environmental, social and governance performance and reporting;
- Reviewed the Group's Risk Register and discussed the enhancement procedures;
- Reviewed and monitored the external auditor's independence and engagement to supply non-audit services;
- Reviewed the effectiveness of the Group's internal audit functions;
- Reviewed and approved the internal audit plans for 2020 and 2021;
- Reviewed periodic reports from the Internal Audit Department and progress in resolving any matters identified in them;
- Monitored the operation of the whistleblowing policy, and reviewed reported whistleblowing cases and investigations; and
- Reviewed and monitored the process of property valuation.

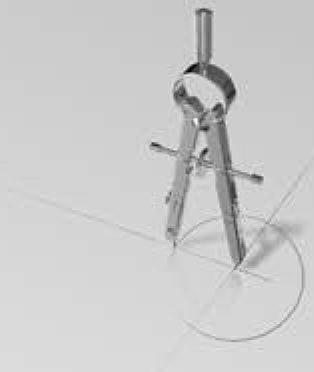
None of the members of the Audit Committee is a former or existing partner of the Company's existing auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

Corporate Governance Committee

The Corporate Governance Committee is responsible for formulating, reviewing and making recommendations on the Company's policies and practices of corporate governance.

During the year ended 31 December 2020, the Corporate Governance Committee held one meeting and its major tasks performed were:

- Reviewed the Company's Corporate Governance Practice Manual;
- Reviewed the Company's compliance with the CG Code;
- Reviewed and endorsed the 2019 Corporate Governance Report; and
- Reviewed the continuous professional development of Directors.



Investment Committee

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

During the year ended 31 December 2020, the Investment Committee held five meetings and its major tasks performed were:

- Reviewed and formulated the investment strategies, policies and guidelines;
- Reviewed the investment portfolio and its performance; and
- Reviewed potential investment projects.

Nomination Committee

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

The Nomination Committee, in its process of recommending Board appointments, is guided by the Nomination Policy, which sets out selection and nomination process as well as criteria for selection of directors. Under the Nomination Policy, the Nomination Committee will evaluate potential candidates by considering various factors, including cultural and educational background, ethnicity, professional experience and skills, potential contribution to Board diversity. The Nomination Committee will also consider the independence of a candidate with reference to the Independence Guidelines in the case of the appointment of an Independent Non-executive Director.

During the year ended 31 December 2020, the Nomination Committee held two meetings and its major tasks performed were:

- Reviewed the structure, size and composition of the Board;
- Reviewed the Board Diversity Policy and the value of having measurable objectives for implementing the Board Diversity Policy;
- Assessed and reviewed the independence of Independent Non-executive Directors;
- Recommended the re-election of retiring Directors at the 2020 AGM; and
- Recommended to the Board on appointment of Non-executive Director.

Remuneration Committee

The Remuneration Committee is responsible for (i) formulating remuneration policies; (ii) determining remuneration packages of individual Executive Directors and senior management; (iii) making recommendations to the Board on the Directors fee structure; and (iv) reviewing and approving compensation-related issues.

During the year ended 31 December 2020, the Remuneration Committee held one meeting and its major tasks performed were:

- Reviewed and noted the labour-related issues due to the Covid-19 pandemic;
- Reviewed the remuneration package of the Executive Director and CEO and senior management;
- Reviewed the Group's 2020 annual salary increase proposals;
- Reviewed the discretionary bonus proposals and approved the payment of certain bonuses and the bonus pool;
- Reviewed and endorsed management's proposal for the fee structure for Directors to remain unchanged in 2020; and
- Reviewed and endorsed the Director Discount policy.

During the year ended 31 December 2020, there were no new appointments of executive director, hence no service contract for new director requiring approval by the Remuneration Committee. The level of fees payable to the new Non-executive Director is in line with that payable to other Non-executive Directors of the Company.

2020 BOARD AND COMMITTEE ATTENDANCE AND TRAINING RECORDS

The attendance of Directors at the Annual General Meeting, Board meetings, and Board Committee meetings and training records for the year ended 31 December 2020 are as follows:

	Meetings attended/eligible to attend in 2020(1)							
	Board	Audit Committee	Corporate Governance Committee	Investment Committee	Nomination Committee	Remuneration Committee	Annual General Meeting	Type of Training
No of meetings held in 2020	8	3	1	5	2	1	1	
Executive Director								
Mr. David Charles PARKER	8/8		1/1	5/5		1/1	1/1	A, B
Non-executive Directors								
Mr. Derek Wai Choi LEUNG	8/8	3/3	1/1	4/4	2/2		1/1	A, B
Mr. Hing Lun Dennis AU	2/2							A, B
Independent Non-executive Directors								
Mr. Kin Wing CHEUNG	8/8	3/3		4/4	2/2	1/1	1/1	A, B
Mr. Kiu Sang Baldwin LEE	8/8	3/3		1/1	2/2	1/1	1/1	A, B
Mr. Ted Tak Tai LEE	8/8	3/3		5/5		1/1	1/1	A, B
Ms. Sarah Young O'DONNELL	8/8	1/1	1/1		1/1		1/1	A, B

Notes:

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

(A) Perusing legal and regulatory updates

(B) Attending seminars/conference relating to the business or Directors' duties

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

The statement of the auditor of the Company about its responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 74 to 78.

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

Risk Management and Internal Control

Responsibility

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

Risk Management Framework

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

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

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

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

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

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

Internal Control System

The Group's internal control system aims at safeguarding assets from inappropriate use, maintaining proper accounts and ensuring compliance with regulations. The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. Policies and procedures are laid down for its key business processes and business units covering business operations, financial reporting, human resources and computer information systems. The Code of Conduct is maintained and communicated to all employees for compliance. Annual Declaration of the Code of Conduct is arranged for all employees. In addition, a whistleblowing policy is in place for employees to raise concerns in confidence about suspected misconducts, malpractices or fraudulent activities relating to the Group.

COSO Internal Controls

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

(i) Control Environment

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

(ii) Risk Assessment

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

(iii) Control Activities

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

(iv) Information and Communication

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

(v) Monitoring

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

Internal Audit Department

The Group's Internal Audit Department ("IA Department") is an independent and objective function that reports directly to the Audit Committee, it has unrestricted access to all books and records, physical properties and personnel as stipulated in the Internal Audit Charter. The Head of Internal Audit maintains regular communication with and has direct access to the Chairman of the Audit Committee for discussion on internal audit matters as and when required.

IA Department adopts a risk-based approach in formulating the audit plan, which is reviewed and approved by the Audit Committee on an annual basis. Audit assignments covering the entire business cycle of the Group are designed and prioritised based on the results of the risk assessment.

During the year ended 31 December 2020, IA Department executed the internal audit assignments according to the approved annual internal audit plan. These assignments included but not limited to:

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

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

(iii) Conducting special reviews and investigations of areas of concern identified by the Board and the management; and

(iv) Overseeing the whistle-blowing mechanism and conducting special investigations as and when appropriate.

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

Review of Risk Management and Internal Controls Effectiveness

During the year ended 31 December 2020, on behalf of the Board, the Audit Committee conducted an annual review of the effectiveness of risk management and internal control systems. The annual review covered all material controls, including financial, operational, environmental, social and compliance controls and considered:

(i) areas of risks identified by management;

(ii) effectiveness of risk management and internal control systems;

(iii) adequacy of the resources, qualification and experience of staff of the Group's accounting, internal audit and financial reporting function, and their training and budget;

(iv) adequacy of the resources of the Group's environmental, social and governance performance and reporting; and

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

The Audit Committee concluded that the Group's risk management and internal control systems are effective and adequate.

Mr. David Charles PARKER, the Chief Executive Officer of the Company, also provided a confirmation to the Board on the effectiveness of the risk management and internal control systems in December 2020 and as of that date, after reviewing the Group's Risk Management and Internal Control Systems including the confirmations on the effectiveness of these systems provided by the Chief Financial Officer and individual managers across the Group as well as Internal Audit Reports.

As a result of the above, the Board whilst keeping it under review in light of experience, also considered the Group's risk management and internal control systems are effective and adequate.

Inside Information

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

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

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

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

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

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

External Auditor

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

The remuneration in respect of audit and non-audit services provided to the Group by the Company's auditor, RSM Hong Kong and other RSM network firms for the year ended 31 December 2020 was:

	HK$'000
Audit services (disclosed in Note 13 to the consolidated financial statements)	1,050
Non-audit services:	
Taxation services	55
Other assurance services	225
Other reporting services	14
	1,344

COMMUNICATION WITH SHAREHOLDERS

The Board has adopted a shareholders' communication policy which aims to set out the provisions with the objective of ensuring that shareholders are provided with ready and timely access to balanced and understandable information about the Company and its corporate strategies. Information would be communicated to shareholders mainly through the Company's corporate communications (such as interim and annual report, announcements and circulars), general meetings and disclosure on the Company's website.

Interim reports, annual reports and circulars are sent to shareholders in a timely manner and are also available on the website of the Company. The Company's website also provides shareholders with the updated and key information of the Group. For efficient communication with shareholders and in the interest of environmental protection, arrangements have been made to allow shareholders to elect to receive corporate communications of the Company by electronic means through the Company's website.

The Company's annual general meeting provides a forum for shareholders to raise comments and exchange views with the Directors. To facilitate enforcement of shareholders' rights, separate resolutions are proposed at general meetings on each substantially separate issue. The Chairmen of Board Committees and the Company's auditor also attend the annual general meeting to answer questions from shareholders.

The Company gives notice to shareholders in the case of annual general meeting at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings. All resolutions put to vote at general meetings are taken by poll. Procedures regarding the conduct of the poll are explained to shareholders at each general meeting, and questions from shareholders regarding the voting procedures are answered.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Company Secretary
ENM Holdings Limited
Suites 3301-3302, 33rd Floor
Tower 2, Nina Tower
8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong
Email: comsec@enmholdings.com
Fax: (852) 2827 1491

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the shareholders' questions.

Shareholders can also contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings.

SHAREHOLDERS' RIGHTS

Calling of General Meeting by Shareholders

Under the Companies Ordinance, registered shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings may request to call a general meeting of the Company. The request (a) must state the general nature of the business to be dealt with at the meeting, (b) must be signed by the requisitionist(s), and (c) must be deposited at the registered office of the Company (the "Registered Office") at Suites 3301-3302, 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for the attention of the Company Secretary. If the resolution is to be proposed as a special resolution, the request should include the text of the resolution and specify the intention to propose the resolution as a special resolution. The request may consist of several documents in like form, each signed by one or more requisitionist(s).

Procedures for Putting Forward Proposals at General Meetings by Shareholders

Circulation of shareholders' statement

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

Circulation of resolution for annual general meeting

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

Nomination of a person for election as a Director

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

DIVIDEND POLICY

The Company has adopted its Dividend Policy. Under the Dividend Policy, the Company does not set a predetermined dividend payout ratio. The recommendation of the payment of dividend is subject to the discretion of the Board and any declaration of final dividend is subject to the approval of the shareholders of the Company. The Board will take into account the following factors pertaining to the Company when declaring/recommending dividends:

(i) the Articles of Association of the Company;

(ii) statutory and regulatory restrictions on the payment of dividend;

(iii) current and future operations;

(iv) strategic and business plans;

(v) capital expenditure and future development requirements;

(vi) liquidity position;

(vii) financial results;

(viii) general financial condition;

(ix) economic outlook;

(x) dividend receipt from subsidiaries; and

(xi) any other factors not explicitly covered but which are likely to have a significant impact on the Company.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company. The Company Secretary supports the Board by ensuring good information flow within the Board and that the Board's policy and procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for advising the Board on corporate governance matters and facilitating the induction and continuous professional development of Directors. During the year ended 31 December 2020, the Company Secretary undertook over 15 hours of relevant professional training to update her skills and knowledge.

ARTICLES OF ASSOCIATION

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

Derek Wai Choi LEUNG
Chairman of the Corporate Governance Committee

Hong Kong, 26 March 2021

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Board is responsible for the Group's corporate social responsibility ("CSR") strategy and reporting including evaluating and determining the CSR risks and ensuring that an appropriate and effective CSR risk management and internal control systems are in place. The Board has established a CSR Working Group, which directly reports to the Board. The CSR Working Group is led by the Chief Executive Officer of the Company and comprises senior management including the Chief Financial Officer of the Company and Heads of each Business Unit. The CSR Working Group is governed by its Terms of Reference which clearly define its authority and duties and is provided with sufficient resources to discharge its duties. The CSR Working Group is responsible for developing, monitoring and reviewing the Group's CSR strategy and policies as well as CSR reporting obligations.

The Group is committed to making ongoing improvements in corporate environmental and social responsibility and has taken measures to supervise and implement policies to manage issues for the sustainable development of the Group. The Group strives to utilize resources efficiently and effectively in its business operations to reduce its impact on the environment and provide a safe and supportive working environment for its staff.

SCOPE OF THE REPORT AND REPORTING PERIOD

The scope of this CSR report includes:

(i) Group head office in Hong Kong;

(ii) Retail Fashion Business in Hong Kong, operated by The Swank Shop Limited ("Swank"); and

(iii) Resort and Recreation Club Operation of Hill Top Country Club (the "Club") in Hong Kong, operated by Hill Top Country Club Limited ("Hilltop").

The reporting period of this CSR report is from 1 January 2020 to 31 December 2020, which unless otherwise stated is the same as the financial reporting period of this annual report of the Company.

STAKEHOLDER ENGAGEMENT

In order to identify the most significant aspects for the Group to report on for this CSR report, the selected stakeholders including employees, suppliers and customers have been invited to express their views and concerns on major social and environment issues through a stakeholders engagement questionnaire.

ENVIRONMENTAL SUSTAINABILITY

In recent decades, evidence of the importance of environmental protection issues has grown as a result of such issues as global climate change together with air, water and other pollution caused by human activities. The Group has been paying attention in protecting the environment and taking responsibility to assist in curbing global warming by reducing its carbon footprint.

Air Emissions

Air pollutants can be generated from the consumption of liquefied petroleum gas ("LPG") in the operation of the Club and are also emitted from the Group's own vehicles. The calculated air pollutant emissions for the years ended 31 December 2019 and 2020 were as follows:

	Nitrogen oxides (NO_x)		**Sulphur oxides (SO_x)**		**Particulate matter (PM)**	
	2020	2019	**2020**	2019	**2020**	2019
	kg	*kg*	**kg**	*kg*	**kg**	*kg*
Emission from gaseous fuel consumption						
– LPG	**2.75**	5.80	**0.01**	0.03	**–**	–
Emission from vehicles						
– Diesel	**129.66**	214.98	**0.28**	0.39	**8.73**	13.77
Total air pollutants	**132.41**	220.78	**0.29**	0.42	**8.73**	13.77

Apart from the emissions shown above, the Group complies with the provisions related to motor vehicle emissions under the Road Traffic Ordinance (Chapter 374 of the laws of Hong Kong).

Greenhouse Gas Emissions

Greenhouse Gas ("GHG") emissions come from many types of everyday activities, such as electricity consumption, combustion of fuel and gases, and driving. The increase in GHG emissions is one of the main reasons raising the temperature of the earth and carbon dioxide is the major GHG emitted through human activities. The Group is committed to managing its GHG emissions by reducing its use of and improving the efficiency in use of energy and resources in its day-to-day operations.

The major sources of GHG emissions of the three segments are from:

Group Head Office

- Electricity purchased from power companies
- Paper waste disposed at landfills
- Electricity used for processing fresh water and sewage by the relevant government departments
- Business air travel by employees

Retail Fashion Business

- Diesel consumed by lorry for product transportation
- Electricity purchased from power companies
- Paper waste (including carton box) disposed at landfills
- Business air travel by employees

Resort and Recreational Club Operation

- LPG consumed for cooking and water heating, primarily for guest room showering
- Charcoal consumed by customers for barbecues
- Diesel consumed by shuttle buses
- Refrigerants used in air-conditioning equipment and refrigerators
- Electricity purchased from power companies
- Paper waste disposed at landfills
- Electricity used for processing fresh water and sewage by the relevant government departments

Policies and procedures adopted on resources saving are mentioned in the section "Use of Resources" of this CSR Report. The GHG emissions of the three segments for the years ended 31 December 2019 and 2020 were as follows:

	Group Head Office		Retail Fashion Business		Resort and Recreation Club Operation		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Direct emissions (kg of CO_2e) (Scope 1)								
LPG	**N/A**	N/A	**N/A**	N/A	**45,148**	95,173	**45,148**	95,173
Charcoal	**N/A**	N/A	**N/A**	N/A	**1,872**	4,773	**1,872**	4,773
Diesel	**N/A**	N/A	**5,701**	6,171	**41,734**	60,333	**47,435**	66,504
Refrigerants	**N/A**	N/A	**N/A**	N/A	**80,010**	176,000	**80,010**	176,000
Total emissions (kg of CO_2e) (Scope 1)	**–**	–	**5,701**	6,171	**168,764**	336,279	**174,465**	342,450
Energy indirect emissions (kg of CO_2e) (Scope 2)								
Electricity	**58,750**	61,474	**116,831**	128,880	**519,324**	785,109	**694,905**	975,463
Other indirect emissions (kg of CO_2e) (Scope 3)								
Paper consumption	**7,028**	9,263	**13,810**	9,412	**3,241**	4,029	**24,079**	22,704
Water consumption	**34**	25	**N/A**	N/A	**10,182**	14,532	**10,216**	14,557
Business air travel	**–**	4,871	**9,372**	45,297	**N/A**	N/A	**9,372**	50,168
Total emissions (kg of CO_2e) (Scope 3)	**7,062**	14,159	**23,182**	54,709	**13,423**	18,561	**43,667**	87,429
Total emissions (kg of CO_2e) (Scopes 1, 2 and 3)	**65,812**	75,633	**145,714**	189,760	**701,511**	1,139,949	**913,037**	1,405,342

Hazardous Waste and Non-Hazardous Waste

Due to our business nature, there is no generation of hazardous waste by the Group.

Non-hazardous waste from the Group's operations mainly includes (i) paper for office use; (ii) carton boxes and plastic bags for logistical/packaging purposes; and (iii) solid waste from Hilltop. Non-hazardous wastes generated by the Group head office, the retail stores and the warehouse are handled by the respective building management office which did not provide figures as to the amount of non-hazardous waste for individual premises. Non-hazardous waste generated by the Club is collected by a contract waste collector. Such non-hazardous waste for the years ended 31 December 2019 and 2020 was as follows:

	2020 **Kg**	2019 *Kg*
Paper for office use	**1,525**	1,728
Carton boxes and plastic bags for logistical/packaging purposes	**1,057**	1,125
Solid waste at Hilltop	**43,415**	87,600
	45,997	90,453

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

Use of Resources

The Group strives to save energy and resources through implementation of internal policies and use of advanced technologies in order to ensure that resources are consumed in a responsible manner. To ensure green policies are followed in daily operations, the Group has issued an "Environmental Friendly Guideline" covering areas such as paper consumption, energy saving and use of office stationery.

The Group has put efforts to promote eco-friendly behaviour described as below:

- Turn off unused lighting or electrical equipment whenever away from office for long meetings, lunch or after work;
- Turn off office equipment before long holidays to save energy consumption;
- Set "Screen Saver" for all computers automatically after 15 minutes and lower monitor brightness;
- Use daylight. Remove or unscrew excessive lamps whenever possible;
- Fix dripping taps immediately;
- Discourage the printing of e-mails;

- Double sided printing/copying as default and whenever possible;
- Place "Green boxes" next to the photocopiers to collect single-side used paper for reuse and used paper for recycling;
- Use e-mails or notice board for internal communication;
- Re-use office stationaries (e.g. envelopes and folders) when practicable; and
- Re-use carton boxes when practicable.

Swank encourages its customers to pay more attention on recycling and reusing the shopping bags. Swank uses an environmental-friendly lorry in line with the EURO V emission standards for transportation.

Hilltop encourages the customers to make the best use of resources in the Club, including electricity, fresh water, hot water, paper and charcoal. Hilltop replaces old bulbs with LED lights when the lighting replacement is required. A box is placed at the barbecue site for collecting the used charcoal for reuse. All Hilltop's shuttle buses are Euro V standard buses to reduce the impact on the environment from their emissions.

Since September 2011 arrangements have been made to allow the Company's shareholders to elect to receive corporate communications of the Company by electronic means through the Company's website and the website of Hong Kong Exchanges and Clearing Limited. Paper for printing interim and annual reports has been substantially reduced.

The Group complies with the Product Eco-responsibility Ordinance (Chapter 603 of the laws of Hong Kong) with respect to the levy on plastic and non-woven shopping bags.

The Group regularly reminds its driving staff to observe the Motor Vehicle Idling (Fixed Penalty) Ordinance (Chapter 611 of the laws of Hong Kong) by switching off idling engines of the vehicles so as to reduce harmful effects to the environment.

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

The Group continues its commitment in installing and switching to energy-saving lighting fixtures and sourcing energy efficient equipment to ensure functioning in optimal conditions and efficiency. Swank's new shop, opened during the year under review, utilized LED lighting for the whole of its light fitting of approximately 6,500 square feet. This replaced two shops with traditional, less energy efficient lighting. Efficient use of resources can reduce waste and emissions from the sources, and also reduce operating expenses, which is beneficial to both the Company and the environment. The Group continues to promote saving in the operations and efficient use of resources. The Group expects to progressively reduce the resources consumed for the same scale of operation.

The resource consumption of the three segments for the years ended 31 December 2019 and 2020 was as follows:

Resource Category	Unit	Group Head Office		Retail Fashion Business		Resort and Recreation Club Operation		Total	
		2020	2019	2020	2019	2020	2019	2020	2019
Electricity	kWh	117,500	120,537	162,194	177,966	1,038,647	1,539,430	1,318,341	1,837,933
Electricity consumption intensity: per gross floor area (kWh/square feet)	kWh	11.28	11.57	9.96	16.77	15.16	22.47		
Water	m^3	54	41	N/A	N/A	18,053	26,714	18,107	26,755
Charcoal	kg	N/A	N/A	N/A	N/A	605	1,542	605	1,542
Diesel	litre	N/A	N/A	2,056	2,226	15,054	21,762	17,110	23,988
LPG	kg	N/A	N/A	N/A	N/A	14,964	31,545	14,964	31,545
Plastic									
– Non-woven shopping bag	Kg	N/A	N/A	–	444	N/A	N/A	–	444
– Bag for logistical/ packaging purposes	Kg	N/A	N/A	993	1,084	N/A	N/A	993	1,084
Paper									
– Shopping bag	kg	N/A	N/A	1,134	886	N/A	N/A	1,134	886
– Carton box for logistical purposes	kg	N/A	N/A	263	258	N/A	N/A	263	258
– Box for packaging purposes	kg	N/A	N/A	1,005	528	N/A	N/A	1,005	528
Paper – Office and corporate communications	kg	1,464	1,930	475	289	675	839	2,614	3,058

The intensity for water, charcoal, diesel and LPG is segmental, so no consumption intensity is shown.

The Environment and Natural Resources

The Group strives to protect the environment by integrating a range of environmental initiatives across its businesses. The Group is committed to minimise the environmental impact of its business operations by reinforcing environmental awareness and implementing measures for use of resources, energy saving and waste management. The Hilltop club covers a total area of 400,000 square feet with revitalising scenic landscape, abundant trees and other plants and flowers. As an oasis in the city, the Group offsets a large amount of carbon emission within its operational boundary.

During the year, the Group is not aware of any material non-compliance with the abovementioned ordinances and other the relevant laws, rules or regulations that had a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Climate Change

Extreme climate conditions such as Typhoon Mangkhut in 2018 will impact on the logistics for the club members and suppliers to reach to the Club due to the 'hilly' road conditions. The Club has enhanced the insurance policy to cover extreme climate conditions to contain the Club's level of cost. Enhanced supply delivery measures will take place during the typhoon months to ensure adequate supply for its members.

SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group treasures its human talent as one of its most valuable assets and keys for driving success and maintaining sustainable development. The Group strives to provide its staff with a safe and competitive working environment.

The Group's human resources policies strictly adhere to the applicable employment laws and regulations in Hong Kong, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) to determine employees' welfare and benefits. The Group's Human Resources Department regularly reviews and updates relevant company policies in accordance with the latest laws and regulations.

Talent acquisition and retention are vital to the Group's business future development. The Group offers comprehensive and competitive remuneration and welfare packages to attract and retain talents. The Group also makes reference to market benchmarks in attracting a high-calibre workforce. The Group conducts annual staff performance assessments and offers promotion opportunities and salary adjustments to reward staff's contributions. Discretionary performance bonus can be given to staff to recognise their exceptional achievements and drive them to look for continuous improvement. Remuneration policies are reviewed on a regular basis. Meanwhile, any termination of an employment contract should be based on reasonable and lawful grounds. The Group strictly prohibits any kinds of unfair dismissals.

The Group determines working hours and rest periods for employees in line with local employment laws and employment contracts with employees. In addition to the stipulated statutory holidays, employees may also be entitled to additional leave entitlements such as marriage leave, jury leave, compassionate leave and examination leave.

To cultivate employees' sense of belonging, additional employee benefits are also offered including medical subsidies or insurance, staff discounts and early leave on special holidays. To cater for the needs of employees of Hilltop, the provision of working meals and free transportation between the Club and the nearby MTR stations are offered to employees. The Group also subsidizes employees with a membership fee of the relevant professional bodies. The Group hosts a variety of activities and arranges benefits to employees such as staff parties, staff sales, Christmas lucky draw, mooncakes, Tuen Ng Festival rice dumplings, etc. The Group grants long service awards to eligible staff. These events and awards have served to strengthen the Group's corporate culture of the spirit of solidarity and cohesion among its employees.

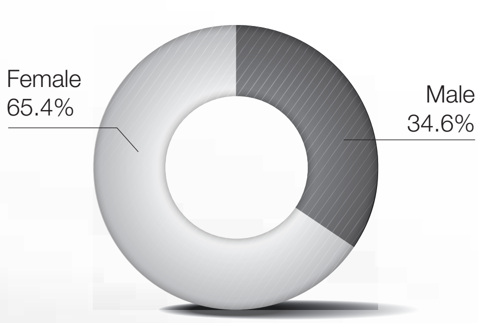
In terms of internal coaching and communication, effective two-way communication between general staff and managerial staff is highly encouraged. Employees can maintain timely and smooth communication with their colleagues and the management through the bulletin board posting, emails, training, website, internal public folders and meetings. Such an interactive communication system benefits the Group's decision-making process and can lead to a barrier-free employer-employee relationship.

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

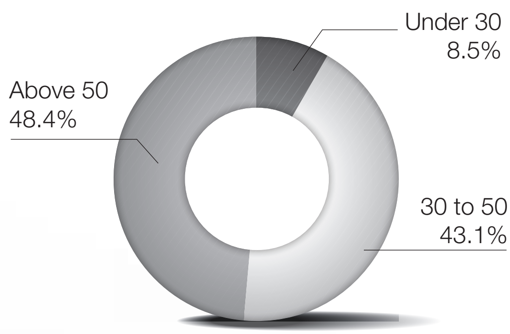
During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations that had a significant impact on the Group relating to employment.

As at 31 December 2020, the Group had 130 employees, all of them were situated in Hong Kong.

Gender Distribution



Age Distribution



Health and Safety

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

The management has established a comprehensive mechanism in committing to workplace health and safety by incorporating a range of occupational health and safety measures for the employees in the office, retail shops, the warehouse and the Club. Occupational health and safety posters regarding tips for proper use of computer and guidelines on stretching exercise are put up at the office pantry. Safety bulletins and warning signs are posted at the warehouse and the Club's engineering department to remind staff of safety. The Group put efforts to achieve accident-free workplace environment. The Group also follows Government guidelines relating to severe weather warnings such as typhoons and rainstorm.

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

All work-related injury is protected by the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). There was no work related fatality incident during the past three reporting years. During the year, the number of working day lost due to work injuries was 126 (4 cases).

In view of the continuous widespread of COVID-19 across the globe, the Group has implemented additional measures to safeguard the health and safety of its employees, including providing free surgical masks and alcohol-based hand sanitizers, offering free virus testing and increasing the frequency of disinfection and cleaning of office. Employees must wear masks in the workplace and have a temperature check when entering into the workplace. Employees should avoid face-to-face meetings to reduce contacts among themselves/outsiders. The Group has also implemented a work-from-home arrangement and flexible working hours/lunch hours to avoid commuting crowds.

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations that had a significant impact on the Group relating to health and safety.

Development and Training

The Group offers different training and development opportunities to its staff in order to strengthen work-related skills and knowledge to improve operational efficiency and productivity. Regular training and development programmes are provided to employees, such as product training sessions and workshops on fabric use, styling and pattern to frontline staff in the retail fashion business. The Group encourages and subsidizes employees to pursue relevant educational or training opportunities to enhance employees' competitiveness and improve their working quality through continuous learning.

Labour Standards

The Group does not employ child or forced labour. The Human Resources Department regularly review their practices and to ensure that no child or forced labour are employed. The brands we sell are all manufactured in regulated environments (mainly the EU) where child or forced labour are banned.

During the year, the Group was not aware of any material non-compliance with the relevant laws, rules or regulations that had a significant impact on the Group relating to preventing child or forced labour.

Social Performance Indicators

	2020
Total workforce	
Number of employees	130
By gender	
Male	45
Female	85
By employment type	
Full-time	126
Part-time	4
By age group	
Under 30	11
30 to 50	56
Above 50	63
By geographical region	
Hong Kong	130
Employee Turnover Rate	
Total turnover rate	51.6%
By gender	
Male	45.5%
Female	55.2%
By age group	
Under 30	95.7%
30 to 50	23.7%
Above 50	68.7%
By geographical region	
Hong Kong	51.6%

	2020
Development and Training	
Number and Percentage (%) of employees who received training	83 (63.8%)
By gender	
Male	28 (33.7%)
Female	55 (66.3%)
By employee category	
Senior management	6 (7.2%)
Middle management	9 (10.9%)
General staff	68 (81.9%)
Training Hours	
Average number of training hours per employee	3.4
By gender	
Male	2.0
Female	4.1
By employee category	
Senior management	20.7
Middle management	5.1
General staff	2.6

OPERATING PRACTICES

Supply Chain Management

As a socially responsible enterprise, it is critical and vital to both maintain and manage a sustainable and reliable supply chain. The current supply chain management is consistent with the Group's sustainability in establishing a mutual trust and understanding between the Group and relevant business partners. The Group requires suppliers to comply with the laws and regulations in the countries and regions where their operations are located, and operate in good faith by adhering to proper business ethics. The Group closely monitors the implementation of any remedial measures to ensure that they are carried out properly and effectively. The Group also understands the importance of maintaining good relationships with suppliers and business partners to achieve long-term business goals. Accordingly, senior management has kept good communication and exchanged ideas and shared business updates with them when appropriate.

During the year, there was no material and significant dispute between the Group and its suppliers.

Retail Fashion Business

Swank's senior management is responsible for monitoring the quality of the suppliers and implementation of supply chain practices. Swank selects suppliers that meet its merchandise requirements and market positioning of "Luxury & Sophisticated". Swank has a brand selection policy and procedure governing the selection and evaluation of brands, which key criteria include product design, styling, price, previous sales track record, product workmanship or quality, brand awareness, accountability, trade terms, delivery, suppliers' background and the supplier's social and environmental responsibility. To avoid any disruptions of supply chain in the retail fashion business, Swank maintains a close dialogue with suppliers through regular face to face meetings, virtual meetings, phones and emails. Most of our suppliers produce in highly regulated and "safe" environments, such as the European Union.

During the year, Swank engaged 55 suppliers around the globe, with 53 from Europe, 1 from Mainland China and 1 from Hong Kong.

Resort and Recreational Club Operations

The major procurement of the Club consists of food and beverages, guest room supplies and club facilities supplies. Hilltop's Purchasing Department together with the related departments monitor the quality of suppliers and supply chain practices on a continuous basis. Supplier selection and evaluation criteria include product quality, variety, price, after sales service, technical support, etc. Hilltop conducts an annual evaluation for its suppliers in order to assess their performance.

During the year, the Club engaged 58 suppliers, all of them were situated in Hong Kong.

Product and Service Responsibility

Retail Fashion Business

Swank is distributing prestigious names in premium fashion retailing and strives to secure the finest and most convenient locations for its sophisticated clientele which is guided by four core principles, "STYLING", "QUALITY", "SERVICE" and "SELECTION". Under these principles the management has attached great importance to product quality by stipulating systematic inspection procedures. All supplied goods of garment and fabrics undergo meticulous inspection by hand. The management requires suppliers to provide relevant international recognised certification(s) to ensure that the products are in good condition. The products to be sold to customers must comply with its standards and the relevant local laws and regulations. Swank recalls the disqualified products if necessary according to the return procedures. Swank strictly abides by the Competition Ordinance (Chapter 619 of the Laws of Hong Kong) and the Sales of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) relating to the sale of goods.

In view of the COVID-19 pandemic, Swank has implemented a series of anti-epidemic measures in its retail stores, including temperature checks for customers, providing alcohol-based hand sanitizers, requesting customers to wear masks, sanitising merchandise and fitting rooms after customers' fitting, so customers can be able to purchase products in a safe and hygienic environment. The Swank store in Central Building has also introduced a CoronoSPRAY Intelligent Sanitizing Station which can sanitise a body and the belongings of customers as well as the indoor environment.

Resort and Recreational Club Operation

Hill Top Country Club is a privately-owned membership club. Hilltop offers a comprehensive range of services and facilities to its members, including accommodation, dining, recreational and outdoor activities. Hilltop operates strictly in compliance with the Clubs (Safety of Premises) Ordinance (Chapter 376 of the Laws of Hong Kong) and related laws and regulations to obtain a Certificate of Compliance from the Licensing Authority of Home Affairs Department. During the year, Hilltop met the requirements in respect of building safety, fire safety, health and sanitation and renewed the Certificate of Compliance. To provide best quality services to members, Hilltop closely monitors the environment, facilities and hygiene level of the Club to maintain provision of comfortable environment for its members. Regular inspections on fire prevention systems and fire drills are arranged to ensure safety. Hilltop has posted guidelines in the kitchens to remind the staff and chefs on the health and safety precautions in daily operation.

The Club also strictly complies with the requirements and directions under the Prevention and Control of Disease Ordinance (Cap 599) and remind members to comply with the various anti-epidemic regulations and restrictions, including the requirements on group gatherings and wearing of masks.

In view of the COVID-19 pandemic, the Club has implemented a series of anti-epidemic measures, including temperature checks for club members, providing alcohol-based hand sanitizers, requesting members to wear masks, increasing the frequency of disinfection and cleaning of club facilities, so the members can be able to enjoy the club facilities in a safe and hygienic environment. The Club has also installed a Fogging Disinfection Atomizer to sanitise its restaurants, function rooms and other club facilities.

Services Satisfaction

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

Swank and Hilltop through their websites, newsletters and social media platforms, such as Facebook and Instagram, to promote their latest initiatives and activities, and in turn gather comments and feedback from customers.

All complaints received are handled by the respective division management according to the internal procedures. The division management will investigate the complaints and appropriate action will be taken in a timely manner. During the year, less than five complaints regarding Swank's product quality and all the cases were resolved. The Club did not receive any complaints during the year.

A suggestion box is placed in the Club and in the retail stores for customers to provide opinions and comments of the Club/Retail Stores. The management reviews and responds promptly with follow up action when necessary.

During the year, there was no material and significant dispute between the Group and the Retail Stores customers/Club members.

Protection of Intellectual Property Rights

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

Consumer Data Protection

The Group places its utmost importance on protecting the privacy of its customers in the collection, usage, processing and storage of their personal data. The Group strictly abides by the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) to ensure that customers' rights are strictly protected. All collected personal data is treated confidentially, kept securely and processed only for the purpose for which it has been collected. Relevant staff members have familiarized themselves with the new European Union General Data Protection Regulation in this regard. During the year, the Group hired a professional to review its data privacy policy and practices in respect of the collection and handling of customers' personal data and has made certain enhancement to its data privacy policies.

During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations that had a significant impact on the Group relating to product and service responsibility.

Anti-corruption

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

During the year, the Group has complied with or taken appropriate action under the abovementioned laws or regulations.

Whistleblowing Policy

The Group has also developed and formulated an internal whistleblowing policy namely "Policy for Employees Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters" (the "Whistleblowing Policy"), which aims to provide reporting channels and guidance on reporting possible such improprieties and reassurance to whistleblowers of the protection that the Company will extend to them against unfair dismissal or harassment for any genuine reports made under this Whistleblowing Policy. The Group provides a confidentiality mechanism to protect the whistleblowers without fear of threats or retaliation. The Group undertook a training in 2018 for employees in the purpose and operation of the Whistleblowing Policy, presided over by an Independent Non-executive Director who is also the Chairman of the Audit Committee. All new staff are shown the education video of this whistleblowing training.

COMMUNITY INVESTMENT

The Group places emphasis on cultivating social responsibility awareness among its staff and encourages them to participate in charitable activities. The Group believes that undertaking socially responsible initiatives is truly a win-win situation. Not only will the Group be attractive to socially conscious consumers and employees, but it will also help to make a real difference in the world and our community.

During the year, the Group participated in "Pok Oi Month Fundraising Campaign 2020 – Sale of Food Products" organised by Pok Oi Hospital, which aimed to support its substantial operational cost for providing better services to more people in need.

David Charles PARKER
Executive Director and Chief Executive Officer

Hong Kong, 26 March 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENM HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of ENM Holdings Limited and its subsidiaries ("the Group") set out on pages 79 to 151, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matter

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

1. Fair values of the club's property; and

2. Allowances for inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter

Fair values of the club's property

(Refer to note 5 and note 18 to the consolidated financial statements)

Key Audit Matter

The Group has a club's property situated in Hong Kong with aggregate value of HK$281,000,000 as at 31 December 2020. As described in note 4(d) to the consolidated financial statements, the club's property is stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

In determining the fair values of the club's property, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group determined the highest and best use of the club's property to be development for residential, which differs from its current use as a club property, on the basis that the rezoning approval was obtained during the year as further explained in note 18 to the consolidated financial statements.

The Group appointed independent professional valuers to assist management to assess the fair value of the club's property for redevelopment to residential use using the residual approach, whereby the valuation was derived from the gross development value upon completion (using a direct comparison approach) less estimated development costs and allowance for developer's risk and profit.

The change in highest and best use from club property to residential use resulted in a revaluation increase of HK$219,032,000 for the year ended 31 December 2020 (note 18).

The determination of the highest and best use of the club's property requires significant management judgement. The fair value measurement of the club's property is categorized as level 3 as the residual approach requires the use of certain unobservable inputs and assumptions about the risk that involve greater estimation of uncertainty.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's valuation assessment of the club's property included:

- Evaluating the Group's determination that the highest and best use of the club's property is redevelopment for residential use based on our understanding of the progress and status of the rezoning approval;
- Evaluating the external valuer's competence, capabilities and objectivity;
- Holding discussions with management and the Group's external valuer to understand the valuation methodologies and key input used;
- With the assistance of an auditor's valuation specialist:
  - i) Assessing the appropriateness and mathematical accuracy of the valuation model;
  - ii) Challenging the reasonableness of the key assumptions in light of available market information;
  - iii) On a sample basis, checking the relevance and reasonableness of input data used, including the market price of nearby residential properties, estimation of market construction cost, anticipated developer's profit margin, and reasonableness of adjustments to the input data to reflect the specific characteristics of the club's property;
  - iv) On a sample basis, comparing the and data used by the Group's external valuer against the development plan approved by the government authority, published industry benchmarks and comparable market transactions.
- Assessing the adequacy of the fair value disclosures in respect of the club property in the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Allowances for inventories *(Refer to note 5 and note 23 to the consolidated financial statements)*	
At 31 December 2020, the Group held gross inventories of HK$41,445,000 and had made allowances for inventories of HK$19,601,000. Allowances for inventories are made based on the ageing and estimated net realisable value of inventories. The assessment of the allowances involves judgment and estimates which are based on current market conditions and the historical experience of selling products of similar nature. As a result, management apply judgment in determining the appropriate allowances for inventories based upon a detailed analysis of old season and current season inventory and net realisable value below cost based upon plans for inventory to go into sale.	Our procedures in relation to management's allowance assessment included: – Reviewing the historical ageing of inventories; – Identifying and assessing aged and obsolete inventories when attending inventory counts; – Assessing the estimated sales prices used by management by testing the historical sales prices that have been achieved; – Evaluating the expected future sales of the inventories by reviewing historical sales performance; and – Reviewing the adequacy of allowance for inventories and inventories' write-offs.

Other Information

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tsang Kit Fong, Maria.

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

26 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 *HK$'000*	2019 *HK$'000*
Revenue	9	**104,977**	131,841
Cost of sales		**(39,419)**	(44,453)
Gross profit		**65,558**	87,388
Other income	10	**12,045**	1,510
Selling and distribution costs		**(40,361)**	(42,066)
Administrative expenses		**(62,225)**	(69,602)
Depreciation of property, plant and equipment, impairment loss and amortisation		**(16,052)**	(6,041)
Other operating gains, net	13	**24,906**	78,013
Profit/(loss) from operations		**(16,129)**	49,202
Fair value gains/(losses) on investment properties, net		**1,200**	(800)
Deficits write-back on revaluation of the club's property	7(b)	**30,308**	—
Finance costs	11	**(3,596)**	(2,245)
Profit before tax		**11,783**	46,157
Income tax expense	12	**—**	—
Profit for the year	13	**11,783**	46,157
Attributable to:			
Owners of the Company		**11,881**	46,197
Non-controlling interests		**(98)**	(40)
		11,783	46,157
		HK$	*HK$*
Earnings per share			
– basic	16(a)	**0.72 cents**	2.80 cents
– diluted	16(b)	**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 *HK$'000*	2019 *HK$'000*
Profit for the year		**11,783**	46,157
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Fair value gain on revaluation of the club's property		**188,724**	–
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**221**	(84)
Other comprehensive income/(loss) for the year, net of tax		**188,945**	(84)
Total comprehensive income for the year		**200,728**	46,073
Attributable to:			
Owners of the Company		**200,631**	46,134
Non-controlling interests		**97**	(61)
		200,728	46,073

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Note	2020 *HK$'000*	2019 *HK$'000*
Non-current assets			
Property, plant and equipment	18	**288,084**	69,212
Right-of-use assets	19	**25,651**	45,141
Investment properties	20	**46,800**	45,600
Intangible assets	21	**444**	871
Financial assets at fair value through profit or loss	22	**78,522**	67,577
Total non-current assets		**439,501**	228,401
Current assets			
Inventories	23	**21,844**	22,815
Trade and other receivables	24	**13,079**	35,047
Financial assets at fair value through profit or loss	22	**593,481**	627,148
Pledged bank deposits	25	**10,000**	10,000
Time deposits	25	**109,026**	36,888
Cash and bank balances	25	**41,581**	87,940
Total current assets		**789,011**	819,838
Current liabilities			
Trade and other payables	26	**23,311**	25,771
Lease liabilities	27	**18,439**	19,376
Interest-bearing bank borrowings	28	**6,617**	5,236
Total current liabilities		**48,367**	50,383
Net current assets		**740,644**	769,455
Non-current liabilities			
Lease liabilities	27	**9,573**	28,012
NET ASSETS		**1,170,572**	969,844

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
Capital and reserves			
Issued capital	30	**1,206,706**	1,206,706
Accumulated losses		**(1,034,385)**	(1,046,266)
Other reserves	32	**998,805**	810,055
Equity attributable to owners of the Company		**1,171,126**	970,495
Non-controlling interests		**(554)**	(651)
TOTAL EQUITY		**1,170,572**	969,844

Approved by the Board of Directors on 26 March 2021 and are signed on its behalf by:

Derek Wai Choi LEUNG
Non-executive Director and
Non-executive Chairman

David Charles PARKER
Executive Director and
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company							
	Issued capital *HK$'000*	Special reserve *HK$'000* *(Note 32(b)(i))*	Exchange fluctuation reserve *HK$'000* *(Note 32(b)(ii))*	Property revaluation reserve *HK$'000* *(Note 32(b)(iii))*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2019	1,206,706	808,822	1,296	–	(1,092,463)	924,361	(590)	923,771
Total comprehensive income/(loss) and change in equity for the year	–	–	(63)	–	46,197	46,134	(61)	46,073
At 31 December 2019	**1,206,706**	**808,822**	**1,233**	**–**	**(1,046,266)**	**970,495**	**(651)**	**969,844**
At 1 January 2020	**1,206,706**	**808,822**	**1,233**	**–**	**(1,046,266)**	**970,495**	**(651)**	**969,844**
Total comprehensive income and change in equity for the year	**–**	**–**	**26**	**188,724**	**11,881**	**200,631**	**97**	**200,728**
At 31 December 2020	**1,206,706**	**808,822**	**1,259**	**188,724**	**(1,034,385)**	**1,171,126**	**(554)**	**1,170,572**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**11,783**	46,157
Adjustments for:			
Depreciation of property, plant and equipment		**9,183**	5,956
Depreciation of right-of-use assets		**20,690**	22,472
Impairment loss of property, plant and equipment		**6,442**	—
Impairment loss of intangible asset		**342**	—
Amortisation of intangible assets		**85**	85
Finance costs		**3,596**	2,245
Charge/(write back) for inventories allowances		**5,334**	(2,727)
Dividend income from:			
Financial assets at fair value through profit or loss		**(27,493)**	(18,708)
Interest income from:			
Financial assets at fair value through profit or loss		**(1,753)**	(1,757)
Other financial assets		**(878)**	(1,723)
Fair value losses/(gains) on investment properties, net		**(1,200)**	800
Deficits write-back on revaluation of the club's property		**(30,308)**	—
Reversal of allowance for trade receivables		**(9)**	—
Write back for provision for reinstatement		**(338)**	—
Losses/(gains) on disposal of property, plant and equipment		**(2)**	2
Fair value gains from financial assets at fair value through profit or loss, net		**(21,907)**	(68,629)
Gains on disposal of financial assets at fair value through profit or loss, net		**(3,061)**	(8,927)
COVID-19 Related rent concessions received		**(1,839)**	—
Foreign exchange loss/(gain), net		**165**	(55)
Operating loss before working capital changes		**(31,168)**	(24,809)
Decrease/(increase) in inventories		**(4,364)**	3,987
Decrease/(increase) in trade and other receivables		**6,995**	(7,782)
Increase/(decrease) in trade and other payables		**(3,905)**	1,304
Cash used in operations		**(32,442)**	(27,300)
Interest received		**2,715**	3,451
Dividends received from:			
Financial assets at fair value through profit or loss		**22,810**	15,830
Fair value gains of financial assets at fair value through profit or loss – money market fund		**–**	376
Purchases of financial assets at fair value through profit or loss		**(230,067)**	(173,270)
Proceeds from disposal of financial assets at fair value through profit or loss		**305,034**	205,245
Net cash generated from operating activities		**68,050**	24,332

	Note	2020 *HK$'000*	2019 *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(14,871)**	(2,610)
Purchases of financial assets at fair value through profit or loss		**(8,815)**	(7,105)
Proceeds from disposal of property, plant and equipment		**2**	30
Proceeds from capital contribution and related interest from additional limited partners of financial assets at fair value through profit or loss		**—**	5,479
Proceeds from refund of capital from financial assets at fair value through profit or loss		**1,107**	1,165
Decrease in pledged bank deposits		**—**	2,334
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(10,585)**	—
Net cash used in investing activities		**(33,162)**	(707)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans raised	34(a)	**22,532**	33,299
Repayment of bank loans	34(a)	**(21,151)**	(31,258)
Interest paid	34(a)	**(140)**	(284)
Capital element of lease rentals paid	34(a)	**(17,537)**	(19,740)
Interest element of lease rentals paid	34(a)	**(3,456)**	(1,961)
Net cash used in financing activities		**(19,752)**	(19,944)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**15,136**	3,681
Effect of foreign exchange rate changes, net		**58**	(29)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**124,828**	121,176
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**140,022**	124,828
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged time deposits		**109,026**	36,888
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(10,585)**	—
Non-pledged time deposits with original maturity of less than three months when acquired		**98,441**	36,888
Cash and bank balances		**41,581**	87,940
		140,022	124,828

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

ENM Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Suites 3301-3302, 33/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements.

2. BASIS OF PREPARATION

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

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

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

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) Application of new and revised HKFRSs (Continued)

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The amendments had no impact on the consolidated financial statements of the Group.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) Application of new and revised HKFRSs (Continued)

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

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

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 19). There is no impact on the opening balance of equity at 1 January 2020.

(b) New and revised HKFRSs in issue but not yet effective

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (Continued)

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

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

In the Company's statement of financial position, investments in subsidiaries is stated at cost less impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Business combination and goodwill

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

Property, plant and equipment, except the club's property held for use in the provision of recreational facilities or hospitality services, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

The club's property held for use in the provision of recreational facilities or hospitality services, is stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such club's property is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such club's property is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

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

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

The club's property	Over the remaining lease terms
Leasehold improvements	Over the shorter of the remaining lease terms or 5 to 6 years
Furniture, fixtures and equipment	2 to 5 years
Motor vehicles	3 to 5 years

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties

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

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

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

An investment property is derecognised upon disposal or when the investment property is withdrawn from use. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(f) Leases

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

(i) The Group as a leasee

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (Continued)

(i) The Group as a leasee (Continued)

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

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (Continued)

(ii) The Group as a lessor

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

(g) Trademarks

Trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 20 years.

(h) Inventories

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

(i) Contract assets and contract liabilities

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Recognition and derecognition of financial instruments

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

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

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

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

(k) Financial assets

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

Debt investments

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (Continued)

Equity investments

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

(l) Trade and other receivables

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

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

(m) Cash and cash equivalents

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

(n) Financial liabilities and equity instruments

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

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Trade and other payables

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

(q) Equity instruments

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

(r) Revenue recognition

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

(i) Wholesale and retail of fashion wear and accessories

Revenue from the sale of fashion wear and accessories is recognised when control of the goods has transferred, being at the point the customer purchases the fashion wear and accessories at the retail shops. Payment of the transaction price is due immediately at the point the customer purchases the fashion wear and accessories. Under the Group's standard contract terms, customers normally have a right of return within 7 days and 14 days for sales via retail stores and an on-line e-tailer channel respectively. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

(ii) Resort and recreational club operations

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (Continued)

(iii) Dividend income

Dividend income is recognised when the shareholders' rights to receive payment are established.

(iv) Interest income

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

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

(v) Rental income

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

(vi) Management and other services

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

(s) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

The Group operates only the defined contribution retirement schemes.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (Continued)

(iii) Termination benefits

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

(t) Borrowing costs

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

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

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

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to cost are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Taxation

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

(w) Impairment of non-financial assets

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Impairment of financial assets

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

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

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

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

Significant increase in credit risk

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

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

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

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

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

Definition of default

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

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

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

Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the counterparty;

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Impairment of financial assets (Continued)

Write-off policy

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

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

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

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

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

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

(y) Provisions and contingent liabilities

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Events after the reporting period

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

5. CRITICAL JUDGMENTS AND KEY ESTIMATES

Critical judgments in applying accounting policies

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

(a) Deferred tax for investment properties

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

(b) Business model assessment

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

5. CRITICAL JUDGMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty

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

(a) Allowances for inventories

Allowances for inventories are made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgment and estimates which are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to serve industry cycles. The Group will reassess the estimates by the end of each reporting period.

As at 31 December 2020, allowances for inventories amounted to HK$19,601,000 (2019: HK$18,990,000).

(b) Fair values of properties

The Group appointed independent professional valuers to assess the fair values of the club's property and investment properties. In determining the fair values, the valuers have utilised a method of valuation which involves certain estimates. The directors have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

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

The aggregated carrying amount of the club's property and investment properties as at 31 December 2020 were HK$327,800,000 (2019: HK$110,600,000)

(c) Fair value of financial assets at fair value through profit or loss - unlisted fund investments

In the absence of quoted market prices in an active market, the directors estimate the fair value of certain of the Group's unlisted fund investments, details of which are set out in note 22(c)(i) and (ii) to the consolidated financial statements, by considering information from a variety of sources, including the latest financial information from the fund manager or administrator.

Whilst the Group considers theses valuations are the best estimates, the ongoing COVID-19 pandemic has resulted in greater market volatility and may cause further disruptions to the investees' business, which have led to higher degree of uncertainties in respect of the valuations in the current year.

The carrying amount of these unlisted fund investments as at 31 December 2020 was HK$78,522,000 (2019: HK$64,949,000).

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its purchases transactions, investments and bank deposits are principally denominated in foreign currency including US dollar, Euro and Renminbi. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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

	Change in percentage in exchange rate against Hong Kong dollar	**Effect on profit after tax** *HK$'000*	**Effect on equity** *HK$'000*
31 December 2020			
US dollar	**+/- 0.5%**	**+/- 7,074**	**+/- 7,074**
Euro	**+/- 5%**	**-/+ 87**	**-/+ 87**
Renminbi	**+/- 5%**	**+/- 823**	**+/- 823**

	Change in percentage in exchange rate against Hong Kong dollar	Effect on profit after tax *HK$'000*	Effect on equity *HK$'000*
31 December 2019			
US dollar	+/- 0.5%	+/- 6,785	+/- 6,785
Euro	+/- 5%	-/+ 43	-/+ 43
Renminbi	+/- 5%	+/- 33	+/- 33

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Price risk

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

The Group's equity investments classified as financial assets at fair value through profit or loss are primarily listed on The Stock Exchange of Hong Kong Limited, The Tokyo Stock Exchange, The New York Stock Exchange, The Nasdaq Stock Market or The London Stock Exchange. At 31 December 2020, if the share prices of the equity investments increase/decrease by 5%, consolidated profit after tax for the year would have been HK$2,810,000 (2019: HK$3,018,000) higher/lower, arising as a result of the fair value gain/loss of these investments.

The Group's debt and fund investments classified as financial assets at fair value through profit or loss are primarily listed on The Stock Exchange of Hong Kong Limited, The Berlin Stock Exchange, The Singapore Exchange Securities Trading Limited or traded over-the-counter. At 31 December 2020, if the prices of the debt and fund investments increase/decrease by 5%, consolidated profit after tax for the year would have been HK$26,864,000 (2019: HK$28,471,000) higher/lower, arising as a result of the fair value gain/loss of debt and fund investments classified as financial assets at fair value through profit or loss.

(c) Credit risk

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

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management and the credit terms given to customers vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Normally, the Group does not obtain collateral from customers.

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

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

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

	2020 ***HK$'000***	2019 *HK$'000*
At 1 January	**467**	467
Amount written off as uncollectible	**(458)**	—
Reversals	**(9)**	—
At 31 December	**—**	467

Other financial assets measured at amortised cost

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

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

Debt investments

The Group is exposed to credit risk in relation to debt investments that are measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments of HK$52,593,000 (2019: HK$45,810,000).

(d) Liquidity risk

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

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

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

	Less than 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Total *HK$'000*
At 31 December 2020				
Trade and other payables	**19,645**	**—**	**—**	**19,645**
Lease liabilities	**20,231**	**9,943**	**—**	**30,174**
Interest-bearing bank borrowings	**6,617**	**—**	**—**	**6,617**
At 31 December 2019				
Trade and other payables	18,655	—	—	18,655
Lease liabilities	22,832	20,231	9,943	53,006
Interest-bearing bank borrowings	5,236	—	—	5,236

(e) Interest rate risk

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

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

At 31 December 2020, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated profit after tax for the year would have been HK$456,000 (2019: HK$208,000) higher/lower, arising mainly as a result of the net of increase/decrease in the interest income from bank deposits and interest expense on short term bank borrowings.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2020 *HK$'000*	2019 *HK$'000*
Financial assets:		
Financial assets at fair value through profit or loss	**672,003**	694,725
Financial assets at amortised cost	**171,546**	164,213
	843,549	858,938
Financial liabilities:		
Financial liabilities at amortised cost	**26,262**	23,891

(g) Fair values

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

7. FAIR VALUE MEASUREMENTS

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

7. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Description	Fair value measurements as at 31 December 2020 using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	2020 Total HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	56,192	–	–	56,192
– Listed debt investments	–	52,593	–	52,593
– Unlisted fund investments	–	484,696	78,522	563,218
	56,192	537,289	78,522	672,003
Investment properties:				
– Industrial property situated in Hong Kong	–	46,800	–	46,800
Property, plant and equipment:				
– The club's property situated in Hong Kong	–	–	281,000	281,000
Total recurring fair value measurements	56,192	584,089	359,522	999,803

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

7. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Description	Property, plant and equipment The club's property *HK$'000*	Financial assets at fair value through profit or loss Unlisted fund investments *HK$'000*	2020 Total *HK$'000*
At 1 January 2020	65,000	64,949	129,949
Additions	—	8,815	8,815
Total fair value gain or loss recognised in other comprehensive income	188,724	—	188,724
Total fair value gain or loss recognised in profit or loss*	30,308	4,758	35,066
Depreciation charged to profit or loss	(3,032)	—	(3,032)
At 31 December 2020	281,000	78,522	359,522
* Include gains or losses for assets held at end of reporting period	30,308	4,758	35,066

Description	Property, plant and equipment The club's property *HK$'000*	Financial assets at fair value through profit or loss Unlisted fund investments *HK$'000*	2019 Total *HK$'000*
At 1 January 2019	68,000	47,012	115,012
Additions	—	7,105	7,105
Amount received in respect of capital contribution and related interest from additional limited partners of an unlisted fund investment	—	(5,479)	(5,479)
Total fair value gain or loss recognised in profit or loss*	—	16,311	16,311
Depreciation charged to profit or loss	(3,000)	—	(3,000)
At 31 December 2019	65,000	64,949	129,949
* Include gains or losses for assets held at end of reporting period	—	16,311	16,311

7. FAIR VALUE MEASUREMENTS (CONTINUED)

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

The total fair value gains or losses recognised in profit or loss including those for assets held at end of reporting period arising from the club's property and unlisted fund investments, are presented in "Deficits write-back on revaluation of the club's property" and "Other operating gains, net" respectively in the consolidated statement of profit or loss.

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

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. In respect of level 3 fair value measurements, the Group normally engages external valuation experts with relevant recognised qualifications and experience to perform the valuations. The senior management review the fair value measurements twice a year, which is in line with the Group's reporting dates. The directors also exercise their judgment on the method of valuation of the club's property and investment properties.

The valuation techniques used and the key inputs to the level 2 and level 3 fair value measurements as at 31 December 2020 are set out below:

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

7. FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

31 December 2020

Description	**Valuation technique**	**Unobservable inputs**	**Range**	**Effect on fair value for increase of inputs**
The club's property situated in Hong Kong	Open market and highest and best use basis with the use of residual approach	Market price of nearby residential properties	HK$16,200/ square feet	Increase
		Estimation of market construction cost	HK$4,700/ square feet	Decrease
		Anticipated developer's profit margin	18%	Decrease
Unlisted fund investments	Net asset value	Net asset value	N/A	N/A

31 December 2019

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs
The club's property situated in Hong Kong	Open market and existing use basis with use of discounted cash flow	Discount rate	15.3%	Decrease
		Long-term growth rate	3%	Increase
		Average number of members in forecast period	321 members	Increase
Unlisted fund investments	Net asset value	Net asset value	N/A	N/A

7. FAIR VALUE MEASUREMENTS (CONTINUED)

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

In September 2020, the Group obtained approval from the Town Planning Board in respect of the rezoning of the club's properties from "Other Specified Uses" annotated "Sports and Recreation Club" to residential (the "Rezoning Approval").

In accordance with HKFRS 13 "Fair Value Measurement", the Group has determined the highest and best use of the club's property use at the measurement date by comparing its value based on the current use as a recreational club, and the value based on the Rezoning Approval including the uncertainty and timing of the remaining steps required to develop this site under the Rezoning Approval. The Group then determined the highest and best use of the club's property at the measurement date would be development for residential based on the Rezoning Approval. It differs from the current use as there remain further steps and approval required before the Group will be able to develop the site as a residential site. The valuation at 31 December 2020 also incorporate the factors relating to these remaining steps required by the Group, including the risk that any further approvals required would not be granted.

As at 31 December 2020, the fair value of the club's property is determined using open market and highest and best use basis with the use of residual approach (2019: Open market and existing use basis with use of discounted cash flow method). The open market and highest and best use basis with the use of residual approach of valuation is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, marketing and legal cost, and interest payments to be incurred as well as anticipated developer's profits margin.

8. SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

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

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

Segment profits or losses do not include the following:
- Unallocated other income;
- Unallocated corporate administrative expenses;
- Fair value gains/(losses) on investment properties, net;
- Deficits write-back on revaluation of club's property;
- Finance costs; and
- Income tax expense.

Segment liabilities do not include interest-bearing bank borrowings.

8. SEGMENT INFORMATION (CONTINUED)

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

	Wholesale and retail of fashion wear and accessories *HK$'000*	Resort and recreational club operations *HK$'000*	Investments *HK$'000*	Total *HK$'000*
Year ended 31 December 2020:				
Revenue from external customers	68,614	6,239	30,124	104,977
Segment profit/(loss)	(36,260)	(14,518)	36,933	(13,845)
Segment profit/(loss) includes:				
Fair value gains on financial assets at fair value through profit or loss, net	–	–	21,907	21,907
Gains on disposal of financial assets at fair value through profit or loss, net	13	–	3,048	3,061
Interest income from:				
- Financial assets at fair value through profit or loss	–	–	1,753	1,753
- Other financial assets	–	–	878	878
Written-back for provision for reinstatement cost	338	–	–	338
Reversal of allowance for trade receivables	–	9	–	9
Depreciation of property, plant and equipment and amortisation	5,291	3,595	382	9,268
Depreciation of right-of-use assets	18,382	–	2,308	20,690
Charge for inventories allowances	5,334	–	–	5,334
Impairment loss of property, plant and equipment	5,392	1,050	–	6,442
Impairment loss of intangible assets	342	–	–	342
Other segment information:				
Additions to property, plant and equipment	15,177	196	92	15,465
Additions to right-of-use assets	1,200	–	–	1,200
As at 31 December 2020:				
Segment assets	72,356	282,631	873,525	1,228,512
Segment liabilities	(41,305)	(2,111)	(7,907)	(51,323)

8. SEGMENT INFORMATION (CONTINUED)

Information about reportable segment profit or loss, assets and liabilities: (Continued)

	Wholesale and retail of fashion wear and accessories *HK$'000*	Resort and recreational club operations *HK$'000*	Investments *HK$'000*	Total *HK$'000*
Year ended 31 December 2019:				
Revenue from external customers	95,036	14,617	22,188	131,841
Segment profit/(loss)	(11,126)	(14,342)	81,062	55,594
Segment profit/(loss) includes:				
Fair value gains on financial assets at fair value through profit or loss, net	—	—	68,629	68,629
Gains/(losses) on disposal of financial assets at fair value through profit or loss, net	(263)	—	9,190	8,927
Interest income from:				
- Financial assets at fair value through profit or loss	—	—	1,757	1,757
- Other financial assets	—	—	1,723	1,723
Depreciation of property, plant and equipment and amortisation	2,105	3,550	386	6,041
Depreciation of right-of-use assets	20,164	—	2,308	22,472
Written back of inventories allowances	(2,727)	—	—	(2,727)
Other segment information:				
Additions to property, plant and equipment	955	232	—	1,187
Additions to right-of-use assets	51,862	—	—	51,862
As at 31 December 2019:				
Segment assets	100,052	68,514	879,673	1,048,239
Segment liabilities	(57,705)	(3,027)	(12,427)	(73,159)

8. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2020 *HK$'000*	2019 *HK$'000*
Profit or loss		
Total profit or loss of reportable segments	(13,845)	55,594
Unallocated other income	2,574	—
Unallocated corporate administrative expenses	(4,858)	(6,392)
Fair value gains/(losses) on investment properties, net	1,200	(800)
Deficits write-back on revaluation of the club's property	30,308	—
Finance costs	(3,596)	(2,245)
Consolidated profit for the year	11,783	46,157
Assets		
Total assets of reportable segments	1,228,512	1,048,239
Consolidated total assets	1,228,512	1,048,239
Liabilities		
Total liabilities of reportable segments	(51,323)	(73,159)
Interest-bearing bank borrowings	(6,617)	(5,236)
Consolidated total liabilities	(57,940)	(78,395)

Geographical information:

	Revenue		Non-current assets	
	2020 *HK$'000*	2019 *HK$'000*	2020 *HK$'000*	2019 *HK$'000*
Hong Kong	83,949	117,942	360,979	160,445
The Americas	12,507	4,854	–	—
Europe	8,110	8,661	–	—
Other Asia Pacific Region	411	384	–	379
Consolidated total	104,977	131,841	360,979	160,824

In presenting the geographical information, revenue in relation to wholesale and retail of fashion wear and accessories and resort and recreational club operations segment is based on the locations of the customers and revenue in relation to investments segment is based on the country of primary listing for listed instruments and the country of incorporation for unlisted instruments; non-current assets exclude financial assets and are based on the locations of the assets.

9. REVENUE

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

	2020 *HK$'000*	2019 *HK$'000*
Revenue from contracts with customer		
(i) Wholesale and retail of fashion wear and accessories		
Sale of fashion wear and accessories recognised at a point in time	68,614	95,036
(ii) Resort and recreational club operations		
Catering service income recognised at a point in time	3,332	7,297
Resort and club facilities and other services income recogonised over time	702	4,964
Entrance fee and subscription fee income recognised over time	2,205	2,356
	6,239	14,617
Revenue from other sources		
(i) Investments		
Dividend income arising from financial assets at fair value through profit or loss:		
- listed equity investments	8,053	6,280
- unlisted fund investments	19,440	12,428
Interest income from		
- Financial assets at fair value through profit or loss	1,753	1,757
- Other financial assets	878	1,723
	30,124	22,188
Total revenue of the Group	104,977	131,841

10. OTHER INCOME

	2020 *HK$'000*	2019 *HK$'000*
Rental income	**1,130**	1,140
Government grants	**7,889**	—
Refund of legal fees	**2,574**	—
Others	**452**	370
	12,045	1,510

During the year, the Group recognized grants of HK$7,889,000 in respect of COVID-19 related subsidies, of which HK$7,329,000 relates to Employment Support Scheme provided by Hong Kong Government.

11. FINANCE COSTS

	2020 *HK$'000*	2019 *HK$'000*
Interest expenses on lease liabilities *(note 27)*	**3,456**	1,961
Interest on bank loans	**140**	284
	3,596	2,245

12. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2020 (2019: Nil) as the Company and its subsidiaries either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

The tax rate applicable for the assessable profit arising in Hong Kong is 16.5% (2019: 16.5%).

The tax rate applicable to the subsidiaries in the People's Republic of China ("PRC) for PRC enterprise income tax is 25% (2019: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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

	2020 *HK$'000*	2019 *HK$'000*
Profit before tax	**11,783**	46,157
Tax calculated at domestic tax rates applicable to profits in the respective countries	**1,917**	7,608
Tax effect of income that is not taxable	**(13,754)**	(16,099)
Tax effect of expenses that are not deductible	**1,291**	1,178
Tax effect of utilisation of tax losses not previously recognized	**(2,663)**	(352)
Tax effect of tax losses not recognized	**13,209**	7,665
Income tax expense	**–**	–

The weighted average applicable tax rate is 16.3% (2019: 16.5%).

13. PROFIT FOR THE YEAR

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

	2020 *HK$'000*	2019 *HK$'000*
Cost of inventories sold#	**39,419**	44,213
Depreciation of property, plant and equipment	**9,183**	5,956
Depreciation of right-of-use assets	**20,690**	22,472
Impairment loss of property, plant and equipment	**6,442**	—
Amortisation of intangible assets	**85**	85
Impairment loss of intangible assets	**342**	—
Auditor's remuneration for audit services	**1,050**	1,050
Charge/(write back) for inventories allowances	**5,334**	(2,727)
Direct operating expenses of investment properties that generate rental income	**228**	235
Gains from financial assets at fair value through profit or loss, net*:		
Fair value gains, net	**(21,907)**	(68,629)
Gains on disposal, net	**(3,061)**	(8,927)
	(24,968)	(77,556)
Fair value losses/(gains) on investment properties, net	**(1,200)**	800
Loss/(gain) on disposal of property, plant and equipment*	**(2)**	2
Reversal of allowance for trade receivables	**(9)**	—
Rental income	**(1,130)**	(1,140)
Foreign exchange losses/(gains), net*	**402**	(459)
Deficits write-back on revaluation of the club's property	**(30,308)**	—
Write back for provision for reinstatement cost*	**(338)**	—

Cost of inventories sold included charge for inventories allowances of HK$5,334,000 (2019: write back for inventories allowances HK$2,727,000).

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

14. EMPLOYEE BENEFITS EXPENSE

	2020 *HK$'000*	2019 *HK$'000*
Employee benefits expense (including directors' emoluments):		
Salaries, bonuses and allowances	**46,775**	50,338
Pension scheme contributions	**1,591**	1,695
	48,366	52,033

(a) Pensions – defined contribution plans

For the Group's defined contribution retirement schemes operated under the Occupational Retirement Scheme Ordinance, the forfeited contributions under the defined contribution schemes may be used by the employer to reduce the existing level of contributions. Forfeited contributions totaling HK$Nil (2019: HK$Nil) were utilized during the year leaving HK$10,000 available at the year ended 31 December 2020 to reduce future contributions.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2019: one) director whose emoluments are reflected in the analysis presented in note 15(a) to the consolidated financial statements. The emoluments of the remaining four (2019: four) individuals are set out below:

	2020 *HK$'000*	2019 *HK$'000*
Salaries, bonuses, allowances and benefits in kind	**3,903**	4,391
Performance related bonus	**17**	117
Pension scheme contributions	**93**	99
	4,013	4,607

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Nil to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**2**	3
	4	4

14. EMPLOYEE BENEFITS EXPENSE (CONTINUED)

(c) Emoluments of senior management

The emoluments of the senior management, whose profiles, if applicable, are included in Biographies of Senior Management section of 2020 and 2019 annual report of the Company and included three (2019: three) of the five highest paid individuals analysis presented above, fell within the following bands:

	Number of individuals 2020	Number of individuals 2019
Nil to HK$1,000,000	5	3
HK$1,000,001 to HK$1,500,000	1	2
	6	5

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

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

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
	Fees *HK$'000*	Salaries *HK$'000*	Performance related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Housing allowance *HK$'000*	Estimated money value of other benefits *HK$'000* *(note iv)*	Total *HK$'000*
Executive director:							
Mr. David Charles PARKER	60	2,812	–	18	720	60	3,670
Non-executive directors *(note ii)*:							
Mr. Derek Wai Choi LEUNG	602	–	–	–	–	–	602
Mr. Hing Lun Dennis AU *(note iii)*	74	–	–	–	–	–	74
Independent non-executive directors *(note ii)*:							
Mr. Kin Wing CHEUNG	429	–	–	–	–	–	429
Mr. Kiu Sang Baldwin LEE	420	–	–	–	–	–	420
Mr. Ted Tak Tai LEE	377	–	–	–	–	–	377
Ms. Sarah Young O'DONNELL	336	–	–	–	–	–	336
Total for 2020	2,298	2,812	–	18	720	60	5,908

15. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
	Fees *HK$'000*	Salaries *HK$'000*	Performance related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Housing allowance *HK$'000*	Estimated money value of other benefits *HK$'000* *(note iv)*	Total *HK$'000*
Executive directors:							
Mr. David Charles PARKER	60	2,812	100	18	720	60	3,770
Mr. Wing Tung YEUNG *(note i)*	27	811	—	9	—	27	874
Non-executive director *(note ii)***:**							
Mr. Derek Wai Choi LEUNG	596	—	—	—	—	—	596
Independent non-executive directors *(note ii)***:**							
Mr. Kin Wing CHEUNG	405	—	—	—	—	—	405
Mr. Kiu Sang Baldwin LEE	461	—	—	—	—	—	461
Mr. Ted Tak Tai LEE	402	—	—	—	—	—	402
Ms. Sarah Young O'DONNELL	346	—	—	—	—	—	346
Total for 2019	2,297	3,623	100	27	720	87	6,854

Notes:

(i) Retired on 12 June 2019.

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

(iii) Appointed on 29 August 2020.

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

No share options or any other forms of share-based payments were granted to the directors during the year (2019: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2019: Nil).

15. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

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

16. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$11,881,000 (2019: HK$46,197,000) and the weighted average number of ordinary shares of 1,650,658,676 (2019: 1,650,658,676) in issue during the year.

(b) Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2020 and 2019.

17. DIVIDENDS

The directors do not recommend the payment of any dividend to shareholders for the years ended 31 December 2020 and 2019.

18. PROPERTY, PLANT AND EQUIPMENT

	The club's property HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:					
At 1 January 2019	68,000	13,874	32,571	1,519	115,964
Additions	—	218	969	—	1,187
Disposals	—	—	(181)	—	(181)
Elimination of accumulated depreciation	(3,000)	—	—	—	(3,000)
At 31 December 2019 and 1 January 2020	**65,000**	**14,092**	**33,359**	**1,519**	**113,970**
Additions	**—**	**10,225**	**5,240**	**—**	**15,465**
Disposals	**—**	**(3,212)**	**(9,280)**	**—**	**(12,492)**
Surplus on revaluation	**219,032**	**—**	**—**	**—**	**219,032**
Elimination of accumulated depreciation	**(3,032)**	**—**	**—**	**—**	**(3,032)**
At 31 December 2020	**281,000**	**21,105**	**29,319**	**1,519**	**332,943**
Accumulated depreciation and impairment:					
At 1 January 2019	—	11,255	29,792	904	41,951
Depreciation provided during the year	3,000	1,167	1,603	186	5,956
Write-back on revaluation	(3,000)	—	—	—	(3,000)
Disposals	—	—	(149)	—	(149)
At 31 December 2019 and 1 January 2020	**—**	**12,422**	**31,246**	**1,090**	**44,758**
Depreciation provided during the year	**3,032**	**3,741**	**2,224**	**186**	**9,183**
Write-back on revaluation	**(3,032)**	**—**	**—**	**—**	**(3,032)**
Disposals	**—**	**(3,212)**	**(9,280)**	**—**	**(12,492)**
Impairment loss	**—**	**5,115**	**1,327**	**—**	**6,442**
At 31 December 2020	**—**	**18,066**	**25,517**	**1,276**	**44,859**
Net carrying amount:					
At 31 December 2020	**281,000**	**3,039**	**3,802**	**243**	**288,084**
At 31 December 2019	65,000	1,670	2,113	429	69,212

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2020 and at 31 December 2019, the value of the Group's club property was revalued by independent professional qualified valuers. The valuation techniques at 31 December 2020 was based on open market and highest and best use basis with the use of residual method. The valuation techniques at 31 December 2019 was based on open market and existing use basis with the use of discounted cash flow.

At 31 December 2019, the Group's club property is situated on a piece of land designated for "Other Specified Uses" annotated "Sports and Recreation Club". The piece of land is currently occupied by the Group for its operation of a country club named "Hill Top Country Club".

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

Subsequent to the year ended 31 December 2020 and with reference to the announcement made by the Company on 26 February 2021, the Town Planning Board gazetted the Amendments to the approved Tsuen Wan Outline Zoning Plan No. S/TW/33, which included the Rezoning Approval.

If the Group's club property were stated on historical cost basis, their carrying amounts would be as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Cost	**57,149**	57,149
Accumulated depreciation	**(30,018)**	(28,994)
	27,131	28,155

19. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 1 January 2019	15,751
Additions	51,862
Depreciation	(22,472)
At 31 December 2019 and 1 January 2020	45,141
Additions	1,200
Depreciation	(20,690)
At 31 December 2020	25,651

Lease liabilities of HK$28,012,000 (2019: HK$47,388,000) are recognised with related right-of-use assets of HK$24,680,000 (2019: HK$44,883,000) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2020 HK$'000	2019 HK$'000
Depreciation expenses on right-of-use assets	20,690	22,472
Interest expense on lease liabilities (included in finance cost)	3,456	1,961
Expenses relating to short-term lease (included in selling and distribution cost and administrative expenses)	569	211
Expenses relating to leases of low value assets (included in selling and distribution cost and administrative expenses)	78	78
Expenses relating to variable lease payments not included in the measurement of lease liability (included in selling and distribution cost)	431	687
COVID-19 Related rent concessions received	(1,839)	—

Details of total cash outflow for leases is set out in note 34(a).

As disclosed in note 3, the Group has early adopted the Amendments to HKFRS 16: COVID-19 Related Rent Concessions, and applied the practical expedient introduced by the Amendments to all eligible rent concessions received by the Group during the year. Further details are disclosed below.

For both years, the Group leases office, warehouse, and various retail stores for its operations. Lease contracts are entered into for fixed term of six months to three years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

19. RIGHT-OF-USE ASSETS (CONTINUED)

One lease include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension option exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension option. If the Group is not reasonably certain to exercise the extension option, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised as at 31 December (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Retails stores - Hong Kong	**24,659**	40,590	**19,800**	19,800

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2020, there has been no such triggering event (2019: Nil).

The Group leased a number of retail stores which contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Hong Kong where the Group operates. During 2020, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed and variable lease payments for the year is summarised below:

	2020			
	Fixed payments	**Variable payments**	**COVID-19 related rent concessions**	**Total payments**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Retails stores – Hong Kong	**19,239**	**431**	**(1,839)**	**17,831**

	2019		
	Fixed payments	Variable payments	Total payments
	HK$'000	*HK$'000*	*HK$'000*
Retails stores – Hong Kong	17,963	687	18,650

At 31 December 2020, it is estimated that an increase in sales generated from these retail stores by 5% would have increased the lease payments by HK$38,000 (2019: HK$219,000).

20. INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
At 1 January	45,600	46,400
Fair value gains/(losses)	1,200	(800)
At 31 December	46,800	45,600

At 31 December 2020, the Group's investment properties comprised industrial property units situated in Hong Kong of HK$46,800,000 (2019: HK$45,600,000). The Group's industrial property units are held to earn rental income and capital appreciation and are held under medium term leases.

The Group's investment properties were revalued at 31 December 2020 and 31 December 2019 by independent professional qualified valuers based on direct comparison method.

Further particulars of the Group's investment properties are included on page 152.

21. INTANGIBLE ASSETS

	Trademarks HK$'000
Cost:	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	1,700
Accumulated amortisation:	
At 1 January 2019	744
Amortisation for the year	85
At 31 December 2019 and 1 January 2020	829
Amortisation for the year	85
Impairment loss	342
At 31 December 2020	1,256
Net carrying amount:	
At 31 December 2020	444
At 31 December 2019	871

The Group's trademarks protect the design and specification of the Group's products. The average remaining amortisation period of the trademarks is approximately 9 years (2019: 10 years).

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 *HK$'000*	2019 *HK$'000*
Financial assets at fair value through profit or loss:		
Equity investments, at fair value *(note a)*:		
— Listed in Hong Kong	**34,460**	45,252
— Listed outside Hong Kong	**21,732**	15,106
	56,192	60,358
Unlisted fund investments, at fair value *(note b and note c)*:	**563,218**	588,557
Debt investments, at fair value *(note d)*:		
— Listed in Hong Kong*	**12,079**	7,413
— Listed outside Hong Kong*	**40,514**	38,397
	52,593	45,810
	672,003	694,725

* 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.

	2020 *HK$'000*	2019 *HK$'000*
Current assets - Financial assets at fair value through profit or loss		
— Listed equity investments *(note a)*	**56,192**	60,358
— Unlisted fund investments *(note b)*	**484,696**	520,980
— Listed debt investments *(note d)*	**52,593**	45,810
	593,481	627,148
Non-current assets - Financial assets at fair value through profit or loss		
— Unlisted fund investments *(note c)*	**78,522**	67,577
	672,003	694,725

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Notes:

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

(b) The fund investment as at 31 December 2020 amounted HK$484,696,000 (2019: HK$520,980,000) which were traded over-the-counter and the Group managed and evaluated the performance of these fund investments on a fair value basis, in accordance with the Group's risk management and investment strategy. The fair values of the fund investments are based on the price quoted by the fund administrator/financial institution. The directors believe that the estimated fair value quoted by the fund administrator/financial institution is reasonable, and that it is the most appropriate value at the end of the reporting period.

(c) Unlisted fund investments, at fair value

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

As at 31 December 2020, carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund III L.P. ("ACIF III"), amounted to HK$56,865,000 (2019: HK$52,364,000) which is not quoted in an active market. The fair value of the investment in ACIF III is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US$4,000,000 (equivalent to approximately HK$31,120,000) to ACIF III and the unfunded commitment as at 31 December 2020 amounted to US$231,000 (equivalent to approximately HK$1,797,000) (2019: US$319,000 (equivalent to approximately HK$2,482,000)). Contributions will be made when capital call is issued by the general partner of the fund.

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

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

As at 31 December 2020, the carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund IV L.P. ("ACIF IV"), amounted to HK$21,657,000 (2019: HK$12,585,000) which is not quoted in an active market. The fair value of the investment in ACIF IV is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US$4,000,000 (equivalent to approximately HK$31,120,000) to ACIF IV and the unfunded commitments as at 31 December 2020 amounted to US$1,257,000 (equivalent to approximately HK$9,780,000) (2019: US$2,302,000 (equivalent to HK$17,910,000)). Contributions will be made when capital call is issued by the general partner of the fund.

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

(d) The fair values of the debt investments as at 31 December 2020 amounted to HK$52,593,000 (2019: HK$45,810,000) are based on quoted market price or the price quoted by issuer/banker. These debt investments were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited/overseas stock exchanges. The directors believe that the estimated fair value quoted by the issuer/bank is reasonable, and that it is most appropriate value at the end of the reporting period.

As at 31 December 2020, these debt investments have maturity date ranging from 26 May 2021 to 1 November 2027 (2019: 28 March 2020 to 21 August 2027).

As at 31 December 2020, these debt instruments bear fixed coupon interest rate ranging from 1.00% to 5.45% (2019: 2.50% to 5.45%). The carrying amounts of the Group's debt investments measured at FVPL are denominated in US dollars.

23. INVENTORIES

As at 31 December 2020 and 2019, all of the Group's inventories represented finished goods.

24. TRADE AND OTHER RECEIVABLES

	2020 *HK$'000*	2019 *HK$'000*
Trade receivables	**725**	1,078
Less: Impairment of trade receivables	**—**	(467)
	725	611
Rental and other deposits	**7,546**	12,631
Prepayments and other receivables	**4,808**	21,805
	13,079	35,047

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:

	2020 *HK$'000*	2019 *HK$'000*
Within 1 month	**720**	588
2 to 3 months	**5**	23
	725	611

The carrying amounts of the Group's trade receivables are denominated in Hong Kong dollars.

25. PLEDGED BANK DEPOSITS/TIME DEPOSITS/CASH AND BANK BALANCES

The Group's pledged bank deposits were deposits pledged to banks to secure banking facilities granted to the Group as set out in note 28 to the consolidated financial statements.

Pledged bank deposits, time deposits and cash and bank balances are denominated in the following currencies:

	2020 ***HK$'000***	2019 *HK$'000*
Hong Kong dollars	**66,650**	46,008
US dollars	**77,088**	88,014
Renminbi*	**16,462**	655
Others	**407**	151
	160,607	134,828

* Conversion of Renminbi into foreign currencies by the Company's subsidiaries in the PRC is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

26. TRADE AND OTHER PAYABLES

	2020 ***HK$'000***	2019 *HK$'000*
Trade and bills payables *(note a)*	**5,508**	5,599
Accruals for operations	**5,787**	4,995
Accruals for staff costs	**3,012**	2,938
Contract liabilities *(note b)*	**1,812**	1,697
Deposits received	**210**	230
Other payables	**4,243**	4,163
Provisions	**2,739**	6,149
	23,311	25,771

26. TRADE AND OTHER PAYABLES (CONTINUED)

(a) An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	2020 *HK$'000*	2019 *HK$'000*
Within 1 month	4,412	3,511
2 to 3 months	370	2,067
Over 3 months	726	21
	5,508	5,599

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2020 *HK$'000*	2019 *HK$'000*
Hong Kong dollars	1,438	703
Euro dollars	3,798	4,731
Others	272	165
Total	5,508	5,599

(b) Contract liabilities represent the consideration received in advance from customers and customer loyalty programme. The amount of consideration received in advance form customers and customer loyalty programme is expected to be recognised as income within one year. The following table shows the revenue recognised related to carried forward contract liabilities:

	2020 *HK$'000*	2019 *HK$'000*
Wholesale and retail of fashion wear and accessories	416	1,137
Resort and recreational club operations	415	665
Total contract liabilities	831	1,802

27. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**20,231**	22,832	**18,439**	19,376
In the second to fifth years, inclusive	**9,943**	30,174	**9,573**	28,012
	30,174	53,006	**28,012**	47,388
Less: Future finance charges	**(2,162)**	(5,618)	**N/A**	N/A
Present value of lease obligations	**28,012**	47,388	**28,012**	47,388
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(18,439)**	(19,376)
Amount due for settlement after 12 months			**9,573**	28,012

All lease liabilities are denominated in Hong Kong dollars.

28. INTEREST-BEARING BANK BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Bank loans	**6,617**	5,236

The interest-bearing bank borrowings of the Group are repayable within one year.

The carrying amounts of the Group's interest-bearing bank borrowings are denominated in Hong Kong dollars.

The effective interest rates at 31 December were as follows:

	2020	2019
Bank loans	**1.57% to 2.41%**	4.01% to 5.45%

Bank loans of HK$3,369,000 (2019: HK$2,518,000) are secured by a charge over the Group's pledged time deposits of HK$10,000,000 (2019: HK$10,000,000). The remaining balance is unsecured.

29. DEFERRED TAX

The following are deferred tax liabilities and assets recognised by the Group:

	Depreciation allowance in excess of related depreciation	Fair value gains from financial assets at fair value through profit or loss	Losses available for offsetting against future taxable profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019	5,064	—	(5,064)	—
Deferred tax charged/(credited) to the profit or loss for the year	366	5,775	(6,141)	—
At 31 December 2019 and at 1 January 2020	**5,430**	**5,775**	**(11,205)**	**—**
Deferred tax charged/(credited) to the profit or loss for the year	**20**	**180**	**(200)**	**—**
At 31 December 2020	**5,450**	**5,955**	**(11,405)**	**—**

At the end of the reporting period, the Group has unused tax losses of HK$933,297,000 (2019: HK$869,207,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$69,122,000 (2019: HK$67,912,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$864,175,000 (2019: HK$801,295,000) due to the unpredictability of future profit streams. Unrecognised tax losses may be carried forward indefinitely.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. The tax rate applicable to the Group is 5%. The Group is therefore liable to withholding taxes on any dividends distributed by its subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At the end of the reporting period, the Group's subsidiaries established in Mainland China have no undistributed earnings and accordingly no deferred tax liabilities were recognised in respect of this.

30. SHARE CAPITAL

	2020 *HK$'000*	2019 *HK$'000*
Issued and fully paid:		
1,650,658,676 (2019: 1,650,658,676) ordinary shares	**1,206,706**	1,206,706

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements except for (i) the requirement to maintain a public float of at least 25% of the shares under the Listing Rules; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group demonstrates continuing compliance of the public float of at least 25% of the shares throughout the year.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2020 and 2019.

The Group monitors capital using a gearing ratio, which is the total borrowings and lease liabilities divided by the total equity attributable to equity holders of the Company. The Group's policy is to maintain an appropriate level of debt and a gearing ratio. The total borrowings include interest-bearing bank borrowings. The gearing ratio as at the end of the reporting period was as follows:

	2020 *HK$'000*	2019 *HK$'000*
Interest-bearing bank borrowings	**6,617**	5,236
Lease liabilities	**28,012**	47,388
Total borrowings and lease liabilities	**34,629**	52,624
Owners' equity	**1,171,126**	970,495
Gearing ratio	**3.0%**	5.4%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	At 31 December 2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**1,194**	1,484
Investment properties		**327,800**	110,600
Right-of-use assets		**2,116**	4,424
Interests in subsidiaries		**656,684**	689,013
Total non-current assets		**987,794**	805,521
Current assets			
Prepayments, deposits and other receivables		**3,794**	2,042
Due from a subsidiary		**240**	227
Financial assets at fair value through profit or loss		**117,877**	114,551
Pledged bank deposits		**10,000**	10,000
Time deposits		**40,341**	25,812
Cash and bank balances		**15,454**	3,794
Total current assets		**187,706**	156,426
Current liabilities			
Accruals and other payables		**5,169**	7,332
Lease liabilities		**2,160**	2,311
Total current liabilities		**7,329**	9,643
Net current assets		**180,377**	146,783
Non-current liabilities			
Lease liabilities		**–**	2,160
NET ASSETS		**1,168,171**	950,144
Capital and reserves			
Issued capital		**1,206,706**	1,206,706
Accumulated losses		**(847,357)**	(1,065,384)
Other reserves	31(b)	**808,822**	808,822
TOTAL EQUITY		**1,168,171**	950,144

Approved by the Board of Directors on 26 March 2021 and are signed on its behalf by:

Derek Wai Choi LEUNG
Non-executive Director and
Non-executive Chairman

David Charles PARKER
Executive Director and
Chief Executive Officer

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Special reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2019	808,822	(1,091,757)	(282,935)
Profit for the year	—	26,373	26,373
At 31 December 2019 and 1 January 2020	**808,822**	**(1,065,384)**	**(256,562)**
Profit for the year	**—**	**218,027**	**218,027**
At 31 December 2020	**808,822**	**(847,357)**	**(38,535)**

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity on pages 80 and 83 of the consolidated financial statements respectively.

(b) Nature and purpose of reserves

(i) Special reserve

The special reserve arose as a result of the Company's reorganisation in 2002 in the application of the predecessor Hong Kong Companies Ordinance (Cap.32). A capital reorganisation scheme was approved by the shareholders at an extraordinary general meeting on 11 July 2002 and was subsequently confirmed by the sanction of an order of the High Court of Hong Kong dated 6 August 2002. Details of the capital reorganisation scheme are as follows:

(1) the authorised share capital of the Company was reduced from HK$1,000,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.50 each) to HK$20,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.01 each). Such reduction was effected by cancelling the paid-up capital per share by HK$0.49 on each of the 1,650,658,676 ordinary shares in issue on 6 August 2002, being the date on which the court petition was heard, and by reducing the nominal value of all the issued and unissued ordinary shares of the Company from HK$0.50 to HK$0.01 per ordinary share; and

32. RESERVES (CONTINUED)

(b) Nature and purpose of reserves (Continued)

(i) Special reserve (Continued)

(2) upon such reduction of capital taking effect:

(i) the authorised share capital of the Company was increased to its former amount of HK$1,000,000,000 by the creation of additional 98,000,000,000 ordinary shares of HK$0.01 each; and

(ii) a special reserve was created and credited with an amount equal to the credit arising from the said reduction of capital as detailed in (1) above, which amounted to HK$808,822,751. Such reserve shall not be treated as realised profit and shall, for as long as the Company shall remain a listed company, be treated as an undistributable reserve. However, the special reserve may be reduced by the aggregate of any increase in the issued capital or in the share premium account of the Company resulting from an issue of shares for cash or other new consideration or upon a capitalisation of distributable reserves.

(ii) Exchange fluctuation reserve

The reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

(iii) Property revaluation reserve

The property revaluation reserve has been set up and are dealt with in accordance with the accounting policies adopted for the club's property in note 4(d) to the consolidated financial statements.

33. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2020 are as follows:

Name	Place of incorporation/ registration and operation	Issued ordinary share	Percentage of ownership attributable to the Company		Principal activities
			Direct	Indirect	
Cesare di Pino Company Limited	Hong Kong	HK$10,000	—	100	Retail and wholesale of fashion wear and accessories
Cosy Good Limited	British Virgin Islands/ Hong Kong	US$1	—	100	Investment holding
ENM Investments Limited	Cayman Islands/ Hong Kong	US$1	100	—	Investment holding
ENM Wealth Management Limited	British Virgin Islands/ Hong Kong	US$1	100	—	Investment holding and securities trading
Hill Top Country Club Limited	Hong Kong	HK$10,000,000	—	100	Recreational club operations
Kenmure Limited	Hong Kong	HK$67,873,650	—	100	Investment holding
The Swank Shop Limited	Hong Kong	HK$104,500,000	—	100	Retail and wholesale of fashion wear and accessories

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank borrowings *HK$'000* *(note 28)*	Lease liabilities *HK$'000* *(note 27)*	Total *HK$'000*
As at 1 January 2020	**5,236**	**47,388**	**52,624**
Changes from financing cash flows:			
New bank loans raised	**22,532**	**—**	**22,532**
Repayment of bank loans	**(21,151)**	**—**	**(21,151)**
Interest paid	**(140)**	**—**	**(140)**
Capital elements of lease rentals paid	**—**	**(17,537)**	**(17,537)**
Interest elements of lease rentals paid	**—**	**(3,456)**	**(3,456)**
	1,241	**(20,993)**	**(19,752)**
Other changes:			
Finance costs	**140**	**3,456**	**3,596**
COVID-19 Related rent concessions received	**—**	**(1,839)**	**(1,839)**
	140	**1,617**	**1,757**
As at 31 December 2020	**6,617**	**28,012**	**34,629**
As at 1 January 2019	3,195	—	3,195
Impact on initial adoption of HKFRS 16	—	16,216	16,216
Restated balance as at 1 January 2019	3,195	16,216	19,411
Changes from financing cash flows:			
New bank loans raised	33,299	—	33,299
Repayment of bank loans	(31,258)	—	(31,258)
Interest paid	(284)	—	(284)
Capital elements of lease rentals paid	—	(19,740)	(19,740)
Interest elements of lease rentals paid	—	(1,961)	(1,961)
	1,757	(21,701)	(19,944)
Other changes:			
Finance costs	284	1,961	2,245
Additions to lease liabilities	—	50,912	50,912
	284	52,873	53,157
As at 31 December 2019	5,236	47,388	52,624

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Total cash outflows for lease

Amounts included in the cash flow statements for leases comprise the following:

	2020	2019
	HK$'000	*HK$'000*
Within operating cash flows	**1,078**	976
Within financing cash flows	**20,993**	21,701
	22,071	22,677

These amounts relate to the following:

	2020	2019
	HK$'000	*HK$'000*
Lease rentals paid	**22,071**	22,677

35. CONTINGENT LIABILITIES

At 31 December 2020, the Group had the following contingent liabilities:

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

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

Prior to the hearing however, a Consent Settlement was entered into between the Group and the BA pursuant to which the hearing was vacated, the original BA DH Orders all withdrawn and the Group agreed to fully comply with a single DH Order issued by the BA on 13 June 2019 (the "New Limited Order"), the wording of which was agreed between the Group and the BA, limiting the Group's investigatory, and potential remedial and maintenance responsibilities to a small part of the slope features adjacent to works near the northernmost portion of the road undertaken by the Group in the early 1980s. The Group submitted a proposal for remediation work to the BA on 13 December 2019 pursuant to our obligations under the New Limited Order following the afore-mentioned agreement. The BA has approved the proposal and the Group has commenced the remediation work in October 2020. As at 31 December 2020, the remediation work is in progress and the related cost for the remediation work has been expensed or accrued in the consolidated financial statements.

36. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out investment properties under operating lease arrangement. The leases for investment properties are typically negotiated for terms ranging from one to two years.

As 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases are as follows:

	2020	2019
	HK$'000	*HK$'000*
Within one year	**255**	285

37. CAPITAL COMMITMENTS

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

	2020	2019
	HK$'000	*HK$'000*
Contracted, but not provided for:		
– Capital contribution to unlisted funds *(note 22(c)(i) and (ii))*	**11,577**	20,396
– Property, plant and equipment	**—**	11,221

38. RELATED/CONNECTED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Note	2020 *HK$'000*	2019 *HK$'000*
Lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies	(i)		
– Office		**3,181**	3,213
Secondment fees charged by a related company		**–**	23

Note:

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

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

	2020 *HK$'000*	2019 *HK$'000*
Short term employee benefits	**9,732**	10,969
Pension scheme contributions	**78**	98
Total compensation paid to key management personnel	**9,810**	11,067

Further details of employees' and directors' emoluments are included in note 14 and note 15 respectively to the consolidated financial statements.

(c) Applicability of the Listing Rules relating to connected transactions

As disclosed in note 38(a) to the consolidated financial statements, the related party transactions in respect of the lease expenses for lease liabilities, building management fees and air-conditioning charges for office paid to related companies for the years ended 31 December 2020 and 2019 constitute continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of the Directors on page 7.

The related party transaction in respect of the secondment fees paid to related companies for the years ended 31 December 2019 constitutes a continuing connected transaction of the Company as defined in Chapter 14A of the Listing Rules. However, it is exempt from the disclosure requirements in Chapter 14A of the Listing Rules pursuant to Rule 14A.76.

39. IMPACTS OF CORONAVIRUS PANDEMIC

Since early 2020, the coronavirus pandemic ("the COVID-19 outbreak") has spread across China and other countries, and it has adversely affected our retail fashion business and resort and recreational club operations in Hong Kong and the performance of investment in financial instruments activities of the Group. The Group's financial performance and liquidity position from the retail fashion business, resort and recreational club operations and investment in financial instruments are affected adversely as compared to the same period in 2019 due to the impact from the COVID-19 outbreak. The Group is still in a sound financial position with its current ratio at 31 December 2020 standing at 16.3 times. Our strong liquidity position will provide support for the long-term prospects of our businesses.

40. SUBSEQUENT EVENTS

The Group's Rezoning Approval was included by the Government's Planning Department in its Tsuen Wan Outline Zoning Plan ("OZP") amendment proposal No. S/TW/33 which was gazetted on 26 February 2021 following Town Planning Board approval. The draft Tsuen Wan OZP No. S/TW/34, incorporating the amendments to Tsuen Wan OZP No. S/TW/33 is exhibited under Section 5 of the Town Planning Ordinance (Chapter 131 Laws of Hong Kong) for public inspection and representation for a period of two months from 26 February 2021 to 26 April 2021.

The above event is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2020.

PARTICULARS OF INVESTMENT PROPERTIES

31 December 2020

INVESTMENT PROPERTIES OF THE GROUP HELD FOR INVESTMENT

Location	Use	Tenure	Attributable interest of the Group
Fourth and Fifth Floors, Roof and Parking Spaces Nos. 3 and 5 Wai Hing Factory Building 37-41 Lam Tin Street Kwai Chung, New Territories Hong Kong	Industrial	Medium term lease	100%

FIVE-YEAR FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 December				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**104,977**	131,841	142,110	159,450	167,119
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	**15,379**	48,402	(74,028)	(6,324)	(6,576)
Finance costs	**(3,596)**	(2,245)	(197)	(328)	(441)
Share of profits/(losses) of associates	—	—	—	(2,584)	2,926
Gain on liquidation of subsidiaries	—	—	1,073	—	—
Gain on disposal of interest in an associate	—	—	—	2,584	—
PROFIT/(LOSS) BEFORE TAX	**11,783**	46,157	(73,152)	(6,652)	(4,091)
Tax	—	—	—	—	—
PROFIT/(LOSS) FOR THE YEAR	**11,783**	46,157	(73,152)	(6,652)	(4,091)
Attributable to:					
Equity holders of the Company	**11,881**	46,197	(73,097)	(6,505)	(3,935)
Non-controlling interests	**(98)**	(40)	(55)	(147)	(156)
	11,783	46,157	(73,152)	(6,652)	(4,091)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**1,228,512**	1,048,239	952,107	1,033,188	1,052,142
TOTAL LIABILITIES	**(57,940)**	(78,395)	(28,336)	(35,024)	(39,048)
NON-CONTROLLING INTERESTS	**554**	651	590	492	405
	1,171,126	970,495	924,361	998,656	1,013,499

CORPORATE INFORMATION

EXECUTIVE DIRECTOR

David Charles PARKER *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

Derek Wai Choi LEUNG *(Non-executive Chairman)*
Hing Lun Dennis AU

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Pui Man CHENG

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