SWANK

2021
ANNUAL REPORT

安寧控股有限公司
ENM Holdings Limited

Stock Code : 00128

顯達鄉村俱樂部
HILL TOP COUNTRY CLUB

CONTENTS

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The "Chief Executive Officer's Statement" on pages 10 to 33 provides a fair review of the Group's operations, analysis using financial key performance indicators, indication of likely future development of the Group's business, description of the principal risks and uncertainties facing the Group, particulars of important events that have occurred after the year ended 31 December 2021 as well as a report on the Group's compliance with the relevant laws and regulations that have a significant impact on the Group. Discussions on the Group's environmental policies and performance, the account of the Group's key relationships with its employees, customers and suppliers and community investment are contained in the "Corporate Social Responsibility Report" on pages 58 to 79. 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 2021 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 85 and 86.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021.

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 161.

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 160.

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 2021.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company had no reserves available for distribution to shareholders of the Company.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$36,300.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for less than 10% of the Group's total revenue for the year. The five largest suppliers and the largest supplier accounted for approximately 64% and 26% 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 to the investment segment.

REPORT OF THE DIRECTORS

DIRECTORS

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

EXECUTIVE DIRECTORS

Mrs. Penny Soh Peng CROSBIE-WALSH *(Chief Executive Officer)* (appointed on 24 November 2021)
Mr. David Charles PARKER

NON-EXECUTIVE DIRECTORS

Mr. Hung Han WONG *(Non-executive Chairman)* (elected on 9 June 2021)
Mr. Hing Lun Dennis AU
Mr. Derek Wai Choi LEUNG (retired on 9 June 2021)

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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 34 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 2021, 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 2021, persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

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

Notes:

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

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

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

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

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

Save as disclosed above, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2021 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

For the year ended 31 December 2021, the Group had the following connected transaction and continuing connected transaction:

(a) Continuing Connected Transaction

On 30 November 2018, the Company, as tenant, entered into a tenancy agreement (the "Old 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 (the "Office Premises") 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. Details of the Old Tenancy Agreement are set out in the Company's announcement dated 30 November 2018. The actual payment made under the Old Tenancy Agreement for the year ended 31 December 2021 was HK$2,936,627, which did not exceed the annual cap as set by the Company.

As at the date of entering into the Old Tenancy Agreement, Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai jointly held approximately 44.28% of the issued shares of the Company as trustees of the Estate of Kung, Nina also known as Nina Kung and Nina T H Wang and Nina Teh Huei Wang and were substantial shareholders of the Company. The Landlords were 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 Nina Kung, hence, the Landlords were connected persons of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Therefore, under Chapter 14A of the Listing Rules, the Old Tenancy Agreement constituted a continuing connected transaction for the Company.

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:

(i) 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;

(ii) 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

(iii) 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 Old Tenancy Agreement expired on 30 November 2021 and the Company has entered into a new tenancy agreement with the Landlords to renew the lease of Office Premises, details of which are set out in the following paragraph (b).

(b) Connected Transaction

On 30 November 2021, the Company entered into a new tenancy agreement (the "New Tenancy Agreement") with the Landlords to renew the lease of Office Premises for three years from 1 December 2021 to 30 November 2024 at a monthly effective rental of HK$210,096 exclusive of government rates, management fee and air-conditioning charges. Details of the New Tenancy Agreement are set out in the Company's announcement dated 30 November 2021.

In accordance with Hong Kong Financial Reporting Standard 16 "Leases", the payments contemplated under the New Tenancy Agreement comprise different components and hence different accounting treatments are applied. The rental payment under the New Tenancy Agreement has been recognised as a right-of-use asset of the Company and was regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. The value of the right-of-use asset recognised by the Group under the New Tenancy Agreement amounted to approximately HK$7,908,000. The payment of the management fee and air-conditioning charges under the New Tenancy Agreement is recognised as expenses of the Group over the lease term of the New Tenancy Agreement.

As at the date of the entering into the New Tenancy Agreement, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai jointly held approximately 44.28% of the issued shares of the Company as trustees of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang and were substantial shareholders of the Company. The Landlords were companies controlled by Mr. JONG, Yat Kit and Mr. WONG, Tak Wai as joint and several administrators of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang, hence, the Landlords were connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, under Chapter 14A of the Listing Rules, the payment of rental under the New Tenancy Agreement constituted a one-off connected transaction for the Company and the payment of management fee and air-conditioning charges under the New Tenancy Agreement constituted a continuing connected transaction for the Company.

The payment of management fee and air-conditioning charges under the New Tenancy Agreement is considered as a de minimis transaction under Chapter 14A of the Listing Rules and is fully exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

Save as disclosed above, there were no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of 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, which will retire and, being eligible, offers itself for re-appointment at the forthcoming annual general meeting. A motion for the re-appointment of RSM Hong Kong will be proposed at the forthcoming annual general meeting.

On behalf of the Board

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

Hong Kong, 29 March 2022

CHIEF EXECUTIVE OFFICER’S STATEMENT

OVERVIEW

The Group started the year of 2021 with the hope that, following the global roll out of COVID-19 vaccine in late 2020, the pandemic would tail off in the second half of the year to enable global economic recovery and Hong Kong begins to return to a more normal trading environment. However, with continued restrictions on cross-border and inbound travel, plus social distancing measures implemented by the Hong Kong Government, revenue from the Group’s fashion retail business and recreational club operation remained below their pre-pandemic level as a result of virtual elimination of Mainland Chinese and other countries’ tourist arrivals, and the ongoing governmental restriction on permitted activities at the club.

For the global financial markets, the second year of the COVID-19 pandemic was nearly as dramatic as the first. The stocks bulls have stayed firmly in charge, surging energy and food prices turbo-charged inflation, rattling the bond markets, while Mainland China saw US$1 trillion wipeouts in its heavyweight tech and property sectors. Our investment portfolio initially benefited from the rallies in the first half of 2021, boosted by the rapid vaccine roll out which led to reopening of many economies enabling the Group to record a profit attributable to the shareholders of the Company for the six months ended 30 June 2021. However, this gain was reduced significantly in the second half of the year by a turnaround in the financial markets as inflation in the United States (US) was hotter than expected, prompting the US Federal Reserve to bring forward the timeframe of interest rate hikes and began tapering. Further downturn in the markets took place after news that one of Mainland China’s biggest property developer would likely default on its interest payments to bond holders. Then at the end of November, a new COVID variant, Omicron emerged and spooked the financial markets around the world causing more volatility.

Consequently, the Group recorded a loss of HK$21,280,000 attributable to shareholders of the Company for the year ended 31 December 2021. Excluding the fair value gains on investment properties for both 2021 and 2020 and the one-off deficit write-back on revaluation of the club property in 2020, the underlying loss attributable to shareholders of the Company for the year ended 31 December 2021 was HK$26,980,000 being a 37% increase on the 2020 loss of HK$19,627,000.

As announced by the Company on 18 February 2022, the Chief Executive in Council on 8 February 2022 approved the amendments made to the approved Tsuen Wan Outline Zoning Plan, which involved, among other things, the rezoning of the Company’s property at Hilltop Road from “Other Specified Uses” annotated “Sports and Recreation Club” to “Residential (Group B) 8”. While this is a major milestone in the Company’s rezoning application, there remain a number further steps required and hurdles to overcome, including the application for exchange of Land Grant and the assessment of the change of land use premium before this site can be used for residential development.

FINANCIAL REVIEW

	2021 *HK$'000*	2020 *HK$'000*	Change +/(-)
Consolidated Revenue	**109,501**	104,977	4%
Retail of fashion wear and accessories	**76,433**	68,614	11%
Resort and recreational club operation	**8,612**	6,239	38%
Dividend income	**22,235**	27,493	(19%)
Interest income	**2,221**	2,631	(16%)
Loss from operations	**(24,991)**	(16,129)	(55%)
Fair value gains on investment properties, net	**5,700**	1,200	375%
Deficits write-back on revaluation of the club properties	**—**	30,308	(100%)
Finance costs	**(2,045)**	(3,596)	43%
Profit/(loss) for the year	**(21,336)**	11,783	(281%)
Profit/(loss) attributable to shareholders	**(21,280)**	11,881	(279%)
Earnings/(loss) per share	**HK (1.29) cents**	HK 0.72 cents	

The loss from operations for the year ended 31 December 2021 of HK$24,991,000 attributable to the Group's reportable segments were:

	2021 *HK$'000*	2020 *HK$'000*	Change +/(-)
Retail of fashion wear and accessories	**(22,539)**	(36,260)	38%
Resort and recreational club operations	**(10,344)**	(14,518)	29%
Investments	**10,812**	36,933	(71%)
Unallocated corporate income/expenses, net	**(2,920)**	(2,284)	(28%)
Loss from operations	**(24,991)**	(16,129)	(55%)

The Group's retail of fashion wear and accessories business, SWANK reported an increase in revenue of 11% compared to 2020, primarily attributable to uplift of approximately 25% in the second half of 2021 compared to the same period last year and a significant growth of nearly 43% in online sales amounting to HK$13,354,000 (2020: HK$9,365,000). The gross profit also increased by 22% to HK$37,205,000 (2020: HK$30,435,000), achieved through better selection of merchandise resulting in lower inventory holding which decreased the stock provision, and also better margin management with a more responsive sales strategy. As there was no Government financial support in 2021 (2020: HK$3,970,000) and rental concessions from landlords were significantly lower than 2020, the Company enhanced operational efficiency with cost tightening measures and there was also lower depreciation. Hence, for the year ended 31 December 2021, the operating loss from this business segment was reduced significantly by 38% as compared to last year.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Although COVID-19 continued to adversely affect Hilltop, the Group's resort and recreational club operation, with ongoing governmental restrictions on social gathering and implementation of strict patronage limits, revenue was 38% more compared to 2020, mainly attributable to the increase in regular restaurant dining of 80% to HK$4,273,000 (2020: HK$2,369,000) as members appreciated the quality service and strict precautionary measures in place at our restaurants. Similarly, with a much lower level of Government financial support of only HK$200,000 (2020: HK$3,009,000), the club implemented various cost saving measures, lowered depreciation with minimal capital expenditures to successfully reduce the operating loss for the year ended 31 December 2021 by 29% compared to last year.

The Group's investment portfolio, comprising of marketable funds and other equity investments, returned a realised and unrealised gains (before general and administrative expenses) of HK$31,551,000 (2020: HK$54,201,000) which included interest and dividend income of HK$23,379,000 (2020: HK$29,246,000), net losses on disposal of HK$3,382,000 (2020: net gain of HK$3,048,000) and a net unrealised fair value gains of HK$11,554,000 (2020: HK$21,907,000). Distributions and dividends received from our private equity fund investments in ASEAN China Investment Fund III L.P. and ASEAN China Investment Fund IV L.P. were higher in 2021 at HK$12,652,000 (2020: HK$9,501,000) and HK$2,212,000 (2020: HK$600,000) respectively, but these were offset by the decrease in dividend income and distributions received from China Motor Bus Company Limited and the marketable bond funds. Overall, for the year ended 31 December 2021, the Group's investments recorded a lower segment profit of HK$10,812,000 (2020: HK$36,933,000).

The investment market got off to a good start in 2021, continuing on from a positive end to 2020 after a favorable outcome in the US election. Global rapid vaccination roll out also helped drive the market higher in February 2021 but with the sharp increase in inflation numbers as many economies started to open up, high volatility in the financial markets began to set in. In the second half of the year, the indebtedness of Mainland Chinese property developers and uncertainty of the extent of additional regulations that will be imposed by global regulators, all adversely affected the performance of the Groups' investments.

The Group's other income and expenditure for the year ended 31 December 2021 included:

➢ Other income of HK$1,651,000, which was HK$10,394,000 (86%) lower compared to the HK$12,045,000 in 2020, mainly comprising of:

  - rental income of HK$1,020,000 (2020: HK$1,130,000) from the Group's investment property situated in Hong Kong;
  - anti-pandemic subsidies of HK$200,000 (2020: HK$7,889,000) received from the Hong Kong Government; and
  - one-off recovery of legal costs incurred in 2020 of HK$2,574,000 from the Hong Kong Building Authority pursuant to the Court of Final Appeal judgement (for the Group's segment information in note 8 to the consolidated financial statements, this one-off income was classified as unallocated other income in 2020).

- Selling and distribution expenses of HK$37,031,000 being an 8% decrease compared to 2020 of HK$40,361,000, mainly attributable to cost savings from:
  - occupancy costs of SWANK flagship store as a result of the consolidation and relocation of two stores in Landmark into one at Central Building in March 2020; and
  - retail store staffing expenditures and advertising expenses.

  These cost savings were partly offset by:
  - reduction in rental concessions received from retail store landlords; and
  - increase in online sales commission from the 43% increase in online sales volume as mentioned above.
- Administrative expenses of HK$61,171,000, a 2% reduction from the 2020 amount of HK$62,225,000, mainly attributable to:
  - cost tightening measures implemented at Hilltop, the resort and recreational club operation;
  - reduction in professionals and consultant fees; and
  - decrease in the repair and maintenance cost for the slope remedial work at the club property.
- Depreciation for property, plant and equipment, impairment loss and amortisation expenses of HK$5,777,000, being a 64% reduction from 2020 of HK$16,052,000, mainly attributable to:
  - impairment on leasehold improvement and furniture of SWANK flagship store of HK$1,936,000 (2020: HK$5,000,000) in view of the prolonged negative impacts of COVID-19; and
  - no depreciation charge (2020: HK$3,032,000) for the Club property, as a result of the revaluation in 2020 after taking into account the estimated residual value as at 31 December 2020 and 30 June 2021.
- "Other operating gains, net" which mainly comprised of net realised and unrealised fair value gains of HK$8,172,000 (2020: HK$24,955,000) from investment in financial instruments (before interest and dividend income which are, included in "Revenue").

In accordance with the Hong Kong Financial Reporting Standards ("HKFRS"), and with advice from an independent and reputable valuer, the Group has valued the club property based on its highest and best use by comparing the value based on its current use as a recreational club and the value based on obtaining the approval to rezone the property for residential development, after factoring in the uncertainty and timing of the remaining steps required to carry out the redevelopment. This approach was first adopted for the year ended 31 December 2020. As at 31 December 2021, the fair value of the club property is HK$340,000,000 (2020: HK$281,000,000). This increase in valuation of HK$59,000,000 is recognised as other comprehensive income and accumulated in the property revaluation reserve which has no impact on the Group's consolidated statement of profit or loss. In 2020, the revaluation increase of HK$219,032,000 comprised of a HK$30,308,000 net one-off deficits write-back on revaluation, and a further revaluation adjustment of HK$188,724,000, which was recorded as other comprehensive income in the Group's property revaluation reserve.

For the year ended 31 December 2021, the Group's finance cost included interest on bank loans of HK$134,000 (2020: HK$140,000) and interest expenses on lease liabilities of HK$1,911,000 (2020: HK$3,456,000). Since interest expenses on lease liabilities for existing retail stores were recognised on a front-loaded basis under HKFRS 16, the finance cost this year is lower as compared to 2020.

CHIEF EXECUTIVE OFFICER’S STATEMENT

BUSINESS REVIEW

SWANK

The Hong Kong retail market in 2021, for the most part, was a “new-normal” trading environment with no inbound tourist traffic, and therefore heavily dependent on local customers and online sales. In the first quarter of 2021, just after the fourth wave of COVID-19 which started in mid-November 2020 ended, we saw a modest increase in sales of 5% compared to the same period in last year. With the roll out of vaccines, there were fewer social distancing restrictions imposed by the Government and companies gradually came out of “working from home” arrangements, which helped to deliver a full year increase in sales of 11% compared to 2020. In particular, in the second half of 2021, amid the uncertain trading environment, we were still able to achieve gradual increase in sales, which peaked in the month of November to deliver the highest monthly sales of the previous 20 months. The approximately 25% increase in sales for the second half of the year was achieved with good sales promotion and successful marketing campaigns.

The Central Building flagship store which opened in March 2020 showed promising performance, despite the fact that under the shadow of COVID-19, we were still unable to have an official opening ceremony, limiting the ability to increase its market exposure. The Retail team implemented other creative ways to draw new customers and increased the visitation of existing customers to the store, leading to a sales growth of 8% compared to 2020. Growth was achieved for both womenswear and menswear, which validated the new retail presence strategy of a single flagship store. Our mono brand store Paule Ka in Chater House also performed better in the second half 2021 with visible improvement in footfall after a minor store renovation and refreshed visual merchandising. On the other hand, the Harbour City store, being located in a shopping mall that traditionally is frequented by Mainland Chinese and other overseas shoppers, did not perform as well due to cross-border travel restrictions and non-existence of tourists.

This COVID-19 driven new-normal trading environment did however, helped to speed up the growth in online sales, with a 43% increment in 2021, through collaboration with a well-established online sales platform that helped us build in-house capabilities to support this new sales channel to scale-up. The merchandising team worked on improving the level of service, better understanding of the potential of the platform and the customers’ requirements, so that we can propel the growth with better merchandising and margin control.

In response to the challenging trading environment, we applied an aggressive cost-saving approach to the variable expenditures, leading to an improved shop contribution in 2021 as compared to 2020. In addition, careful monitoring of our gross profit margin and tight control over the back-office expenses helped reduce the operating loss in this segment of operation by 38%. In June 2021, a new Merchandising and Commercial Director was hired to focus on implementing new merchandising and marketing strategies with the aim to develop more core brands to attract new customers while continuing to work closely with our top brands to stabilise sourcing for existing customers.

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

COVID-19 continued to impact on the operating performance of Hilltop in 2021. The most affected areas were lodging and banqueting whereby the cessation of cross-border traffic and social distancing restrictions imposed by the Government limited the sales revenue. Nevertheless, the Club's operating loss of HK$10,344,000 was a 29% improvement on the loss of HK$14,518,000 (that included impairment of HK$1,050,000 on the Club's furniture and equipment) in 2020. This improvement is the result of continuing cost savings initiative adopted by the Club's Management, reduction in deprecation and increase in dining revenue.

Hilltop's revenue increased by 38% compared to last year mainly attributable to increased patronage in our European and Chinese restaurants as a result of implementing a high level of hygiene and providing a spacious environment to our members and their guests. Other proactive measures taken included various creative promotional offers to entice more frequent patronage by our members. This upside was partly offset by lower function and banquet revenue due to cancellation and postponement, in response to the Government's social distancing requirements and other restrictions which were imposed because of COVID-19 that limited certain functions and banquet activities during several key months of the year.

Investments

The purposes of the Group's investment in financial instruments are earnings contribution, yield enhancement, capital appreciation and liquidity. Recognizing that there are volatility and uncertainty in the financial markets, while taking into consideration the importance of delivering more consistent return on investments, we continued with the prior years' approach of minimizing direct investment in individual listed securities and corporate bonds and allocated substantial proportion of the investments in open-end unitized equity and fixed income funds, and to discretionary portfolio managed by professional asset managers. Some years ago, we had allocated US$8 million to invest in private equity funds specializing in the East and South-East Asian markets, managed by the experienced venture management arm of a reputable international bank.

In 2021, the Group's diverse investment portfolio delivered a reasonable return considering the high volatility in the global financial markets. In the first half of the year, the widespread deployment of COVID-19 vaccines brought hope of global economic recovery and growth, along with positive market sentiments arising from worldwide accommodative fiscal and monetary policies, asset prices moved up, especially in the equity markets. However, in the second half of the year the advent of unexpectedly high global inflation, rising interest rate expectations and projected elimination of, quantitative easing by Central Banks impacted the full year performance of the portfolio. In the fixed income portfolio, expectations of rising interest rates and volatility associated with emerging market instruments particularly in the Chinese bond market held us to a return of 1.4%. Our enhanced yield funds (primarily debt instruments) performed well with the exception of the Income Partners All Asian Credit Fund which we disposed of in September 2021, realising a loss, but avoided the more substantial losses it subsequently incurred. This gave us to an overall return of 3.9% for this portfolio. The equity funds portfolio performed well generally, with the main detractor being the performance of our investments in the China "A" equity market which suffered from regulatory changes and market sentiment adversely affecting many investment leaders. Excluding our investment in the UBS China A Opportunity Fund, this portfolio reported a solid return of 4.8%.

CHIEF EXECUTIVE OFFICER'S STATEMENT

As at 31 December 2021, the fair value of the Group's investment portfolio was HK$683,995,000 (2020: HK$672,003,000), representing approximately 54.5% (2020: 54.7%) of the carrying value of the Group's total assets. Under this backdrop, for the year ended 31 December 2021, the Group's investment in financial instruments recorded a net gain of HK$31,551,000 (or 4.6%) (2020: HK$54,201,000) before general and administrative expenses.

The Group's investment in financial instruments can be broken down into 4 main categories; (A) a Marketable Funds Investment Portfolio of open-end unitized equity, fixed income and money market funds; (B) a Discretionary Investment portfolio divided and managed by three Investment Banks, under the instruction and control of the Group; (C) direct investment in listed Securities; and (D) other investment mainly in private equity funds.

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

The marketable funds 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 fund portfolio.

The total carrying value of the Group's investment in this category was HK$396,668,000 as of 31 December 2021 (2020: HK$414,009,000), representing approximately 31.6% of carrying value of the Group's total assets; and the asset allocation in this category portfolio is 54.8% in fixed income funds, 27.9% in enhanced yield funds and 17.3% in equity funds. This category portfolio recorded a net gain of HK$8,427,000 (or 1.9%) (2020: HK$21,151,000) for the year ended 31 December 2021.

Investment Grade & High Yield Bond Funds Portfolio

In this strategy, the Group held 7 fixed income funds, which can be grouped into two main categories, namely investment grade bond funds and high yield bond funds. As at 31 December 2021, the fair value of the Group's investment in this strategy was HK$217,190,000, representing approximately 54.8% of the carrying value of the marketable funds investment portfolio and 17.3% of the carrying value of the Group's total assets. The net return on investment was HK$3,271,000 (or 1.4%) in profit for the year ended 31 December 2021. Below are the individual fund investments with fair values exceeding 5% of the carrying value of the Group's total assets.

PIMCO GIS- Income Fund

The PIMCO Income Fund is a portfolio that is actively managed and utilises a broad range of fixed income securities that seek to produce an attractive level of income with a secondary goal of capital appreciation. The fund (Institutional Income Class USD) has had a 5 year annualised return of 4.7% for the period 2017-2021. As at 31 December 2021, the fair value of the Group's investment in this fund was HK$83,984,000 (2020: HK$82,105,000), representing approximately 6.7% of the carrying value of the Group's total assets. The total net return of this fund was HK$2,136,000 (or 2.5%) gain in the year ended 31 December 2021, comprised of a HK$898,000 mark-to-market loss and HK$3,034,000 of dividend income. For 2022, we have elected to receive the dividend in cash rather than reinvest into the fund.

Enhanced Yield Fund Portfolio

As at 31 December 2021, the Group held 5 funds in this strategy with a fair value of HK$110,671,000, representing approximately 27.9% of the carrying value of the marketable fund investment portfolio and 8.9% of the carrying value of the Group's total assets. The net return on investment was HK$6,291,000 (or 3.9%) in profit for the year ended 31 December 2021. The Group's investment in the individual fund in this strategy does not exceed 5% of the carrying value of the Group's total assets.

Equity–Based Funds Portfolio

As at 31 December 2021, the Group held 4 equity-based funds with a fair value of HK$68,807,000, representing approximately 17.3% of the carrying value of the marketable fund investment portfolio and 5.4% of the carrying value of the Group's total assets. The Equity-Based Funds Portfolio includes one US equity fund, one Asian equity fund, one China opportunity fund and one technology fund. The net return on investment in these funds was a loss of HK$1,434,000 (or -2.0%) for the year ended 31 December 2021. The Group's investment in the individual fund in this strategy does not exceeds 5% of the carrying value of the Group's total assets.

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

MS Portfolio

The MS Portfolio offers a bespoke asset allocation investment based on 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, Exchange-Traded Fund ("ETF"s) and money market instruments. As at 31 December 2021, the total carrying value of the MS Portfolio was HK$69,854,000 (2020: HK$67,160,000) with 19 funds holding representing approximately 5.6% of the carrying value of the Group's total assets. The asset allocation in the portfolio comprised of 22.3% fixed income funds, 66.7% equity funds and others 11% in other investment. The underlying assets in the MS Portfolio were set up gradually to spread risk and a certain portion of the funds was invested in the Money Market Fund awaiting suitable opportunities. The MS Portfolio recorded a net gain of HK$4,730,000 (or 6.6%) for the year ended 31 December 2021.

LGT Portfolio

LGT offers a bespoke asset allocation investment based on 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 directly in equity and fixed income securities, and to a smaller extent in mutual funds or ETFs. In November 2021, we increased an allocation of US$1.1 million to the LGT Portfolio. As at 31 December 2021, the total carrying value of the LGT Portfolio was HK$82,352,000 (2020: HK$69,998,000), with 76 securities, representing approximately 6.6% of the carrying value of the Group's total assets. The asset allocation in the LGT Portfolio as at 31 December 2021, comprised of 53.6% in fixed income and 46.4% 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 this portfolio. The LGT Portfolio returned a net gain of HK$5,241,000 (or 6.5%) during the year ended 31 December 2021.

JB Portfolio

In November 2021, in response to the high volatility in the investment markets in the second half of the year, the Group decided to add to the Discretionary Portfolio Management category of investment and allocated US$3 million to be managed on our behalf by Bank Julius Baer & Co. Ltd. (Singapore) (“Julius Baer”). Julius Baer offers a bespoke asset allocation solution based upon assessment and recommendations of their Global Chief Investment Officer and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and asset allocation strategy into the portfolio through ETF investment. As at 31 December 2021, the total carrying value of the JB Portfolio was HK$21,845,000, with 13 securities (in fixed income and equity ETFs), representing in total approximately 1.7% of the carrying value of the Group’s total assets. The asset allocation in the JB portfolio as at 31 December 2021, comprised of 38% in fixed income ETFs and 62% in equity ETFs. The underlying assets in the JB Portfolio have been set up to further diversify our discretionary investment portfolios through investments in ETFs. The JB Portfolio returned a HK$358,000 (or 1.5%) net gain in approximately one month from inception through to 31 December 2021.

C. Listed Securities

In keeping with the aim to minimise the Group’s investments in individual listed equities and corporate bonds and switch to investments 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 at 31 December 2021, the Group directly holds only two listed securities in the investment portfolio, which are China Motor Bus Company Limited (“CMB”) and PuraPharm Corporation Limited (“PuraPharm”) with a total carrying value of HK$34,159,000 (2020: HK$33,517,000), representing approximately 2.7% of the carrying value of the Group’s total assets. The investment in CMB and PuraPharm recorded a net gain of HK$1,550,000 for the year ended 31 December 2021 (2020: HK$2,595,000 net loss). which represents an unrealised fair value net gain of HK$642,000 and dividend income of HK$908,000.

D. Other Fund Investments, mainly in Private Equity Funds

The total carrying value of the Group’s investment in this category as at 31 December 2021 was HK$79,117,000 (2020: HK$80,006,000) and recorded a net gain of HK$11,157,000 (2020: HK$14,891,000) for the year ended 31 December 2021.

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

The Group made an investment commitment of US$4 million (equivalent to HK$31,120,000) in ACIF III for a 1.532% shareholding. ACIF III, is managed out of Singapore by United Overseas Bank Venture Management Private Limited (“UOBVM”) and targets investments in growth oriented companies operating in East and South East Asia and China. As at 31 December 2021, the Group has invested a total of HK$27,183,000 in this fund and its capital value was HK$51,530,000 based on the management accounts it has provided. The return on investment in ACIF III is HK$9,677,000 net gain for the year ended 31 December 2021 (2020: HK$13,308,000). The Group continues benefit from the positive performance of this long-term private-equity investment which helped to manage our risk by providing exposure to a wide and diverse range of potentially profitable private companies managed by a team of tried and tested Managers. Based on the updates provided to the Limited Partners in the fund of which we are one, we have confidence in both its performance and upside prospects.

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

With the success of ACIF III, the Group made an additional capital commitment of US$4 million (equivalent to HK$31,120,000) in ACIF IV for a 1.649% shareholding. 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. As at 31 December 2021, the Group has invested a total of HK$27,928,000 in this fund and its capital value was HK$27,587,000 based on the management accounts it has provided. The total return of the Group's investment in ACIF IV is a HK$1,467,000 net gain for the year ended 31 December 2021 (2020: HK$1,549,000) comprising distribution income of HK$2,212,000 offset by the mark-to-market loss of HK$745,000.

With the intention to reduce direct investments in individual bonds, in March 2021, the Group disposed all of its USD corporate bonds holdings with a consideration of HK$7,401,000 (including accrued interest). The net return of the Group's investment in those bonds was HK$88,000 (or 1.2%) during the period under review including HK$86,000 of interest income and a realised gain of HK$2,000.

Investment Portfolio

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

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2021 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2021 '000	Note	Percentage of shareholding as at 31 December 2021 %	Investment cost of investments held as at 31 December 2021 HKD'000 (Note 7)	For the year ended 31 December 2021: 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 2021 HKD'000	Percentage to the Group's total assets as at 31 December 2021 %	Fair value as at 31 December 2020 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	899		N/A	79,963	(898)	–	–	3,034	2,136	83,984	6.7%	82,105
FASBYAU LX	Fidelity Asian Bond Fund	Fixed income fund	340		N/A	42,790	865	–	–	–	865	43,655	3.5%	–
RHYBCHU LX	Robeco High Yield Bond Fund	Fixed income fund	48		N/A	38,900	(538)	–	–	490	(48)	39,041	3.1%	39,578
BGRBD2U LX	BGF China Bond Fund	Fixed income fund	152		N/A	19,441	(201)	–	–	–	(201)	19,240	1.5%	–
BGATBDU LX	BGF Asian Tiger Bond Fund	Fixed income fund	163		N/A	19,450	(1,015)	–	–	–	(1,015)	18,435	1.5%	–
GSAPUDH KY	Goldman Sachs INV UNT TST-AS High Yield Bond Fund	Fixed income fund	87		N/A	7,780	(169)	–	–	–	(169)	8,867	0.7%	9,036
IPASBAD KY	IP All Seasons Bond Fund	Fixed income fund	–		N/A	N/A	–	(902)	–	542	(360)	–	0.0%	42,893
UBEHK1U LX	UBS (Lux) Bond Fund – Euro High Yield (USD Hedge)	Fixed income fund	–		N/A	N/A	–	106	–	1,983	2,089	–	0.0%	35,496
	Others	Fixed income fund			NA	NA	(26)	–	–	–	(26)	3,968	0.3%	3,995
Subtotal							(1,982)	(796)	–	6,049	3,271	217,190	17.3%	213,103

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2021 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2021 '000	Note	Percentage of shareholding as at 31 December 2021 %	Investment cost of investments held as at 31 December 2021 HKD'000 *(Note 7)*	For the year ended 31 December 2021: 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 2021 HKD'000	Percentage to the Group's total assets as at 31 December 2021 %	Fair value as at 31 December 2020 HKD
Enhanced Yield Fund Portfolio														
PRUENHN KY	Prudence Enhanced Income Fund Class A – Series 1	Alternative fund	7		N/A	40,276	3,322	–	–	–	3,322	47,393	3.8%	44,071
JANBAA1 ID	Janus Henderson Balanced Fund	Multi assets fund	105		N/A	26,982	4,714	–	–	–	4,714	34,800	2.8%	30,086
ALZIGIT LX	Allianz Income & Growth Fund	Multi assets fund	1		N/A	9,078	1,518	–	–	–	1,518	13,696	1.1%	12,178
KYGOR73M1311	Apollo Debt Solutions BDC iCapital Offshore Access Fund SPC – Distribution	Alternative fund	1		N/A	8,947	–	–	–	–	–	8,947	0.7%	–
KYG1321E1109	Blackstone Private Credit Fund iCaptial Offshore Access SP1 – distribution	Alternative fund	1		N/A	5,835	–	–	–	–	–	5,835	0.5%	–
ASCREHA KY	IP All Seasons Asian Credit Fund – Accumulation Shares Series 1	Fixed income fund	–		N/A	N/A	–	(2,753)	–	–	(2,753)	–	0.0%	64,950
ASCREHA KY	IP All Seasons Asian Credit Fund – Accumulation Shares Series 101	Fixed income fund	–		N/A	N/A	–	(510)	–	–	(510)	–	0.0%	8,692
Subtotal							9,554	(3,263)	–	–	6,291	110,671	8.9%	159,977
Equity-Based Funds Portfolio														
SCHAEYC LX	Schroder International Selection Fund Asian Equity Yield	Equity fund	72		N/A	23,601	614	–	–	–	614	24,215	1.9%	–
DCUSSUA ID	Dodge & Cox Worldwide US Stock A USD	Equity fund	71		N/A	21,192	1,325	–	–	–	1,325	22,517	1.8%	–
UBSCHOA	UBS China A Opportunity Fund	Equity fund	6		N/A	10,072	(3,776)	–	–	–	(3,776)	17,902	1.4%	21,678
	Others	Equity fund			N/A	N/A	403	–	–	–	403	4,173	0.3%	3,770
Subtotal							(1,434)	–	–	–	(1,434)	68,807	5.4%	25,448

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2021 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2021 '000	Note	Percentage of shareholding as at 31 December 2021 %	Investment cost of investments held as at 31 December 2021 HKD'000 (Note 7)	For the year ended 31 December 2021: 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 2021 HKD'000	Percentage to the Group's total assets as at 31 December 2021 %	Fair value as at 31 December 2020 HKD
Gold Exchange-traded Fund														
XAU US Equity	iShare Gold Trust (IAU)	Equity fund			N/A	N/A	–	299	–	–	299	–	0.0%	15,481
Subtotal							–	299	–	–	299	–	0.0%	15,481
							6,138	(3,760)	–	6,049	8,427	396,668	31.6%	414,009
B. Discretionary Investment Portfolio, at fair value														
1) Managed by Morgan Stanley Asia International Limited														
Unlisted														
	Others	Mainly Bond fund, Equity fund and Mutual fund		*1*	N/A	N/A	3,980	706	–	44	4,730	69,854	5.6%	67,160
Subtotal							3,980	706	–	44	4,730	69,854	5.6%	67,160
2) Managed by LGT Bank (Hong Kong)														
Listed and unlisted														
	Others	Corporate bond investment		*2*	N/A	N/A	(1,331)	(354)	1,058	–	(627)	44,148	3.6%	45,280
	Others	Equity and Fund investment		*3*	N/A	N/A	5,487	20	–	361	5,868	38,204	3.0%	24,718
Subtotal							4,156	(334)	1,058	361	5,241	82,352	6.6%	69,998

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2021 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2021 '000	Note	Percentage of shareholding as at 31 December 2021 %	Investment cost of investments held as at 31 December 2021 HKD'000 *(Note 7)*	For the year ended 31 December 2021: 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 2021 HKD'000	Percentage to the Group's total assets as at 31 December 2021 %	Fair value as at 31 December 2020 HKD
3) Managed by Julius Baer														
Listed														
	Others	Mainly Bond and Equity ETFs		*4*	N/A	N/A	358	–	–	–	358	21,845	1.7%	–
							358	–	–	–	358	21,845	1.7%	–
							8,494	372	1,058	405	10,329	174,051	13.9%	137,158
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	(468)	–	–	908	440	27,245	2.2%	27,713
1498	PuraPharm Corporation Limited	Chinese medicine company	8,536		2.16%	33,669	1,110	–	–	–	1,110	6,914	0.5%	5,804
							642	–	–	908	1,550	34,159	2.7%	33,517

Investment Portfolio (Cont'd)

The Group's investment portfolio as at 31 December 2021 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 31 December 2021 '000	Note	Percentage of shareholding as at 31 December 2021 %	Investment cost of investments held as at 31 December 2021 HKD'000 (Note 7)	For the year ended 31 December 2021: 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 2021 HKD'000	Percentage to the Group's total assets as at 31 December 2021 %	Fair value as at 31 December 2020 HKD
– Non-current and current assets														
D. Other Fund Investments, at fair value														
Unlisted investments														
N/A	ASEAN China Investment Fund III L.P.	Private Equity Fund	3,863	*5*	1.532%	27,183	(2,975)	–	–	12,652	9,677	51,530	4.1%	56,865
N/A	ASEAN China Investment Fund IV L.P.	Private Equity Fund	3,590	*5*	1.649%	27,928	(745)	–	–	2,212	1,467	27,587	2.2%	21,657
	Others				N/A	N/A	–	4	–	9	13	–	0.0%	1,484
							(3,720)	4	–	14,873	11,157	79,117	6.3%	80,006
E. Debt Investments, at fair value														
Listed investments														
	Listed Hong Kong USD corporate bonds			*6*	N/A	N/A	–	2	86	–	88	–	0.0%	7,313
	Total						11,554	(3,382)	1,144	22,235	31,551	683,995	54.5%	672,003

Notes:

1) Including fund investments disposed during the year and the Group's other 19 investments mainly in unlisted bond and equity fund, money market fund and mutual 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 2021.

2) Including debt investments disposed during the year and other 23 investments in USD corporate bonds with fixed tenor listed 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 2021.

3) Including equity/fund investments disposed during the year and other 53 investments in listed equity, equity ETFs and unlisted fund 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 2021.

4) Including fund investments disposed during the year and the Group's other 13 investments mainly in listed bond and equity ETFs 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 2021.

5) It represents the Partners' capital paid-up amount in Thousand US Dollars which the Group had paid as at 31 December 2021.

6) Included the Group's other 2 investments in USD corporate bonds with fixed tenor disposed during the year.

7) For investments held at year end with carrying value more than 0.5% of the Group's total asset as at 31 December 2021.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

KEY RISKS AND UNCERTAINTIES

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

Business Risk

Fashion Retail Business

Pandemic impact

The Hong Kong economy staged a slight recovery in 2021, having experienced significant decline in the previous two years, the economy turned to a strong year on year expansion of 8% in the first quarter of 2021, thanks to a rebound in global economies, and posted further solid growth of 5.5% and 4.8% respectively in the third and fourth quarters of 2021, as we saw almost zero COVID-19 cases locally during that period. Despite this rebound, luxury retail sales were still 41.4% and 54.6% lower than in the same period of the pre-COVID years of 2019 and 2018 respectively. Tourist sales remained non-existent due to continual strict inbound travel restrictions. Visitors to Hong Kong dropped by 97.5% in 2021 versus 2020 and dropped by 99.8% when compared to the same period in 2019.

At the time of writing, Hong Kong is suffering from the fifth wave of COVID-19 which lead to the highest level of anti-epidemic measures being imposed by the Government, this weighed on consumption sentiment and posed renewed pressures on the retail sector. The foregoing highlights three further substantial risks that came to the forefront as a consequence of COVID-19; namely infection and quarantine risk, demand risk and supplier/merchandise delivery risk.

In addition to the abovementioned risks creating uncertainties in trading and operations, we would also need to monitor a couple of other areas in the coming two years.

eCommerce competition

As the market of eCommerce sales of luxury fashion matures, customers will continue to shift their spending online for ease of purchase, quality of service, price advantage and wider offerings. We can try to mitigate this risk by providing unique "in store shopping" experience to be more than just a transactional destination.

Brand partnership

The decrease in our sales volume might impact the partnership with key brands in their willingness to continue to supply smaller quantities of merchandise to us. We need to work closely with our key brands and maintain close relationships to keep up the trust and loyalty.

Resort and Recreational Club operation

The fifth wave of COVID-19 that began in late December 2021 brought back very stringent social distancing measures by the Government which has severe impact on the Club's operations. This continued pandemic risk has led to temporary suspension of all the Club's recreational activities, and imposed major restriction on the Club's ability to gain revenue from events and banqueting. The risks of members' and employees' infection could lead to need for closure, resulting in further loss of revenue.

The Club's other risks relate to its aging nature with some facilities in need of major refurbishment work to increase the efficiency of their usage. While we are careful to ensure compliance with various statutory and other regulations, and have the facilities inspected at least annually by relevant Government agencies as part of our license renewal requirement, there are nonetheless aspects of the Club's infrastructure that are not operating as efficiently or delivering as much comfort as they could.

As a Club operator with possession of membership data and other sensitive information, we also have to be careful about security and privacy in handling data. IT security monitoring and employee guidelines on handling such private and sensitive information are provided at a company-wide basis to ensure that they are protected.

Investments in Financial Instruments

The risks of financial instruments investments mainly include market risk, issuer risk, liquidity risk and currency risks.

Market risk refers to the impact on the performance of an investment product caused by fluctuation of the global, regional or local financial market condition, and 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.

Issuer risk refers to the ability of an Issuer, and/or a Guarantor (if any) associated with a specific security, to meet its payment obligation to investors. This could have major impact on the return and valuation of the investment.

Liquidity risk consists of secondary market risk and redemption risk. An investment product may have no buyer or the bid price may be below the original purchase price in the secondary market and/or there might be redemption restriction for certain investment.

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

In 2021, the impact of the COVID-19 pandemic on the global financial market was diminishing in the pace with vaccination deployment, together with the global accommodative fiscal and monetary policies, equity markets performed well and the MSCI World Index increased by 20.1%. However, the fixed income market was volatile, labour shortage, increasing in raw material prices and supply chain disruption caused the US CPI to climb by 4.7%, the largest 12-month gain since 1990. The US Federal Reserve started to tighten its monetary policy in 2022 to manage such inflationary pressure, along with the deterioration in creditworthiness of the Asian and emerging markets fixed income investments, bond yields are rising globally. In addition, strengthening measures by global regulators and intensified geopolitical tension are expected to continue to cause volatility in the investment markets.

With this backdrop of uncertainties, the Group will continue its prudent approach to balance the risks and returns of our investment portfolio. Furthermore, the Group has not used any leverage in its investment and does not invest in speculative derivative, to avoid exposure to high-risk investment products.

Strategic Direction Risk

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

Appropriate measures have been put in place by management to 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 setting the parameters of the Group's decision-making. Implementation of, and performance against, appropriate strategy is monitored at both Management and Board level through regular updates and open communication.

Cyber risk and security and data fraud or theft

Cyber-attack can affect the Group's information technology ("IT") operation, which is vital to our retail operation and also important to overall business continuity, and data breaches can lead to unauthorised disclosure of customer data and access to Group information that may adversely affect the business integrity and benefit of the Group, potentially be in breach of various laws and regulations, as well as adversely affecting the customers. With increasing number and frequency 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, the Group has developed comprehensive internal control guidelines for information security, documented in our Internal Control handbook which is reviewed periodically and updated, as required. Following are some of the controls and protections we have already applied as the Group's IT security measures:

(a) Implementation of Next Generation Firewall and 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 review of IT Risk Register and Internal Control Handbook.

(g) Regular network security assessment by certified consultant.

Manpower and Retention Risks

Following the 2019's social unrest in Hong Kong which brought upon a number of political changes over the period of 2020 and 2021, during which the Hong Kong Government also implemented one of the world's toughest quarantine rules to meet its "Zero COVID" health policy, the city saw both the highest number of locals migrating overseas and expat repatriation and lowest number of overseas migrants coming to Hong Kong. This has not only created fierce competition for acquiring high calibre and competent talent in the open market within which the Group operates, it has also made the goal to minimise input costs (including that of labour) in response to the difficult trading conditions extremely challenging. This also leads to the risk of the Group not being able to attract and retain key personnel and talent with appropriate and required skills, experience and competence to deliver our business objectives. Therefore, the Group, in recognizing this risk whilst keeping consistent with its overall need to manage expenditure, continues to be committed to providing attractive remuneration packages and training opportunities to suitable candidates and appropriate personnel. Effective and regular performance evaluation has also been adopted in order to reward outstanding employees and provide career path development.

Legal and Compliance Risks

Legal and compliance risks relate to risks arising from the government and regulatory environment and actions, including those arising 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 and environmental protection, prevention of corruption and health and safety.

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

Financial Risks

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

Macro-economic, Political Instability and Business Continuity Risk

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

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

TREASURY MANAGEMENT/POLICIES

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

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

The Group's imported purchases are mainly denominated in Euros, with insignificant portions in Yen, British Pounds 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 foreign currency position, particularly with respect to the Euro and will, from time to time, review its 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 requirements for its fashion business.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2021, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK$111,064,000 (2020: HK$150,607,000). Total borrowings and lease liabilities amounted to HK$7,001,000 (2020: HK$6,617,000) and HK$20,899,000 (2020: HK$28,012,000) respectively with HK$21,126,000 (2020: HK$25,056,000) 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 open-end unitized equity and fixed income funds since the second half of 2018 which continued in this year. The Group will retain sufficient cash deposits for its daily activities in the treasury portfolio, and has chosen to invest in a high proportion of marketable funds to ensure that there is more than adequate liquidity available to deal with any likely eventuality as though the funds had been retained as cash. As at 31 December 2021, the Group's gearing ratio (a comparison of total borrowings and lease liabilities with equity attributable to equity holders of the Company) was 2.3% (2020: 3%) and is in a sound financial position with its current ratio (current assets over current liabilities) standing at 18.5 times (2020: 16.3 times). As all segments of the Group's operations continue to be adversely impacted by COVID-19 and recovery from the prolonged negative impacts remains uncertain, management will closely monitor the financial position and believes that while the near term remains challenging, our strong liquidity and low-cost positions will provide support for the long-term prospects of the Group.

As at 31 December 2021, the Group's bank balances and borrowings were denominated primarily 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 interest rate.

PLEDGE OF ASSETS

As at 31 December 2021, HK$10,000,000 of the Group's fixed deposits (2020: HK$10,000,000) were pledged to banks to secure trade banking facilities of up to HK$30,000,000 (2020: HK$30,000,000), and foreign exchange facilities.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

SWANK, the fashion retail business, complies with the requirements under the Sales of Goods Ordinance, the Trade Descriptions Ordinance and the Competition Ordinance in respect of the sale of merchandise in Hong Kong.

For the resort and recreational club operation, Hilltop operates strictly in compliance with the Clubs (Safety of Premises) Ordinance and related laws and regulations to be issued a certificate of Compliance from the Licensing Authority of the Home Affairs Department. Hilltop also strictly complies with the relevant requirements and restrictions under the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation including mask-on requirement, screening of body temperature, provision of hand sanitiser, limit of headcount per table, dine-in service hours, implementation of the "LeaveHomeSafe" and Vaccine Pass.

For the investments in financial instruments, the Group complies with the Securities and Futures Ordinance and the disclosure requirements under the Listing Rules.

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

In relation to Human Resource Management, the Group is committed to complying with the requirements of all applicable ordinances including the Employment Ordinance, the Employees' Compensation Ordinance, the Minimum Wage Ordinance, the Mandatory Provident Fund Schemes Ordinance, the Occupational Retirement Schemes Ordinance, the Personal Data (Privacy) Ordinance, ordinances which deal with discrimination against disability, sex, family status and race, and ordinances relating to occupational safety of staff, so as to safeguard the interests and well-being of the Group's 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 which sets out clear guidelines on prevention of bribery and to regulate and restrict the acceptance of benefits by employees.

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

To ensure that the Group complies with the relevant laws and regulations, 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 anti-corruption procedures and practices are provided periodically. Appropriate policies and procedures have been put in place to ensure compliance with the relevant laws and regulations. These policies and procedures are reviewed and updated where necessary.

Management and business unit/department heads attend external seminars and workshops on a regular basis to keep informed of the latest developments in regard to all relevant laws and regulations. During the year ended 31 December 2021, 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 approval of the Company's application to rezone the Hilltop club property which was included by the Government's Planning Department in the Tsuen Wan Outlined Zoning Plan ("OZP") was executed by the Chief Executive in Council on 8 February 2022. The Tsuen Wan OZP No. S/TW/35 has incorporated amendments made to the approved Tsuen Wan OZP No. S/TW/33, which involved, among other things, the rezoning of the Company's club property from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 8".

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 LIABILITIES

The Group's contingent liabilities as at 31 December 2021 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 undertook by the Group in the early 1980s. Pursuant to a new Dangerous Hillside Order issued on 13 June 2019, the BA approved the Group's remediation work proposal which commenced in October 2020. As at 31 December 2021, the remediation work was substantially completed pending the issuance of certain approval permits by the relevant Government authorities and the related cost for this remediation work has been expensed or accrued in the consolidated financial statements.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 115 staff, including Executive Directors, as compared to 126 as at 31 December 2020. Total employee costs (including Directors' emoluments) were approximately HK$48,273,000 for the year ended 31 December 2021 (2020: HK$48,366,000). 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 Directors.

FUTURE OUTLOOK AND STRATEGIES

SWANK

The COVID-19 pandemic, lasting more than 2 years now, will have been one of the most severe shock to global economies in recent decades. Unemployment rates in Hong Kong since the beginning of 2020 until the end of 2021 hovered between 7% and 4%, the highest in more than a decade. Combined with the negative impact to income, wealth and asset prices, as a result of financial markets volatility, alongside a complete halt to tourism, Hong Kong's retail sales experienced one of the steepest decline the industry has ever gone through. Meanwhile, we do not expect tourism to recover in any meaningful way soon, even after quarantine and social distancing measures are lifted, it would likely take time for tourists to feel safe to travel again. The Group expects local consumer sentiment will only improve after the economy recovers.

Nevertheless, we plan to look forward to the year ahead of a new market environment with new operating possibilities. We will ensure that we are well prepared and ready to welcome shoppers back to our stores with stronger customer service and better operating merchandise offerings.

Presence and Distribution

We plan to explore new retail locations of varying footprint to enable us to test out new brands and attract new customers. In January 2022, we have already reinforced our retail presence on the Kowloon side with the opening of a new womenswear store in the prestigious shopping mall, Elements. We will continue to seek opportunities to secure premises or sales footage in good locations that offer favourable financial terms.

Merchandising

We will leverage on our expertise in curating coveted brands for our customers. We would look to partner with selective brands, both existing and new, to promote their merchandise in the Hong Kong market. Our success is linked to our ability to secure and build brand relationships that may lead to us becoming their exclusive distribution channel in Hong Kong and the region.

Service evolution

The loyalty of our customers has been achieved through decades of high quality personal service in-store. While we will continue to build on this strength, we also plan to formulate a new clientele strategy to better understand potential customers, know their needs, and tailor services that will meet their expectations. We plan to renew our customer relationship management approach, to recreate a new customer experience before, during, and after their store visits. This strategy will come with a new digital platform to also capture online customers who buy fashion on more advanced service-oriented platforms.

Hill Top Country Club

At the time of writing the most stringent anti-epidemic measures have been put in place by the Government in response to the severe impact of the fifth wave of COVID-19 whereby all the Club's activities had to be suspended, dining is restricted to a maximum of 2 persons who have taken at least one shot of vaccination per table and opening hours is only up to 6:00 p.m. These regulations were started to be put in place from January 2022 resulting in near zero banqueting (including weddings) and events revenue for the first quarter of 2022. In response, similar to 2021, we will continue to keep a tight control on expenditure, especially variable costs and also continue to recruit new dining members.

As referred to in the Overview section at the beginning of this CEO Statement, and also previously announced publicly in February 2022, the Chief Executive in Council approved the Tsuen Wan Outline Zoning Plan which included the rezoning application of the club property. However, there remain further steps to be taken and applications required before the Group is able to redevelop this site for residential purpose. We have commenced to take the necessary steps.

Investments in Financial Instruments

2022 kicked off with huge volatility in the global financial markets led by a broad sell off in the equities market, in particular the Tech sector. This volatility is anticipated to continue with the United States ("US") Federal Reserve tapering asset purchase, reducing market liquidity, and interest rate hikes that could intensify on the back of uncertainties around global monetary policies.

Market volatility has now risen sharply on account of Russia's invasion of Ukraine on 24 February 2022. Sanctions were swiftly imposed by the US, European and other countries, causing an immediate rise in commodities prices which has triggered a supply shock (in motor vehicle manufacturing and wheat production) that will have serious repercussions on global, and in particular, European economic outlook. According to the European Central Bank (ECB), roughly half of headline inflation in January 2022 was driven by higher energy prices. Further increases would make the ECB's job of balancing inflation and growth even more difficult. Global inflationary pressures will grow should elevated prices in commodities be sustained for long periods. For now, the estimated drag on global GDP growth is estimated to be minimal outside of Europe.

Nevertheless, market corrections have been windows of opportunities in the past. We have all lived through the 911 attacks and Gulf War. All of these historical events have triggered market corrections, but none of them have left lasting impact on asset prices, especially the further they recede into the past. They underscore the need to remain vigilant to downside risk in the face of fast changing markets as well being alert to as opportunities that may arise. The Group will continue the prudent approach to balance risks and reward of the investment portfolio through diversification of securities type, geography and nature of industries.

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

Hong Kong, 29 March 2022

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTORS

Mrs. Penny Soh Peng CROSBIE-WALSH, (Former Name: Soh Peng LEE), aged 54, has been an Executive Director of the Company since November 2021. Mrs. Crosbie-Walsh joined the Group as the Chief Operating Officer of the Company in July 2021 and has been the Chief Executive Officer of the Company since February 2022. She is the chairman of 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.

Before joining the Group, Mrs. Crosbie-Walsh held various positions in areas of operations, finance, internal audit and board directorship in a variety of industries that span across non-governmental organisations ("NGOs"), consumer goods, fashion, professional accounting and legal firms. She is currently a Board director of a local NGO, Harmony House Limited, and also holds positions as chair of their capital expenditure committee as well as a member of their various board-level committees. Previously, she held the positions of director of operations for the Corporate Finance & Reconstruction (CFR) division of PricewaterhouseCoopers Hong Kong and financial controller at Marks and Spencer (Hong Kong) Limited (now known as ALF Retail Hong Kong Limited). Mrs. Crosbie-Walsh has been working in Hong Kong since she joined Philip Morris Limited in 1993. Mrs. Crosbie-Walsh is a member of Chartered Accountants Australia and New Zealand (previously known as the Institute of Chartered Accountants Australia) and holds a Bachelor of Economics degree in Accounting from La Trobe University in Melbourne, Australia.

Mr. David Charles PARKER, aged 68, has been an Executive Director of the Company since January 2017. Mr. Parker is a member of the Investment Committee of the Company and a director of all principal subsidiaries of the Company. Mr. Parker joined the Company in January 2017 as an Executive Director and the Chief Executive Officer of the Company and retired from his position of Chief Executive Officer from 1 February 2022. He will retire from all executive position/function at the end of March 2022.

Mr. Parker 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 held various positions in Chinachem Group over a period of close to eight years in the capacities of chief operating officer, director of corporate governance and executive director with responsibilities at various times for 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. Mr. Parker was educated at the University of Western Australia.

NON-EXECUTIVE DIRECTORS

Mr. Hung Han WONG, aged 50, has been a Non-executive Director and the Non-executive Chairman of the Board of the Company since June 2021. Mr. Wong is a member of the Audit Committee, the Investment Committee and the Remuneration Committee of the Company.

Mr. Wong is currently an executive director and the Chief Operating Officer of Chinachem Group. He joined Chinachem Group in 2013 as Head of Internal Audit and was the Deputy Head of Leasing before his appointment as Chief Operating Officer in 2018. He has direct managerial responsibilities over Human Resources, Legal, Company Secretarial, Workplace Services, Insurance, Internal Controls and Central Procurement functions of Chinachem Group. He also oversees Chinachem Group's risk management, crisis management as well as corporate social responsibility projects. Mr. Wong has over 25 years of experience spanning the information technology, consultancy and real estate industries. His career started with Hewlett-Packard, a US multi-national corporation which provided IT products and services. Thereafter, he spent a couple of years as a consultant in PricewaterhouseCoopers prior to joining Chinachem Group. Mr. Wong holds a Master of Science in Real Estate degree from the University of Hong Kong, a Master of Business Administration degree from the Hong Kong University of Science and Technology and a Bachelor of Science (Computer and Information Sciences) degree from the National University of Singapore.

Mr. Wong is a director and a member of the executive committee of Chime Corporation Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Wong is also a member of the executive committee of each of 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 SFO.

Mr. Hing Lun Dennis AU, aged 62, has been a Non-executive Director of the Company since August 2020. Mr. Au is a member of the Corporate Governance Committee and the Nomination Committee of the Company.

Mr. Au is the Managing Director of Real Estate at Chinachem Group, a well-established leading property group in Hong Kong. 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. Mr. Au 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 director and a member of the executive committee of Chime Corporation Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Au is also a member of the executive committee of each of 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 SFO.

BIOGRAPHIES OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kin Wing CHEUNG, aged 67, 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 has extensive 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 a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Institute of Chartered Accountants in England and Wales. Mr. Cheung holds a Bachelor of Commerce from the University of Calgary, Canada.

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 65, 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 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 SFO. 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. 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 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. Ted Tak Tai LEE, aged 71, 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 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 was a senior partner of Deloitte Touche Tohmatsu Limited, where he worked for 31 years in both Asia and the United States. Mr. Lee is a US certified public accountant (inactive) and a member of the American Institute of Certified Public Accountants. Mr. Lee 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 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.

Ms. Sarah Young O'DONNELL (Former Name: Sarah Elizabeth YOUNG), aged 58, 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 the chairman of the Corporate Governance Committee of the Company, and a member of 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 CFO of the National Eczema Association (NEA) based in San Francisco and is also on the Board of Directors of the New York Foundation for the Arts (NYFA). She is a member of the Wellesley Business Leadership Council.

Notes:

1. Directors' emoluments are determined with reference to their duties, 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. All Executive Directors do not have any fixed term of service with the Company and are subject to retirement by rotation in accordance with the Company's Articles of Association.

3. All Non-executive Directors and Independent Non-executive Directors are appointed for a specific term of approximately two years commencing from the date of the annual general meeting at which they are elected/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 42, 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 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 extensive 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. Pui Yee Polly CHEUNG, aged 40, joined the Group in June 2021. Ms. Cheung is the Merchandising & Commercial Director of The Swank Shop Limited, a fashion retail subsidiary of the Company. She has 15 years of experience in the fashion and retail industry, specializing in international premium and luxury brands. She has extensive experience in merchandising, fashion buying, brand management, retail store expansion, wholesale business, lease negotiations as well as established relationships with landlords and global business partners. Over her career, Ms. Cheung has worked closely with some of the major global fashion brands and retail/wholesale businesses in the industry such as Lane Crawford, The Pedder Group, Jimmy Choo, Moschino, Carven, Anya Hindmarch, to name a few.

Ms. Pui Man CHENG, aged 49, 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 Chartered Governance Institute 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 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 in 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 2021.

BOARD OF DIRECTORS

Board Composition

The Board of the Company currently comprises eight Directors, namely, Mrs. Penny Soh Peng CROSBIE-WALSH (Chief Executive Officer) and Mr. David Charles PARKER as Executive Directors; Mr. Hung Han WONG (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 34 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 and up to the date of this report are as follows:

9 June 2021	Mr. Derek Wai Choi LEUNG retired as a Non-executive Director of the Company immediately after the conclusion of the Company's annual general meeting held on 9 June 2021 (the "2021 AGM"). Upon his retirement, Mr. Leung has ceased to be the Non-executive Chairman of the Board, the chairman of the Corporate Governance Committee, and a member of each of the Audit Committee, the Corporate Governance Committee, the Investment Committee and the Nomination Committee of the Company.
9 June 2021	Mr. Hung Han WONG was elected as a Non-executive Director of the Company at the 2021 AGM.
9 June 2021	Mr. Hung Han WONG, a Non-executive Director, was appointed as the Non-executive Chairman of the Board, and a member of each of the Audit Committee, the Investment Committee and the Remuneration Committee of the Company.
9 June 2021	Mr. Hing Lun Dennis AU, a Non-executive Director, was appointed as a member of each of the Corporate Governance Committee and the Nomination Committee of the Company.
9 June 2021	Ms. Sarah Young O'DONNELL, an Independent Non-executive Director, was appointed as the chairman of the Corporate Governance Committee of the Company.
24 November 2021	Mrs. Penny Soh Peng CROSBIE-WALSH was appointed as an Executive Director and a member of the Corporate Governance Committee of the Company.

15 December 2021	Mrs. Penny Soh Peng CROSBIE-WALSH, an Executive Director, was appointed as a member of the Investment Committee of the Company.
1 February 2022	Mr. David Charles PARKER, an Executive Director, retired from his position as the Chief Executive Officer of the Company but continues to serve as an Executive Director of the Company until 31 March 2022.
1 February 2022	Mr. David Charles PARKER, an Executive Director, stepped down as the chairman of the Investment Committee of the Company but remains as a member of the Investment Committee of the Company.
1 February 2022	Mr. David Charles PARKER, an Executive Director, resigned as a member of each of the Corporate Governance Committee and the Remuneration Committee of the Company.
1 February 2022	Mrs. Penny Soh Peng CROSBIE-WALSH, an Executive Director, succeeded Mr. David Charles PARKER as the Chief Executive Officer of the Company.
1 February 2022	Mrs. Penny Soh Peng CROSBIE-WALSH, an Executive Director, was appointed as the chairman of the Investment Committee of the Company in place of Mr. David Charles PARKER and as a member of the Remuneration Committee of the Company.

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.

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.

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;
- To oversee all matters relating to and to formulate policies in relation to the Group's internal control, investment, the succession, remuneration and compensation for Directors and employees, risk management, corporate governance and social responsibility, and to supervise the Group's management in the 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. Hung Han WONG, a Non-executive Director and Mrs. Penny Soh Peng CROSBIE-WALSH, an Executive Director respectively.

The Non-executive Chairman is responsible to lead the Board, finalise and approve Board agendas and take into account matters proposed by all Directors for inclusion in the agendas, facilitate effective contributions from and dialogue with all Directors and promote constructive relations between them, ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive accurate, timely and clear information, and ensure 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.

Mr. Derek Wai Choi LEUNG acted as the Non-executive Chairman of the Board from 13 January 2017 up to his retirement after the conclusion of 2021 AGM. Mr. Hung Han WONG was appointed as the Non-executive Chairman of the Board with effect from the conclusion of the 2021 AGM.

Mr. David Charles PARKER acted as the Chief Executive Officer of the Company from 13 January 2017 up to his retirement from the position of the Chief Executive Officer of the Company on 1 February 2022. Mrs. Penny Soh Peng CROSBIE-WALSH succeeded Mr. David Charles PARKER as the Chief Executive Officer of the Company with effect from 1 February 2022.

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 are appointed for a specific term of approximately two years commencing from the date of the annual general meeting at which they are elected/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.

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.

The composition of the Board has been considered from a number of aspects, including but not limited to diversity of 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 Directors with various skills, knowledge and experience of both genders. All Board appointments will 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.

During the year, the Nomination Committee considered that the ability to achieve the Company's corporate strategy should serve as a measurable objective for determining the desired level of board diversity. All new Board appointments made during the year were based on meritocracy and diversity of perspectives appropriate to the Company's corporate strategy.

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.

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.

During the year, the Company arranged an inhouse training session for the Directors on the update on Listing Rules, Corporate Governance Code and Anti-corruption. The training was conducted by The Hong Kong Institute of Directors.

The Company Secretary from time to time provides Directors with updates on the 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 for the year ended 31 December 2021 are reflected on page 49.

Board Meetings

The full Board held four regular meetings and two non-regular meetings during the year.

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

The minutes of Board meetings and Directors' written resolutions record the matters discussed and decisions resolved by the Board. The minutes would be sent to all Directors within reasonable time after each meeting. The minutes and written resolutions would 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 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 running 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 management, it gives clear directions as to the powers of management and periodically reviews the delegations to 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 on their work, decisions and recommendations. The terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the 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 Directors					
Mrs. Penny Soh Peng CROSBIE-WALSH		Member	Chairman		Member
Mr. David Charles PARKER			Member		
Non-executive Directors					
Mr. Hung Han WONG	Member		Member		Member
Mr. Hing Lun Dennis AU		Member		Member	
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		Chairman		Member	Member

Audit Committee

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

During the year, the Audit Committee held three meetings. A summary of the work of the Audit Committee during the year was as follows:

- Reviewed and endorsed the 2020 Annual Report and the annual results announcement, and the 2021 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 2020;
- Reviewed and approved the external auditors' audit services and fees for 2021;

- Recommended the re-appointment of RSM Hong Kong as the external auditor of the Company at the 2021 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, internal audit, financial reporting functions, as well as those relating to the Group's environmental, social and governance performance and reporting;
- Reviewed the Group's Risk Register and discussed the enhancements;
- Reviewed and monitored the external auditor's independence and engagement to provide non-audit services;
- Reviewed the effectiveness of the Group's internal audit functions;
- Reviewed and approved the internal audit plans for 2021 and 2022;
- Reviewed periodic reports from the Internal Audit Department and the progress in resolving matters identified in the reports; and
- Monitored the operation of the whistleblowing policy, reviewed reported whistleblowing cases and investigation reports.

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

During the year, the Corporate Governance Committee held one meeting. A summary of the work of the Corporate Governance Committee during the year was as follows:

- Reviewed the Company's Corporate Governance Practice Manual;
- Reviewed the Company's compliance with the CG Code;
- Reviewed and endorsed the 2020 Corporate Governance Report; and
- Reviewed the continuous professional development of Directors and senior management.

Investment Committee

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

During the year, the Investment Committee held five meetings and passed two written resolutions. A summary of the work of the Investment Committee during the year was as follows:

- Obtained advice from independent professional consultant and reviewed the financial markets and external fund managers;
- Reviewed the investment policies and guidelines;
- Reviewed and formulated the investment strategies and asset allocation parameters in response to the changes in the conditions of financial markets and the advice from independent professional consultant;
- Reviewed investment opportunities in accordance with the formulated investment strategies and asset allocation parameters; and
- Reviewed the investment portfolio and its performance.

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 succession planning for Directors; (v) reviewing the implementation and effectiveness of the Board Diversity Policy; and (vi) reviewing the Nomination Policy.

The Nomination Committee, in its process of recommending 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 with due regard to the benefits of diversity as set out under the Board Diversity Policy. The Nomination Committee will also consider the independence of a candidate with reference to the Independence Guidelines in the case of the appointment of an Independent Non-executive Director.

During the year, the Nomination Committee held two meetings. A summary of the work of the Nomination Committee during the year was as follow:

- Reviewed the structure, size and composition of the Board;
- Reviewed the Board Diversity Policy and the 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 2021 AGM;
- Recommended the director candidate for election by shareholders of the Company at the 2021 AGM; and
- Recommended to the Board on appointment of 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, the Remuneration Committee held two meetings and passed one written resolution. A summary of the work of the Remuneration Committee during the year was as follows:

- Reviewed and noted the labour-related issues due to the Covid-19 pandemic;
- Reviewed the remuneration packages of the Executive Director and CEO and senior management;
- Reviewed the Group's 2021 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 2021;
- Approved the remuneration package of the Chief Operating Officer; and
- Approved the remuneration package and Director's fee of a new Executive Director.

2021 BOARD AND COMMITTEE ATTENDANCE AND TRAINING RECORDS

	Meetings attended/eligible to attend in 2021[1]							
	Board	Audit Committee	Corporate Governance Committee	Investment Committee	Nomination Committee	Remuneration Committee	Annual General Meeting	Type of Training
No of meetings held in 2021	6	3	1	5	2	2	1	
Executive Directors								
Mrs. Penny Soh Peng CROSBIE-WALSH	2/2							A, B
Mr. David Charles PARKER	6/6		1/1	5/5		2/2	1/1	A, B
Non-executive Directors								
Mr. Hung Han WONG	4/4	2/2		3/3		1/1		A, B
Mr. Hing Lun Dennis AU	5/6				0/1		1/1	A, B
Independent Non-executive Directors								
Mr. Kin Wing CHEUNG	6/6	3/3		5/5	2/2		1/1	A, B
Mr. Kiu Sang Baldwin LEE	6/6	3/3	1/1		2/2	2/2	1/1	A, B
Mr. Ted Tak Tai LEE	6/6	3/3		5/5		2/2	1/1	A, B
Ms. Sarah Young O'DONNELL	6/6		1/1		2/2	2/2	1/1	A, B
Director retired during the year								
Mr. Derek Wai Choi LEUNG	2/2	1/1	1/1	2/2	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 laws and regulations 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 80 to 84.

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 organisational structure with clearly defined lines of responsibility and authority. Policies and procedures are laid down for its key business processes and business units covering business operations, financial reporting, human resources and computer information systems. The 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") assists the Board to independently review the adequacy and effectiveness of the Group's governance, risk management and internal control systems. 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, 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 management; and

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

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

Review of Risk Management and Internal Controls Effectiveness

During the year, on behalf of the Board, the Audit Committee conducted an annual review of the effectiveness of risk management and internal control systems. 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 programmes and budget;

(iv) Adequacy of the resources for the performance and reporting of the Group's environmental, social and governance responsibilities; 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 then 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 2021 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 SFO and the Listing Rules;

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

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

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

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

External Auditor

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

The remuneration in respect of audit and non-audit services provided to the Group by the Company's auditor, RSM Hong Kong and other RSM network firms for the year ended 31 December 2021 was:

	HK$'000
Audit services (disclosed in note 13 to the consolidated financial statements)	1,090
Non-audit services:	
Taxation services	35
Other assurance services	240
Other reporting services	14
	1,379

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

COMPANY SECRETARY

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

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.

Sarah Young O'DONNELL
Chairman of the Corporate Governance Committee

Hong Kong, 29 March 2022

CORPORATE SOCIAL RESPONSIBILITY REPORT

ABOUT THIS REPORT

This Corporate Social Responsibility Report (the "CSR Report") is prepared in accordance with the Environmental, Social, and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix 27 of the Listing Rules. The CSR Report has complied with the "comply or explain" provisions in the ESG Reporting Guide.

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

BOARD STATEMENT

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

The Board has established a Corporate Social Responsibility Working Group (the "CWG") to oversee and report on the environmental and social ("ES") matters which includes community investment. The CWG is governed by its Terms of Reference that clearly define its authority and duties, and is provided with sufficient resources to discharge its duties. The CWG reports directly to the Board, led by the Chief Executive Officer of the Company and comprises of senior management staff including the Chief Financial Officer and Heads of all Business Unit. The duties of the CWG include:

- To prepare a formal ESG policy for the Board's approval and review the policy periodically to ensure its relevance to the Group's operations;
- To identify material ES matters in the Group's operations, then evaluate, prioritise and take appropriate actions to address them;
- To make recommendations to the Board for approval on the Group's ES-related and community investment goals and targets;
- To develop and implement the ES-related strategies, frameworks and policies of the Group and report regularly to the Board on the progress and effectiveness of the development and implementation; and
- To prepare the annual CSR Report or any other reports required by and in accordance with all applicable laws, rules and regulations.

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

SCOPE OF THE CSR REPORT AND REPORTING PERIOD

The reporting scope of the CSR Report is the same as that of last financial year's report which covers:

(i) Group head office in Hong Kong;

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

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

The reporting period of the CSR Report is from 1 January 2021 to 31 December 2021 (the "Reporting Period"), which is the same as the financial reporting period of this Annual Report.

REPORTING PRINCIPLES

The CSR Report has been prepared based on four reporting principles: materiality, quantitative, balance, and consistency.

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

STAKEHOLDER ENGAGEMENT

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

Major Stakeholders	Communication Channels
Shareholders and Investors	Annual general meetings and other shareholders' meetings Annual and interim reports Announcements and circulars Company website
Employees	Ongoing communication Performance appraisal Internal circulars Trainings
Customers	Social media Company Website
Suppliers	Business engagements and meetings Review and assessment

MATERIALITY ASSESSMENT

In the CSR Report, the Group has applied the principle of materiality in the reporting by identifying the key environmental and social aspects that are most important to the business operations of the Group. An annual materiality assessment exercise was undertaken by the Group during the year with the primary objective to identify the environmental and social aspects that are material and relevant to the Group's operations. This involved conducting interviews and/or surveys with internal and external stakeholders. To identify the material items to be disclosed in the CSR Report, the Group made reference to the ESG Reporting Guide.

Through the materiality assessment, the Group has determined that the items listed below have a material environmental and social consideration in the Group's business operations:

- Air and greenhouse gas emission
- Generation of hazardous and non-hazardous wastes
- Energy consumption and management
- Employee remuneration and welfare benefits
- Diversity and equal opportunity of employees
- Occupational health and safety
- Product and service quality
- Protection of intellectual property rights
- Anti-corruption
- Legal compliance

ENVIRONMENTAL SUSTAINABILITY

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

Air Emissions

Air emissions can be generated from the consumption of liquefied petroleum gas ("LPG") in the water heaters and cooking equipment at the Club and are also emitted from the Group's own vehicles.

During the year, the approximate amount of the Group's air emissions is as follows:

	Nitrogen oxides (NO_x)		Sulphur oxides (SO_x)		Particulate matter (PM)	
	2021 *kg*	2020 *kg*	**2021** *kg*	2020 *kg*	**2021** *kg*	2020 *kg*
Emission from gaseous fuel consumption – LPG	**4.77**	2.75	**0.01**	0.01	**—**	—
Emission from vehicles – Diesel	**134.43**	129.66	**0.25**	0.28	**8.34**	8.73
Total air emissions	**139.20**	132.41	**0.26**	0.29	**8.34**	8.73

Note: The air emissions are calculated according to methods and conversion factors mentioned in "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 28 May 2021)" issued by The Stock Exchange of Hong Kong Limited.

The Group complies with the provisions related to motor vehicle emissions under the Road Traffic Ordinance (Chapter 374 of the laws of Hong Kong).

Due to the nature of its operation, the uses of water heaters, cooking equipment and vehicles are inevitable. Therefore, no air emission target is set. The Group has adopted the following preventive and corrective measures to control air emissions from these sources:

- Conduct regular inspection and maintenance on water heaters and cooking equipment to enhance fuel efficiency;
- Conduct regular vehicle inspection and maintenance to enhance fuel efficiency;
- Use Euro V standard vehicles; and
- Educate employees to turn off engines for idling vehicles.

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.

Greenhouse Gas Emissions

Greenhouse Gas ("GHG") emissions come from many types of everyday activities, such as electricity consumption, combustion of fuel and gases, and operating vehicles. The increase in GHG emissions is one of the main contributing factors to rising temperature of earth and carbon dioxide is the major GHG emitted through human activities. The Group is committed to managing its GHG emissions by reducing its use of and improving the efficiency in the use of energy and resources in its day-to-day operations. The Group aims to progressively reduce the GHG emission for the same scale of operation. To achieve a reduction in the intensity of GHG emission, the Group has adopted the following measures which to reduce the consumption of energy, water and paper, as well as non-hazardous waste. The Group continues to monitor its GHG emissions and other environmental data and review the effectives of its existing measures in order to maximise energy efficiency and enhance environmental performance.

The major sources of GHG emissions are:

- LPG consumption for water heating in guest bathrooms, and cooking at the Club
- Use of charcoal for barbecue service at the restaurant in the Club
- Diesel consumption of lorries for merchandise transportation and shuttle buses to the Club
- Refrigerants used in air-conditioning equipment and refrigerators
- Use of electricity
- Paper waste disposed at landfills
- Electricity used for processing fresh water and sewage by the relevant government departments
- Employees' business air travel

During the year, the approximate amount of the Group's GHG emissions is as follows:

Group Head Office	**Unit**	**2021**	2020
Scope 2 – Indirect emissions			
• Electricity consumption	kg CO_2e	**43,760**	58,750
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	**6,859**	7,028
• Water consumption	kg CO_2e	**38**	34
Total GHG emission	kg CO_2e	**50,657**	65,812

Fashion Retail Business	**Unit**	**2021**	2020
Scope 1 – Direct emissions			
• Diesel consumption	kg CO_2e	**6,395**	5,701
Scope 2 – Indirect emissions			
• Electricity consumption	kg CO_2e	**100,259**	116,831
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	**15,834**	13,810
• Business air travel [2]	kg CO_2e	**—**	9,372
Total GHG emission	kg CO_2e	**122,488**	145,714
Total GHG emission intensity	kg CO_2e/thousand revenue	**1.60**	2.12

Resort and Recreation Club Operation	Unit	2021	2020
Scope 1 – Direct emissions			
• LPG consumption	kg CO_2e	**78,232**	45,148
• Charcoal consumption	kg CO_2e	**4,641**	1,872
• Diesel consumption	kg CO_2e	**37,155**	41,734
• Refrigerants consumption	kg CO_2e	**209,486**	80,010
Scope 2 – Indirect emissions			
• Electricity consumption	kg CO_2e	**377,734**	519,324
Scope 3 – Other indirect emissions			
• Paper consumption	kg CO_2e	**2,520**	3,241
• Water consumption	kg CO_2e	**9,503**	10,182
Total GHG emission	kg CO_2e	**719,271**	701,511
Total GHG emission intensity	kg CO_2e/thousand revenue	**83.52**	112.44

Total GHG emission	Unit	2021	2020
Scope 1	kg CO_2e	**335,909**	174,465
Scope 2	kg CO_2e	**521,753**	694,905
Scope 3	kg CO_2e	**34,754**	43,667
Total GHG emission	kg CO_2e	**892,416**	913,037
Total GHG emission intensity	kg CO_2e/thousand revenue	**8.15**	8.70

Notes:

1. The GHG emissions are calculated according to methods and conversion factors mentioned in "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 28 May 2021)" issued by The Stock Exchange of Hong Kong Limited and Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition) jointly published by Environmental Protection Department and Electrical and Mechanical Services Department.

2. Due to the travel restriction under the COVID-19 pandemic, Swank employees had no business air travel during the year.

Waste Management

Due to the nature of our business, the Group's business operations do not produce any hazardous waste.

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 at the Club. 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.

During the year, the approximate amount of the Group's non-hazardous waste disposed is as follows:

Types of non-hazardous wastes	Unit	2021	2020
Paper for office use	kg	**1,564**	1,525
Carton boxes and plastic bags for logistical/packaging purposes	kg	**1,087**	1,057
Solid waste at the Club	kg	**34,916**	43,415
Total non-hazardous wastes	kg	**37,567**	45,997
Total non-hazardous waste intensity	kg/thousand revenue	**0.34**	0.44

The Group aims to reduce the intensity of non-hazardous waste progressively for the same scale of operation. The Group has adopted the following initiatives and assumes responsibility for better waste management by:

- Discouraging the printing of e-mails;
- Setting double sided printing/copying as the default mode where possible;
- Adopting electronic communications and electronic filing for daily working communication;
- Re-using office stationaries (e.g., envelopes and folders) when practicable;
- Re-using carton boxes when practicable; and
- Reducing the use of single-use disposable items.

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 to ensure that resources are consumed in a responsible manner. To encourage adoption of green policies in daily operations, the Group has issued an "Environmental Friendly Guideline" covering areas such as paper consumption, energy saving and use of office stationery to employees.

The Group's efforts to promote eco-friendly behaviour include:

- Turning off lighting or electrical equipment whenever away from office for long periods of time, during lunch or after work hours;
- Turning off office equipment before long holidays to save energy consumption;
- Placing "Conserve Energy" labels next to light switches as a reminder;
- Setting "Screen Saver" for all computers and lower monitor brightness;
- Using daylight whenever is practicable;
- Removing or unscrewing unused light bulbs/tubes;
- Inspecting water taps regularly to identify leakage or dipping taps to rectify promptly;
- Placing "Save Water" labels next to water taps to remind lower usage;
- Discouraging the printing of e-mails;
- Setting double sided printing/copying as the default mode where possible;
- Placing "Green boxes" next to the photocopiers to collect paper for reuse or recycling;
- Adopting electronic communications and electronic filing for daily working communication;
- Re-using office stationaries (e.g., envelopes and folders) whenever is practicable; and
- Re-using carton boxes whenever is practicable.

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

Hilltop encourages its members and patrons to make the best use of the Club's resources, including electricity, water, paper and other consumables. The Club gradually replaces conventional bulbs with LED lights when 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 GHG emissions.

Since September 2011, shareholders have been given the option 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 used 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 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. Using LED lighting is the standard practice of all new Swank stores.

Efficient use of resources can reduce waste and emissions, 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 aims to progressively reduce the resources consumed for the same scale of operation.

Energy Consumption

During the year, the approximate amount of the Group's energy consumption is as follows:

Group Head Office	**Unit**	**2021**	2020
Electricity consumption	kWh	**118,272**	117,500
Energy consumption intensity	kWh/gross floor area	**11.35**	11.28

Fashion Retail Business	**Unit**	**2021**	2020
Electricity consumption	kWh	**167,420**	162,194
Electricity consumption intensity	kWh/gross floor area	**9.86**	9.96
Diesel consumption	litre	**2,325**	2,056
Total energy consumption	kWh	**192,310**	184,202
Total energy consumption intensity	kWh/thousand revenue	**2.52**	2.68

Resort and Recreation Club Operation	**Unit**	**2021**	2020
Electricity consumption	kWh	**1,020,904**	1,038,647
Electricity consumption intensity	kWh/gross floor area	**14.90**	15.16
Charcoal consumption	kg	**1,482**	605
Diesel consumption	litre	**13,511**	15,054
LPG consumption	kg	**25,930**	14,964
Total energy consumption	kWh	**1,538,407**	1,412,911
Total energy consumption intensity	kWh/thousand revenue	**178.64**	226.46

Water Consumption

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

The Group Head Office consumed water to the amount of 60m^3 (2020: 54m^3) during the year. The water consumption in the Group Head Office is mainly for drinking and sanitation purposes and is of minimal amount. Therefore, the Group did not set water efficiency targets for the Group Head office.

The water consumption data for the fashion retail business was not available as there is no separate meter for an individual shop unit or the warehouse to record its water usage.

During the year, the approximate amount of water consumption of Resort and Recreation Club Operation is as follows:

	Unit	2021	2020
Water consumption	m^3	**16,850**	18,053
Water consumption intensity	m^3/thousand revenue	**1.96**	2.89

Packaging Material Consumption

During the year, the Fashion Retail Business consumed approximately the following amounts of packaging materials:

Type of packing materials	Unit	2021	2020
Plastic			
• Bag for logistical/packaging purposes	kg	**1,027**	993
Paper			
• Shopping bag	kg	**1,248**	1,134
• Carton box for logistical purposes	kg	**265**	263
• Box for packaging purposes	kg	**1,248**	1,005
Total packaging materials	kg	**3,788**	3,395

The Group Head Office does not use any packaging material and the usage amount at the Resort and Recreation Club Operation is not significant.

Paper Consumption

During the year, the approximate amount of the Group's paper consumption for office use and corporate communications is as follows:

Segments	Unit	2021	2020
Group Head Office	kg	**1,429**	1,464
Fashion Retail Business	kg	**538**	475
Resort and Recreation Club Operation	kg	**525**	675

The Environment and Natural Resources

The Group strives to protect the environment by integrating a range of environmental initiatives across its business operations. The Group is committed to minimising the environmental impact of its business operations by reinforcing environmental awareness and implementing measures that conserve the use of resources, promote energy saving and good waste management. The Club covers an area of 400,000 square feet with revitalising scenic landscape, abundant trees, plants and flowers. As an oasis in the city, the Group is able to offset a substantial amount of carbon emission within its operational boundary.

The nature of the Group's business operations do not involve any daily activities that have a significant impact on the environment and natural resources. Nevertheless, the Group would still take into consideration the impact of its business activities on the surrounding environment and climate change when making major business decisions.

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

Climate Change

Extreme climate conditions such as Typhoon Mangkhut in 2018 had impacted on the logistics for Hilltop's members and suppliers to reach to the Club due to the 'hilly' road conditions. The Club has enhanced its insurance policy to cover extreme climate conditions to minimise the level of such cost. Enhanced supply delivery measures will take place during the typhoon months to ensure adequate supply for its members. Regular checking and trimming the trees near the entrance of the Club are carried out to avoid any falling or broken trees to block the road.

SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group treasures its human talent as one of its most valuable assets and key to driving success and achieving sustainable development of the business operations. The Group strives to provide a safe working environment with market competitive remuneration.

The Group's human resource policies strictly adhere to all applicable employment laws and regulations in Hong Kong, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) and applied to determine employees' welfare and benefits. The Group's Human Resource 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, while remuneration policies are also reviewed on a regular basis. The Group also makes reference to market benchmarks to attract and maintain a high-calibre workforce. The Group conducts annual staff performance assessments and offers promotion opportunities and salary adjustments to reward staff's contributions. Discretionary performance bonus may be rewarded to staff to recognise their exceptional work achievements and encourage them to stive for continuous improvement. At the same time, termination of employment contract are based on reasonable, fair and lawful grounds. The Group strictly prohibits any kind of unfair dismissals.

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

To cultivate employees' sense of belonging, 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 the Hilltop employees, free working meals and transportation between the Club and the nearby MTR stations are provided to the employees. The Group also subsidises membership fee of the relevant professional bodies that employees join. The Group hosts a variety of staff activities and arranges a number of benefits for employees such as staff parties, heavily discounted merchandise 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.

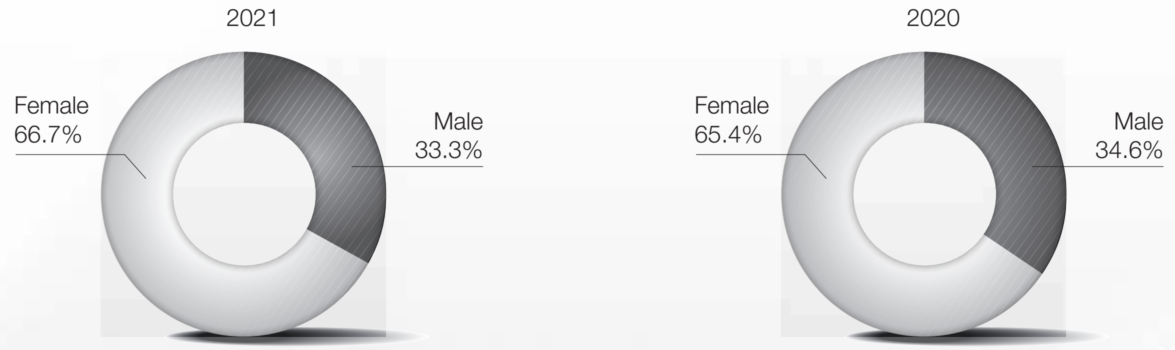
In terms of internal coaching and communication, effective and frequent two-way communication between general and managerial staff is encouraged. Employees can communicate timely and smoothly with colleagues and management through a number of channels such as Teams, bulletin board posting, emails, training,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

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

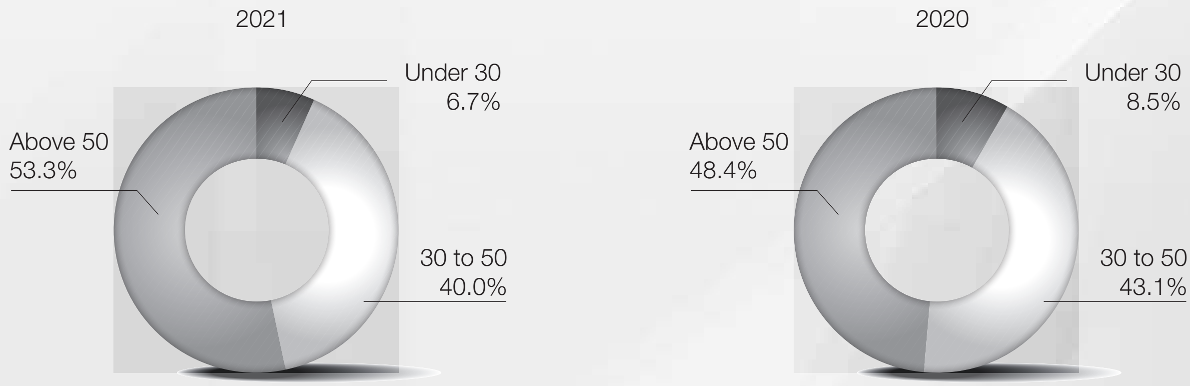
During the year, the Group was not aware of any material non-compliance with the abovementioned ordinances and other relevant laws, rules or regulations that had a significant impact on the Group relating to employment and labour practices.

As at 31 December 2021, the Group had 120 employees (2020: 130 employees) and 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).

Management has established a comprehensive mechanism to commit 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 measures. The Group makes the effort to achieve an 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 in other ways such as prohibiting smoking and drinking liquor (except for special celebrating occasions) in any workplace; regular cleaning of the air-conditioning systems; regular disinfection treatment of carpets; regular inspections on fire prevention systems and conducting fire drills. The Group offers free annual flu vaccination to its employees.

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 for the years ended 31 December 2019, 2020 and 2021. During the year, the number of working days lost due to work injuries was 13 (1 case) (2020: 126 days (4 cases)).

In view of the continuous widespread of COVID-19, the Group has implemented additional measures to safeguard the health and safety of its employees, including providing free surgical masks and alcohol-based hand sanitisers, offering free virus testing, organizing professional health talk on COVID-19 vaccine and increasing the frequency of disinfecting and cleaning of the office and stores premises. Employees are required to wear masks in the workplace and have their temperature check when entering into the workplace. The Group has also implemented work-from-home arrangement and flexible working/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 of employees.

Development and Training

The Group offers different training and development opportunities to employees to strengthen their 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 fashion retail operation, occupational safety and health training, anti-corruption training, and IT related training. The Group encourages and subsidises employees to pursue relevant educational or training opportunities to enhance employees' competitiveness and improve the quality of work through continuous learning.

Labour Standards

The Group does not employ child or forced labour. The Human Resource Department regularly reviews their hiring practices to ensure that no child or forced labour is employed. The recruitment process consists of age verification and identification examination to avoid child labour. If the use of forced labour or child labour is discovered, the employment contract will be terminated, and an investigation will be conducted if needed. The brands of merchandise that we purchase 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

	2021	2020
Total workforce		
Number of employees	120	130
By gender		
Male	40	45
Female	80	85
By employment type		
Full-time	115	126
Part-time	5	4
By age group		
Under 30	8	11
30 to 50	48	56
Above 50	64	63
By geographical region		
Hong Kong	120	130
Employee Turnover Rate		
Total turnover rate	23.2%	51.6%
By gender		
Male	30.6%	45.5%
Female	19.4%	55.2%
By age group		
Under 30	30.0%	95.7%
30 to 50	20.0%	23.7%
Above 50	22.2%	68.7%
By geographical region		
Hong Kong	23.2%	51.6%
Development and Training		
Number and Percentage (%) of employees who received training	110 (91.7%)	83 (63.8%)
By gender		
Male	37 (33.6%)	28 (33.7%)
Female	73 (66.4%)	55 (66.3%)
By employee category		
Senior management	5 (4.5%)	6 (7.2%)
Middle management	24 (21.8%)	9 (10.9%)
General staff	81 (73.6%)	68 (81.9%)

	2021	2020
Training Hours		
Average number of training hours per employee	**5.4**	3.4
By gender		
Male	**4.1**	2.0
Female	**6.0**	4.1
By employee category		
Senior management	**18.5**	20.7
Middle management	**8.5**	5.1
General staff	**4.3**	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, exchanged ideas and shared business updates with them when appropriate.

COVID-19 presented unprecedented challenges to our supply chain. At the heart of the crisis, we remained in frequent communication with suppliers, formulated contingency plans to minimise disruptions and secured stable supply.

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

Fashion Retail 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 to govern the selection and evaluation of brands, which the key criteria include product design, styling, price, sales track record, product workmanship or quality, brand awareness, accountability, trade terms, delivery, the suppliers' background and its awareness of social and environmental responsibility. To avoid any disruptions to supply chain in the fashion retail operation, Swank maintains a frequent dialogue with suppliers through regular meetings, phone calls and emails. Most of our suppliers produce in highly regulated and "safe" environments, such as the European Union.

During the year, Swank purchased from 60 suppliers around the globe, 55 from Europe, 3 from Japan, 1 from Mainland China and 1 from Hong Kong.

Resort and Recreational Club Operations

The major procurement of Hilltop consists of food and beverages, guest room and club facilities supplies. Hilltop's Purchasing Department together with the relevant 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 as well as the supplier's awareness of social and environmental responsibility. Hilltop conducts an annual evaluation of its suppliers in order to assess their performance.

During the year, the Club engaged with 62 suppliers, all of them were situated in Hong Kong.

Product and Service Responsibility

Fashion Retail Business

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

In view of the COVID-19 pandemic, Swank has implemented a series of anti-epidemic measures in its retail stores, including temperature checks of customers, provision of alcohol-based hand sanitisers, requiring customers to wear masks at all times in the store, sanitising merchandise and fitting rooms after each customer's fitting, so customers are able to purchase products in a safe and hygienic environment. The Swank store in Central Building has also introduced a CoronoSPRAY Intelligent Sanitizing Station that sanitises the whole body and the belongings of customers as well as the indoor environment.

Resort and Recreational Club Operation

Hill Top Country Club is a private 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 the best quality services to its members, Hilltop closely monitors the environment, facilities and hygiene level of the Club to maintain the provision of a safe and 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 employees and chefs of the health and safety precautions in their daily operations.

The Club also strictly complies with the relevant requirements and restrictions under the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter of 599H of the Laws of Hong Kong) including mask-on requirement, screening of body temperature, provision of hand sanitiser, limit of headcount per table, dine-in service hours, and implementation of the "LeaveHomeSafe" and Vaccine Pass.

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

Products and 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, promote the latest offerings and activities to customer and members, and in turn gather comments and feedback.

All complaints received are handled by the respective business management according to the internal procedures. Management of the business operation will investigate the complaints and take appropriate action in a timely manner. During the year, Swank received four complaints relating to the product quality and all the cases were resolved (offered exchange, credit note or return). Hilltop 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 on the club and retail stores operations. The respective business management reviews and responds promptly with follow up action when necessary.

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

Protection of Intellectual Property Rights

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

Consumer Data Protection

The Group places utmost importance on protecting the privacy of its customers in the collection, usage, processing and storage of their personal data. The Group strictly abides by the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) to ensure that customers' rights are protected. All collected personal data is treated confidentially, kept securely and processed only for the purpose for which it has been collected. Relevant staff members have familiarised themselves with the new European Union General Data Protection Regulation in this regard. The Group has 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 strictly abides by the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and has developed its Code of Conduct with reference to such ordinance. All employees are required to strictly follow the Group's Code of Conduct to prevent potential bribery, extortion, fraud and money laundering which may exploit their positions against the Group's interests in the course of business. Any breach of the rules will be disciplined, including termination of employment, and may be reported to the relevant authorities for possible prosecution under applicable laws. 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, there were no non-compliance cases in relation to bribery, extortion, fraud and money laundering. There were also no concluded legal cases regarding corruption brought against the Group or its employees.

During the year, all Directors attended the annual training session which covered the latest anti-corruption laws and regulations. For employees, the Company invited the Independent Commission Against Corruption ("ICAC") of Hong Kong Special Administrative Region to conduct a seminar "Ethics at work" to its employees in August 2021 with aims to provide a refresher training on the latest anti-corruption laws and regulations. A total of 36 employees attended this seminar.

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. The Group targets to support non-profit-making organisations to help charity and other needs of society.

During the year, the Group participated in the following community activities:

(i) The Group donated HK$30,000 to The University of Hong Kong in its fund-raising activity called "Urban Climb 300M+", which was aimed to support the recovery of spinal cord injury patients;

(ii) Hilltop provided function rooms to Yan Chai Hospital free of charge for supporting their two activities namely (a) Kindergarten Performance and (b) Elderly Afternoon Tea; and

(iii) Swank donated 539 items of clothing to the Salvation Army and donated HK$6,300, which was raised from the staff sale, to ImpactHK Limited.

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

Hong Kong, 29 March 2022

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 85 to 159, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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 property; and
2. Allowances for inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair values of the club property *(Refer to note 5 and note 18 to the consolidated financial statements)*	
The Group has a club property situated in Hong Kong with aggregate value of HK$340,000,000 as at 31 December 2021. As described in note 4(d) to the consolidated financial statements, the club 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 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 property to be development for residential which differs from its current use as a club operation, on the basis of the rezoning approval as further explained in note 18 to the consolidated financial statements. The Group appointed an independent professional valuer to assist management to assess the fair value of the club 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 Group recognised a revaluation increase of HK$59,000,000 for the year ended 31 December 2021 (note 18). The determination of the highest and best use of the club property requires significant management judgement. The fair value measurement of the club property is categorised as level 3 as the residual approach requires the use of certain unobservable inputs and assumptions about the risks that involve greater estimation of uncertainty.	Our procedures in relation to management's valuation assessment of the club property included: – Evaluating the Group's determination that the highest and best use of the club 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 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 2021, the Group held gross inventories of HK$41,829,000 and had made allowances for inventories of HK$19,837,000. 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.

Responsibilities of Directors for the Consolidated Financial Statements (Continued)

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.

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

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

29 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021** *HK$'000*	2020 *HK$'000*
Revenue	9	**109,501**	104,977
Cost of sales		**(40,927)**	(39,419)
Gross profit		**68,574**	65,558
Other income	10	**1,651**	12,045
Selling and distribution costs		**(37,031)**	(40,361)
Administrative expenses		**(61,171)**	(62,225)
Depreciation of property, plant and equipment, impairment loss and amortisation		**(5,777)**	(16,052)
Other operating gains, net	13	**8,763**	24,906
Loss from operations		**(24,991)**	(16,129)
Fair value gains on investment properties, net		**5,700**	1,200
Deficits write-back on revaluation of the club property		**–**	30,308
Finance costs	11	**(2,045)**	(3,596)
Profit/(loss) before tax		**(21,336)**	11,783
Income tax expense	12	**–**	–
Profit/(loss) for the year	13	**(21,336)**	11,783
Attributable to:			
Owners of the Company		**(21,280)**	11,881
Non-controlling interests		**(56)**	(98)
		(21,336)	11,783
Earnings/(loss) per share		***HK$***	*HK$*
– basic	16(a)	**(1.29) cents**	0.72 cents
– diluted	16(b)	**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 *HK$'000*	2020 *HK$'000*
Profit/(loss) for the year		(21,336)	11,783
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Fair value gain on revaluation of the club property		59,000	188,724
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		83	221
Other comprehensive income for the year, net of tax		59,083	188,945
Total comprehensive income for the year		37,747	200,728
Attributable to:			
Owners of the Company		37,784	200,631
Non-controlling interests		(37)	97
		37,747	200,728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Note	2021 *HK$'000*	2020 *HK$'000*
Non-current assets			
Property, plant and equipment	18	**342,224**	288,084
Right-of-use assets	19	**19,881**	25,651
Investment properties	20	**52,500**	46,800
Intangible assets	21	**396**	444
Financial assets at fair value through profit or loss	22	**79,117**	78,522
Total non-current assets		**494,118**	439,501
Current assets			
Inventories	23	**21,992**	21,844
Trade and other receivables	24	**14,127**	13,079
Financial assets at fair value through profit or loss	22	**604,878**	593,481
Pledged bank deposits	25	**10,000**	10,000
Time deposits	25	**70,211**	109,026
Cash and bank balances	25	**40,853**	41,581
Total current assets		**762,061**	789,011
Current liabilities			
Trade and other payables	26	**19,960**	23,311
Lease liabilities	27	**14,125**	18,439
Interest-bearing bank borrowings	28	**7,001**	6,617
Total current liabilities		**41,086**	48,367
Net current assets		**720,975**	740,644
Non-current liabilities			
Lease liabilities	27	**6,774**	9,573
NET ASSETS		**1,208,319**	1,170,572

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER 2021

	Note	2021 *HK$'000*	2020 *HK$'000*
Capital and reserves			
Issued capital	30	**1,206,706**	1,206,706
Accumulated losses		**(1,055,665)**	(1,034,385)
Other reserves	32	**1,057,869**	998,805
Equity attributable to owners of the Company		**1,208,910**	1,171,126
Non-controlling interests		**(591)**	(554)
TOTAL EQUITY		**1,208,319**	1,170,572

Approved by the Board of Directors on 29 March 2022 and are signed on its behalf by:

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	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 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
At 1 January 2021	**1,206,706**	**808,822**	**1,259**	**188,724**	**(1,034,385)**	**1,171,126**	**(554)**	**1,170,572**
Total comprehensive income and change in equity for the year	**—**	**—**	**64**	**59,000**	**(21,280)**	**37,784**	**(37)**	**37,747**
At 31 December 2021	**1,206,706**	**808,822**	**1,323**	**247,724**	**(1,055,665)**	**1,208,910**	**(591)**	**1,208,319**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 *HK$'000*	2020 *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		**(21,336)**	11,783
Adjustments for:			
Depreciation of property, plant and equipment		**3,793**	9,183
Depreciation of right-of-use assets		**18,591**	20,690
Impairment loss of property, plant and equipment		**1,936**	6,442
Impairment loss of intangible asset		**—**	342
Amortisation of intangible assets		**48**	85
Finance costs		**2,045**	3,596
Charge for inventories allowances		**4,030**	5,334
Dividend income from:			
Financial assets at fair value through profit or loss		**(22,235)**	(27,493)
Interest income from:			
Financial assets at fair value through profit or loss		**(1,144)**	(1,753)
Other financial assets		**(1,077)**	(878)
Fair value gains on investment properties, net		**(5,700)**	(1,200)
Deficits write-back on revaluation of the club property		**—**	(30,308)
Reversal of allowance for trade receivables		**—**	(9)
Write back for provision for reinstatement cost		**—**	(338)
Losses/(gains) on disposal of property, plant and equipment		**7**	(2)
Fair value gains from financial assets at fair value through profit or loss, net		**(11,554)**	(21,907)
Losses/(gains) on disposal of financial assets at fair value through profit or loss, net		**3,429**	(3,061)
COVID-19 Related rent concessions received		**(403)**	(1,839)
Foreign exchange loss/(gain), net		**(359)**	165
Operating loss before working capital changes		**(29,929)**	(31,168)
Increase in inventories		**(4,178)**	(4,364)
Decrease/(increase) in trade and other receivables		**(2,978)**	6,995
Decrease in trade and other payables		**(3,733)**	(3,905)
Cash used in operations		**(40,818)**	(32,442)
Interest received		**2,363**	2,715
Dividends received from:			
Financial assets at fair value through profit or loss		**21,246**	22,810
Purchases of financial assets at fair value through profit or loss		**(248,194)**	(230,067)
Proceeds from disposal of financial assets at fair value through profit or loss		**250,099**	305,034
Net cash generated from/(used in) operating activities		**(15,304)**	68,050

	Note	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(1,332)**	(14,871)
Purchases of financial assets at fair value through profit or loss		**(7,184)**	(8,815)
Proceeds from disposal of property, plant and equipment		**–**	2
Proceeds from refund of capital from financial assets at fair value through profit or loss		**4,358**	1,107
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		**10,585**	(10,585)
Net cash generated from/(used in) investing activities		**6,427**	(33,162)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans raised	34(a)	**27,893**	22,532
Repayment of bank loans	34(a)	**(27,509)**	(21,151)
Interest paid	34(a)	**(134)**	(140)
Capital element of lease rentals paid	34(a)	**(18,861)**	(17,537)
Interest element of lease rentals paid	34(a)	**(1,911)**	(3,456)
Net cash used in financing activities		**(20,522)**	(19,752)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(29,399)**	15,136
Effect of foreign exchange rate changes, net		**441**	58
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**140,022**	124,828
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**111,064**	140,022
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged time deposits		**70,211**	109,026
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		**70,211**	98,441
Cash and bank balances		**40,853**	41,581
		111,064	140,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phrase 2

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

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

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021.

Except as described below, the application of 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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform").

The amendments had no impact on the consolidated financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met (see note 4(f)). One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 1 January 2021.

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

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

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021, 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 2021. 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 3 Business Combination – 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
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	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 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 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 property held for use in the provision of recreational facilities or hospitality services, is stated in the consolidated statement of financial position at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

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

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

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

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

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

An investment property is derecognised upon disposal or 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. Rental income from investment properties is accounted for as described in note 4(r).

(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 not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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 revenue.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(p) Trade and other payables

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

(q) Equity instruments

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

(r) Revenue recognition

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

(i) Retail of fashion wear and accessories

Revenue from the sale of fashion wear and accessories is recognised when control of the goods has transferred, being at the point the customer purchases the fashion wear and accessories at the retail shops or upon the delivery of fashion wear and accessories through e-commerce platform. Payment of the transaction price is due immediately at the point the customer purchases the fashion wear and accessories. Under the Group's standard contract terms, customers normally have a right of return 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 recognised 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Taxation (Continued)

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. 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.

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 2021, allowances for inventories amounted to HK$19,837,000 (2020: HK$19,601,000).

(b) Fair values of properties

The Group appointed an independent professional qualified valuer to assess the fair values of the club property and investment properties. In determining the fair values, the valuer has 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 property and investment properties as at 31 December 2021 were HK$392,500,000 (2020: HK$327,800,000).

(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 2021 was HK$79,117,000 (2020: HK$78,522,000).

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/(loss) 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 loss after tax** *HK$'000*	**Effect on equity** *HK$'000*
31 December 2021			
US dollar	**+/- 0.5%**	**-/+ 7,027**	**+/- 7,027**
Euro	**+/- 5%**	**-/+ 50**	**+/- 50**
Renminbi	**+/- 5%**	**-/+ 1,932**	**+/- 1,932**

	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

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. 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 2021, if the share prices of the equity investments increase/decrease by 5%, consolidated loss (2020: profit) after tax for the year would have been HK$3,488,000 lower/higher (2020: HK$2,810,000 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, The New York Stock Exchange, The Nasdaq Stock Market or traded over-the-counter. At 31 December 2021, if the prices of the debt and fund investments increase/decrease by 5%, consolidated loss (2020: profit) after tax for the year would have been HK$26,756,000 lower/higher (2020: HK$26,864,000 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:

	2021 ***HK$'000***	2020 *HK$'000*
At 1 January	–	467
Amount written off as uncollectible	–	(458)
Reversals	–	(9)
At 31 December	–	–

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

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.

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$44,148,000 (2020: HK$52,593,000).

(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$'000*	After 1 year but within 2 years *HK$'000*	After 2 years but within 5 years *HK$'000*	Total *HK$'000*
At 31 December 2021				
Trade and other payables	**16,165**	**—**	**—**	**16,165**
Lease liabilities	**14,850**	**4,435**	**2,521**	**21,806**
Interest-bearing bank borrowings	**7,001**	**—**	**—**	**7,001**
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

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 2021, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated loss (2020: profit) after tax for the year would have been HK$321,000 lower/higher (2020: HK$456,000 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.

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

	2021 ***HK$'000***	2020 *HK$'000*
Financial assets:		
Financial assets at fair value through profit or loss	**683,995**	672,003
Financial assets at amortised cost	**131,311**	171,546
	815,306	843,549
Financial liabilities:		
Financial liabilities at amortised cost	**23,166**	26,262

(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.

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

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

7. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Description	Fair value measurements as at 31 December 2020 using: Level 1	Level 2	Level 3	2020 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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:				
– Club property situated in Hong Kong	–	–	281,000	281,000
Total recurring fair value measurements	56,192	584,089	359,522	999,803

7. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Description	Property, plant and equipment Club property *HK$'000*	Financial assets at fair value through profit or loss Unlisted fund investments *HK$'000*	2021 Total *HK$'000*
At 1 January 2021	**281,000**	**78,522**	**359,522**
Additions	**—**	**7,184**	**7,184**
Amount received in respect of return of capital of unlisted fund investments	**—**	**(2,869)**	**(2,869)**
Total fair value gain or loss recognised in other comprehensive income	**59,000**	**—**	**59,000**
Total fair value gain or loss recognised in profit or loss*	**—**	**(3,720)**	**(3,720)**
At 31 December 2021	**340,000**	**79,117**	**419,117**
* Include gains or losses for assets held at end of reporting period	**—**	**(3,720)**	**—**

Description	Property, plant and equipment Club 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

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 property and unlisted fund investments, are presented in "Deficits write-back on revaluation of the club 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 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 2021 and 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 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 2021

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs
The club 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$18,200/ square feet (2020: HK$16,200/ square feet)	Increase
		Estimation of market construction cost	HK$5,463/ square feet (2020: HK$4,700/ square feet)	Decrease
		Anticipated developer's profit margin	18% (2020: 18%)	Decrease
Unlisted fund investments	Net asset value	Net asset value	N/A	N/A

In September 2020, the Group obtained approval from the Town Planning Board in respect of the rezoning of the club property 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 property 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 redevelop the property. The Group then determined that the highest and best use of the club property at the measurement date would be development for residential based on the Rezoning Approval. This differs from its current use as there remain further steps and approval required before the Group is able to proceed with the development. The valuation at 31 December 2021 and 31 December 2020 also incorporates the factors relating to these remaining steps required vis-a-vis the risk that such further approvals may not be granted.

As at 31 December 2021 and 31 December 2020, the fair values of the club property are determined using open market and highest and best use basis with the use of residual approach (the "Approach"). The Approach of valuation is commonly used to value development sites by establishing the market value of the property on an "as-if" completed basis with appropriate deduction 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
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 on investment properties, net;
- Deficits write-back on revaluation of club 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:

	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 2021:				
Revenue from external customers	76,433	8,612	24,456	109,501
Segment profit/(loss)	(22,539)	(10,344)	10,812	(22,071)
Segment profit/(loss) includes:				
Fair value gains on financial assets at fair value through profit or loss, net	–	–	11,554	11,554
Losses on disposal of financial assets at fair value through profit or loss, net	(47)	–	(3,382)	(3,429)
Interest income from:				
– *Financial assets at fair value through profit or loss*	–	–	1,144	1,144
– Other financial assets	–	–	1,077	1,077
Depreciation of property, plant and equipment and amortisation	3,227	107	507	3,841
Depreciation of right-of-use assets	16,255	–	2,336	18,591
Charge for inventories allowances	4,030	–	–	4,030
Impairment loss of property, plant and equipment	1,936	–	–	1,936
Other segment information:				
Additions to property, plant and equipment	521	69	286	876
Additions to right-of-use assets	4,913	–	7,908	12,821
As at 31 December 2021:				
Segment assets	50,828	341,771	863,580	1,256,179
Segment liabilities	(24,928)	(2,343)	(13,588)	(40,859)

8. SEGMENT INFORMATION (CONTINUED)

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

	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)

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

	2021 *HK$'000*	2020 *HK$'000*
Profit or loss		
Total profit or loss of reportable segments	(22,071)	(13,845)
Unallocated other income	—	2,574
Unallocated corporate administrative expenses	(2,920)	(4,858)
Fair value gains on investment properties, net	5,700	1,200
Deficits write-back on revaluation of the club property	—	30,308
Finance costs	(2,045)	(3,596)
Consolidated profit/(loss) for the year	(21,336)	11,783
Assets		
Total assets of reportable segments	1,256,179	1,228,512
Consolidated total assets	1,256,179	1,228,512
Liabilities		
Total liabilities of reportable segments	(40,859)	(51,323)
Interest-bearing bank borrowings	(7,001)	(6,617)
Consolidated total liabilities	(47,860)	(57,940)

Geographical information:

	Revenue		Non-current assets	
	2021 *HK$'000*	2020 *HK$'000*	2021 *HK$'000*	2020 *HK$'000*
Hong Kong	87,367	83,949	415,001	360,979
The Americas	15,550	12,507	—	—
Europe	6,285	8,110	—	—
Other Asia Pacific Region	299	411	—	—
Consolidated total	109,501	104,977	415,001	360,979

8. SEGMENT INFORMATION (CONTINUED)

Geographical information: (Continued)

In presenting the geographical information, revenue in relation to 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) 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:

	2021 ***HK$'000***	2020 *HK$'000*
Revenue from contracts with customer		
(i) Retail of fashion wear and accessories		
Sale of fashion wear and accessories recognised at a point in time	**76,433**	68,614
(ii) Resort and recreational club operations		
Catering service income recognised at a point in time	**5,104**	3,332
Resort and club facilities and other services income recognised over time	**1,450**	702
Entrance fee and subscription fee income recognised over time	**2,058**	2,205
	8,612	6,239
Revenue from other sources		
(i) Investments		
Dividend income arising from financial assets at fair value through profit or loss:		
– listed equity investments	**1,247**	8,053
– unlisted fund investments	**20,988**	19,440
Interest income from		
– Financial assets at fair value through profit or loss	**1,144**	1,753
– Other financial assets	**1,077**	878
	24,456	30,124
Total revenue of the Group	**109,501**	104,977

10. OTHER INCOME

	2021 *HK$'000*	2020 *HK$'000*
Rental income	1,020	1,130
Government grants	200	7,889
Refund of legal fees	–	2,574
Others	431	452
	1,651	12,045

During the year ended 31 December 2021, the Group recognised grants of HK$200,000 (2020: HK$7,889,000) in respect of COVID-19 related subsidies, of which are all from the Anti-epidemic Fund (include HK$Nil (2020: HK$7,329,000) subsidies under the Employment Support Scheme) provided by the Hong Kong Government.

11. FINANCE COSTS

	2021 *HK$'000*	2020 *HK$'000*
Interest expenses on lease liabilities *(note 27)*	1,911	3,456
Interest on bank loans	134	140
	2,045	3,596

12. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2021 (2020: HK$Nil) as the Company and its subsidiaries either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

The tax rate applicable for the assessable profit arising in Hong Kong is 16.5% (2020: 16.5%).

12. INCOME TAX EXPENSE (CONTINUED)

The tax rate applicable to the subsidiaries in the People's Republic of China ("PRC) for PRC enterprise income tax is 25% (2020: 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/(loss) before tax multiplied by the weighted average tax rate applicable to profit of the consolidated companies is as follows:

	2021 *HK$'000*	2020 *HK$'000*
Profit/(loss) before tax	**(21,336)**	11,783
Tax calculated at domestic tax rates applicable to profit/(loss) in the respective countries	**(3,538)**	1,917
Tax effect of income that is not taxable	**(5,487)**	(13,754)
Tax effect of expenses that are not deductible	**1,169**	1,291
Tax effect of utilisation of tax losses not previously recognised	**(1,309)**	(2,663)
Tax effect of tax losses not recognised	**9,165**	13,209
Income tax expense	**–**	–

The weighted average applicable tax rate is 16.6% (2020: 16.3%).

13. PROFIT/(LOSS) FOR THE YEAR

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

	2021 *HK$'000*	2020 *HK$'000*
Cost of inventories sold#	**40,927**	39,419
Charge for inventories allowances	**4,030**	5,334
Depreciation of property, plant and equipment	**3,793**	9,183
Depreciation of right-of-use assets	**18,591**	20,690
Impairment loss of property, plant and equipment	**1,936**	6,442
Amortisation of intangible assets	**48**	85
Impairment loss of intangible assets	**—**	342
Auditor's remuneration for audit services	**1,090**	1,050
Direct operating expenses of investment properties that generate rental income	**234**	228
Gains from financial assets at fair value through profit or loss, net*:		
Fair value gains, net	**(11,554)**	(21,907)
Losses/(gains) on disposal, net	**3,429**	(3,061)
	(8,125)	(24,968)
Fair value gains on investment properties, net	**(5,700)**	(1,200)
Losses/(gains) on disposal of property, plant and equipment*	**7**	(2)
Reversal of allowance for trade receivables	**—**	(9)
Rental income	**(1,020)**	(1,130)
Foreign exchange losses/(gains), net*	**(645)**	402
Deficits write-back on revaluation of the club property	**—**	(30,308)
Write back for provision for reinstatement cost*	**—**	(338)

Cost of inventories sold included charge for inventories allowances of HK$4,030,000 (2020: HK$5,334,000).

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

14. EMPLOYEE BENEFITS EXPENSE

	2021 *HK$'000*	2020 *HK$'000*
Employee benefits expense (including directors' emoluments):		
Salaries, bonuses and allowances	46,793	46,775
Pension scheme contributions	1,480	1,591
	48,273	48,366

(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$10,000 (2020: HK$Nil) were utilised during the year leaving HK$Nil available at the year ended 31 December 2021 (2020:HK$10,000) to reduce future contributions.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2020: 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 (2020: four) individuals are set out below:

	2021 *HK$'000*	2020 *HK$'000*
Salaries, bonuses, allowances and benefits in kind	4,296	3,903
Performance related bonus	100	17
Pension scheme contributions	99	93
	4,495	4,013

14. EMPLOYEE BENEFITS EXPENSE (CONTINUED)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
HK$Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**1**	—
	4	4

(c) Emoluments of senior management

The emoluments of the senior management, whose profiles, if applicable, are included in Biographies of Senior Management section of 2021 and 2020 annual report of the Company and included two (2020: three) of the five highest paid individuals analysis presented above, fell within the following bands:

	Number of individuals	
	2021	2020
HK$Nil to HK$1,000,000	**4**	5
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**1**	—
	5	6

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 vi)*	Retirement Benefit *HK$'000*	Total *HK$'000*
Executive directors:								
Mrs. Penny Soh Peng CROSBIE-WALSH *(note ii)*	6	204	–	2	–	6	–	218
Mr. David Charles PARKER	60	2,812	550	18	720	60	600	4,820
Non-executive directors *(note i)*:								
Mr. Hung Han WONG *(note iii)*	302	–	–	–	–	–	–	302
Mr. Hing Lun Dennis AU	246	–	–	–	–	–	–	246
Mr. Derek Wai Choi LEUNG *(note iv)*	259	–	–	–	–	–	–	259
Independent non-executive directors *(note i)*:								
Mr. Kin Wing CHEUNG	419	–	–	–	–	–	–	419
Mr. Kiu Sang Baldwin LEE	408	–	–	–	–	–	–	408
Mr. Ted Tak Tai LEE	365	–	–	–	–	–	–	365
Ms. Sarah Young O'DONNELL	351	–	–	–	–	–	–	351
Total for 2021	2,416	3,016	550	20	720	66	600	7,388

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 vi)*	Retirement Benefit *HK$'000*	Total *HK$'000*
Executive director:								
Mr. David Charles PARKER	60	2,812	–	18	720	60	–	3,670
Non-executive directors *(note i)*:								
Mr. Derek Wai Choi LEUNG	602	–	–	–	–	–	–	602
Mr. Hing Lun Dennis AU *(note v)*	74	–	–	–	–	–	–	74
Independent non-executive directors *(note i)*:								
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

Notes:

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

(ii) Appointed on 24 November 2021.

(iii) Elected on 9 June 2021.

(iv) Retired on 9 June 2021.

(v) Appointed on 29 August 2020.

(vi) 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 (2020: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2020: HK$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/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the loss for the year attributable to owners of the Company of HK$21,280,000 (2020: profit of HK$11,881,000) and the weighted average number of ordinary shares of 1,650,658,676 (2020: 1,650,658,676) in issue during the year.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2021 and 2020.

17. DIVIDENDS

The directors do not recommend the payment of dividend to shareholders for the years ended 31 December 2021 and 2020.

18. PROPERTY, PLANT AND EQUIPMENT

	Club 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 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 and 1 January 2021	**281,000**	**21,105**	**29,319**	**1,519**	**332,943**
Additions	**—**	**275**	**601**	**—**	**876**
Disposals	**—**	**—**	**(553)**	**—**	**(553)**
Surplus on revaluation	**59,000**	**—**	**—**	**—**	**59,000**
At 31 December 2021	**340,000**	**21,380**	**29,367**	**1,519**	**392,266**
Accumulated depreciation and impairment:					
At 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 and 1 January 2021	**—**	**18,066**	**25,517**	**1,276**	**44,859**
Depreciation provided during the year	**—**	**1,507**	**2,108**	**178**	**3,793**
Disposals	**—**	**—**	**(546)**	**—**	**(546)**
Impairment loss	**—**	**840**	**1,096**	**—**	**1,936**
At 31 December 2021	**—**	**20,413**	**28,175**	**1,454**	**50,042**
Net carrying amount:					
At 31 December 2021	**340,000**	**967**	**1,192**	**65**	**342,224**
At 31 December 2020	281,000	3,039	3,802	243	288,084

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 31 December 2021 and 31 December 2020, the value of the Group's club property was revalued by an independent professional qualified valuer. The valuation technique was based on open market and highest and best use basis with the use of residual method. The property is situated on a piece of land ("the Land") designated for "Other Specified Uses" annotated "Sports and Recreation Club". The Land is currently occupied by the Group for its operation of a resort and recreational 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 has 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 Land from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 6".

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

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

	2021 ***HK$'000***	2020 *HK$'000*
Cost	**57,149**	57,149
Accumulated depreciation	**(31,042)**	(30,018)
	26,107	27,131

19. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 1 January 2020	45,141
Additions	1,200
Depreciation	(20,690)
At 31 December 2020 and 1 January 2021	25,651
Additions	12,821
Depreciation	(18,591)
At 31 December 2021	19,881

Lease liabilities of HK$20,899,000 (2020: HK$28,012,000) are recognised with related right-of-use assets of HK$18,881,000 (2020: HK$24,680,000) as at 31 December 2021. 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.

	2021 HK$'000	2020 HK$'000
Depreciation expenses on right-of-use assets	18,591	20,690
Interest expense on lease liabilities (included in finance cost)	1,911	3,456
Expenses relating to short-term lease (included in selling and distribution cost)	16	569
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)	251	431
COVID-19 Related rent concessions received	(403)	(1,839)

19. RIGHT-OF-USE ASSETS (CONTINUED)

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

As disclosed in note 3(a), 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.

One lease includes 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)**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Retails stores – Hong Kong	**13,619**	24,659	**–**	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 2021, there has been no such triggering event (2020: Nil) and the extension option lapsed as at 31 December 2021.

19. RIGHT-OF-USE ASSETS (CONTINUED)

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 2021 and 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 recognised in profit or loss for the year is summarised below:

	2021			
	Fixed payments *HK$'000*	**Variable payments** *HK$'000*	**COVID-19 related rent concessions** *HK$'000*	**Total payments** *HK$'000*
Retails stores – Hong Kong	**17,799**	**251**	**(403)**	**17,647**

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

At 31 December 2021, it is estimated that an increase in sales generated from these retail stores by 5% would have increased the lease payments by HK$23,000 (2020: HK$38,000).

20. INVESTMENT PROPERTIES

	2021 *HK$'000*	2020 *HK$'000*
At 1 January	**46,800**	45,600
Fair value gains	**5,700**	1,200
At 31 December	**52,500**	46,800

At 31 December 2021, the Group's investment properties comprised industrial property units situated in Hong Kong of HK$52,500,000 (2020: HK$46,800,000). 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 2021 and 31 December 2020 by an independent professional qualified valuer based on direct comparison method.

Further particulars of the Group's investment properties are included on page 160.

21. INTANGIBLE ASSETS

	Trademarks ***HK$'000***
Cost:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	**1,700**
Accumulated amortisation:	
At 1 January 2020	829
Amortisation for the year	85
Impairment loss	342
At 31 December 2020 and 1 January 2021	**1,256**
Amortisation for the year	**48**
At 31 December 2021	**1,304**
Net carrying amount:	
At 31 December 2021	**396**
At 31 December 2020	444

The Group's trademarks protect the design and specification of the Group's products. The average remaining amortisation period of the trademarks is approximately 8 years (2020: 9 years).

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 *HK$'000*	2020 *HK$'000*
Financial assets at fair value through profit or loss:		
Equity investments, at fair value *(note a)*:		
– Listed in Hong Kong	**34,761**	34,460
– Listed outside Hong Kong	**35,006**	21,732
	69,767	56,192
Fund investments, at fair value:		
– Listed outside Hong Kong *(note b)*	**22,651**	—
– Unlisted *(note b and note c)*	**547,429**	563,218
	570,080	563,218
Debt investments, at fair value *(note d)*:		
– Listed in Hong Kong*	**12,142**	12,079
– Listed outside Hong Kong*	**32,006**	40,514
	44,148	52,593
	683,995	672,003

* 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 financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

	2021 *HK$'000*	2020 *HK$'000*
Current assets - Financial assets at fair value through profit or loss		
– Listed equity investments *(note a)*	**69,767**	56,192
– Listed fund investments *(note b)*	**22,651**	—
– Unlisted fund investments *(note b)*	**468,312**	484,696
– Listed debt investments *(note d)*	**44,148**	52,593
	604,878	593,481
Non-current assets — Financial assets at fair value through profit or loss		
– Unlisted fund investments *(note c)*	**79,117**	78,522
	683,995	672,003

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

Notes:

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

(b) The fund investments as at 31 December 2021 amounted HK$490,963,000 (2020: HK$484,696,000) which were listed in overseas exchanges or traded over-the-counter and the Group managed and evaluated the performance of these fund investments on a fair value basis, in accordance with the Group's risk management and investment strategy. The fair values of the fund investments are based on quoted market price or the price quoted by the fund administrator/financial institution. The directors believe that the estimated fair value quoted by the fund administrator/financial institution is reasonable, and that it is the most appropriate value at the end of the reporting period.

(c) Unlisted fund investments, at fair value

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

As at 31 December 2021, carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund III L.P. ("ACIF III"), amounted to HK$51,530,000 (2020: HK$56,865,000) 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 2021 amounted to US$165,000 (equivalent to approximately HK$1,284,000) (2020: US$231,000 (equivalent to approximately HK$1,797,000)). 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 2021, the carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund IV L.P. ("ACIF IV"), amounted to HK$27,587,000 (2020: HK$21,657,000) 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 2021 amounted to US$397,000 (equivalent to approximately HK$3,089,000) (2020: US$1,257,000 (equivalent to HK$9,780,000)). 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 2021 amounted to HK$44,148,000 (2020: HK$52,593,000) 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 2021, these debt investments have maturity date ranging from 11 October 2023 to 1 November 2027 (2020: 26 May 2021 to 1 November 2027).

As at 31 December 2021, these debt instruments bear fixed coupon interest rate ranging from 1.00% to 5.25% (2020: 1.00% 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 2021 and 2020, all of the Group's inventories represented finished goods.

24. TRADE AND OTHER RECEIVABLES

	2021 *HK$'000*	2020 *HK$'000*
Trade receivables	**1,778**	725
Less: Impairment of trade receivables	**—**	—
	1,778	725
Rental and other deposits	**7,921**	7,546
Prepayments and other receivables	**4,428**	4,808
	14,127	13,079

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:

	2021 *HK$'000*	2020 *HK$'000*
Within 1 month	**1,704**	720
2 to 3 months	**74**	5
	1,778	725

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:

	2021 *HK$'000*	2020 *HK$'000*
Hong Kong dollars	25,765	66,650
US dollars	55,876	77,088
Renminbi*	38,549	16,462
Others	874	407
	121,064	160,607

* 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

	2021 *HK$'000*	2020 *HK$'000*
Trade and bills payables *(note a)*	3,654	5,508
Accruals for operations	5,471	5,787
Accruals for staff costs	3,850	3,012
Contract liabilities *(note b)*	1,258	1,812
Deposits received	210	210
Other payables	2,898	4,243
Provisions	2,619	2,739
	19,960	23,311

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:

	2021 *HK$'000*	2020 *HK$'000*
Within 1 month	**2,565**	4,412
2 to 3 months	**886**	370
Over 3 months	**203**	726
	3,654	5,508

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

	2021 *HK$'000*	2020 *HK$'000*
Hong Kong dollars	**540**	1,438
Euro dollars	**2,605**	3,798
Others	**509**	272
Total	**3,654**	5,508

(b) Contract liabilities represent the consideration received in advance from customers and customer loyalty programme. The amount of consideration received in advance from 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:

	2021 *HK$'000*	2020 *HK$'000*
Retail of fashion wear and accessories	**884**	416
Resort and recreational club operations	**277**	415
Total contract liabilities	**1,161**	831

27. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**14,850**	20,231	**14,125**	18,439
In the second to fifth years, inclusive	**6,956**	9,943	**6,774**	9,573
	21,806	30,174	**20,899**	28,012
Less: Future finance charges	**(907)**	(2,162)	**N/A**	N/A
Present value of lease obligations	**20,899**	28,012	**20,899**	28,012
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(14,125)**	(18,439)
Amount due for settlement after 12 months			**6,774**	9,573

All lease liabilities are denominated in Hong Kong dollars.

28. INTEREST-BEARING BANK BORROWINGS

	2021	2020
	HK$'000	*HK$'000*
Bank loans	**7,001**	6,617

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:

	2021	2020
Bank loans	**1.56% to 1.98%**	1.57% to 2.41%

Bank loans of HK$4,296,000 (2020: HK$3,369,000) are secured by a charge over the Group's pledged time deposits of HK$10,000,000 (2020: 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 HK$'000	Fair value gains from financial assets at fair value through profit or loss HK$'000	Losses available for offsetting against future taxable profits HK$'000	Total HK$'000
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 and at 1 January 2021	**5,450**	**5,955**	**(11,405)**	**—**
Deferred tax charged/(credited) to the profit or loss for the year	**255**	**327**	**(582)**	**—**
At 31 December 2021	**5,705**	**6,282**	**(11,987)**	**—**

At the end of the reporting period, the Group has unused tax losses of HK$894,170,000 (2020: HK$933,297,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$72,648,000 (2020: HK$69,122,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$821,522,000 (2020: HK$864,175,000) 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 Mainland 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

	2021 *HK$'000*	2020 *HK$'000*
Issued and fully paid:		
1,650,658,676 (2020: 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 2021 and 2020.

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:

	2021 *HK$'000*	2020 *HK$'000*
Interest-bearing bank borrowings	**7,001**	6,617
Lease liabilities	**20,899**	28,012
Total borrowings and lease liabilities	**27,900**	34,629
Equity attributable to owners of the Company	**1,208,910**	1,171,126
Gearing ratio	**2.3%**	3.0%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 31 December 2020.

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	At 31 December 2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**973**	1,194
Investment properties		**392,500**	327,800
Right-of-use assets		**7,688**	2,116
Interests in subsidiaries		**619,608**	656,684
Total non-current assets		**1,020,769**	987,794
Current assets			
Prepayments, deposits and other receivables		**3,032**	3,794
Due from a subsidiary		**222**	240
Financial assets at fair value through profit or loss		**154,817**	117,877
Pledged bank deposits		**10,000**	10,000
Time deposits		**19,955**	40,341
Cash and bank balances		**9,789**	15,454
Total current assets		**197,815**	187,706
Current liabilities			
Accruals and other payables		**5,323**	5,169
Lease liabilities		**2,351**	2,160
Total current liabilities		**7,674**	7,329
Net current assets		**190,141**	180,377
Non-current liabilities			
Lease liabilities		**4,904**	—
NET ASSETS		**1,206,006**	1,168,171
Capital and reserves			
Issued capital		**1,206,706**	1,206,706
Accumulated losses		**(809,522)**	(847,357)
Other reserves	31(b)	**808,822**	808,822
TOTAL EQUITY		**1,206,006**	1,168,171

Approved by the Board of Directors on 29 March 2022 and are signed on its behalf by:

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

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

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 2020	808,822	(1,065,384)	(256,562)
Profit for the year	—	218,027	218,027
At 31 December 2020 and 1 January 2021	**808,822**	**(847,357)**	**(38,535)**
Profit for the year	**—**	**37,835**	**37,835**
At 31 December 2021	**808,822**	**(809,522)**	**(700)**

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 86 and 89 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 property in note 4(d) to the consolidated financial statements.

33. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2021 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 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 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 2021	**6,617**	**28,012**	**34,629**
Changes from financing cash flows:			
New bank loans raised	**27,893**	**—**	**27,893**
Repayment of bank loans	**(27,509)**	**—**	**(27,509)**
Interest paid	**(134)**	**—**	**(134)**
Capital elements of lease rentals paid	**—**	**(18,861)**	**(18,861)**
Interest elements of lease rentals paid	**—**	**(1,911)**	**(1,911)**
	250	**(20,772)**	**(20,522)**
Other changes:			
Finance costs	**134**	**1,911**	**2,045**
Addition to lease liabilities	**—**	**12,151**	**12,151**
COVID-19 Related rent concessions received	**—**	**(403)**	**(403)**
	134	**13,659**	**13,793**
As at 31 December 2021	**7,001**	**20,899**	**27,900**
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

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:

	2021	2020
	HK$'000	*HK$'000*
Within operating cash flows	**345**	1,078
Within financing cash flows	**20,772**	20,993
	21,117	22,071

These amounts relate to the following:

	2021	2020
	HK$'000	*HK$'000*
Lease rentals paid	**21,117**	22,071

35. 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 along Hilltop Road (the relevant part of which is a private road) which provides access to its property located in the Lo Wai district of Tsuen Wan.

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

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

Prior to the hearing in May 2019, a Consent Settlement was entered into between the Group and the BA. Pursuant to the Consent Settlement, the hearing in May 2019 was vacated, the Said Order had been withdrawn and the Group agreed to fully comply with a new single DH Order issued by the BA on 13 June 2019 (the "New Limited Order"). The Group has commenced the remediation work in relation to the New Limited Order in October 2020. As at 31 December 2021, the remediation work has been substantially completed and the Group is awaiting certain approval permits to be issued by the relevant Government authorities. 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 arrangements. The leases for investment properties are typically negotiated for terms ranging from one to two years.

At 31 December 2021, the undiscounted lease payments receivable by the Group in future period under non-cancellable operating lease are as follow:

	2021 *HK$'000*	2020 *HK$'000*
Within one year	**255**	255
In the second to fifth years, inclusive	**—**	—
	255	255

37. CAPITAL COMMITMENTS

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

	2021 *HK$'000*	2020 *HK$'000*
Contracted, but not provided for:		
– Capital contribution to unlisted funds *(note 22(c)(i) and (ii))*	**4,372**	11,577
– Property, plant and equipment	**654**	—

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	2021 HK$'000	2020 HK$'000
Lease expenses for lease liabilities, building management fees and air-conditioning charges paid to related companies	(i)		
– Office		**3,179**	3,181

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) Lease arrangement

On 30 November 2021, the Group entered into a new tenancy agreement ("the New Tenancy Agreement") with the related companies controlled by substantial shareholders of the Company to renew the lease of office premises for three years from 1 December 2021 to 30 November 2024 at a monthly effective rental of HK$210,096 exclusive of government rates, building management fee and air-conditioning charges. The Group recognised a right-of-use asset of HK$7,908,000, which is the present value of the rental payment and estimated reinstatement cost and a lease liability of HK$7,238,000 due to related parties in accordance to HKFRS 16.

As at 31 December 2021, the lease liabilities due to related companies of HK$7,255,000 under the New Tenancy Agreement (2020: HK$2,160,000, under the tenancy agreement entered in November 2018 ("the Old Tenancy Agreement")) arising from the leasing arrangements with the related companies are included in "Lease liabilities" (note 27).

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

	2021 HK$'000	2020 HK$'000
Short term employee benefits	**11,003**	9,732
Retirement benefits	**600**	—
Pension scheme contributions	**81**	78
Total compensation paid to key management personnel	**11,684**	9,810

Further details of employees' and directors' emoluments are included in note 14 and note 15 respectively to the consolidated financial statements.

38. RELATED/CONNECTED PARTY TRANSACTIONS (CONTINUED)

(d) Applicability of the Listing Rules relating to connected transactions

As disclosed in note 38(b) to the consolidated financial statements, the related party transactions in respect of the recognition of a right-of-use asset and lease liabilities for the fixed lease payments under the New Tenancy agreement is regarded as an acquisition of capital asset and constitutes a one-off connected transaction of the Company as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of Director on page 8.

As disclosed in note 38(a) to the consolidated financial statements, the related party transactions in respect of building management fee and air-conditioning charges for office paid to related companies for the year ended 31 December 2021 under the New Tenancy Agreement constitute continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules but are considered as a de minimis transactions and are fully exempt from the disclosure requirements, further details of which are included in the Report of Director on page 8.

As disclosed in note 38(a) to the consolidated financial statements, the related party transactions in respect of the lease expenses for leases liabilities, building management fee and air-conditioning charges for office paid to related companies for the years ended 31 December 2021 and 2020 under the Old Tenancy Agreement 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 Director on page 7.

39. IMPACTS OF CORONAVIRUS PANDEMIC

Since early 2020, the coronavirus outbreak ("the COVID-19 outbreak") has become a global pandemic, and it has adversely affected our fashion retail business and resort and recreational club operations in Hong Kong and impacted upon the performance of our investments in financial instruments. For the year ended 31 December 2021, the Group's overall financial performance and liquidity position continued to be impacted by the COVID-19 outbreak. However, the Group is still in a sound financial position with its current ratio as at 31 December 2021 standing at 18.5 times. Our strong liquidity position will provide support for the long-term prospects of the Group's businesses.

40. SUBSEQUENT EVENTS

The Group's rezoning application was included by the Government's Planning Department in its Tsuen Wan Outline Zoning Plan ("OZP") amendment proposal No. S/TW/34 (renumbered as S/TW/35 upon approval, hereinafter referred to as the "Tsuen Wan OZP No. S/TW/35") which was approved by the Chief Executive in Council on 8 February 2022. The Tsuen Wan OZP No. S/TW/35 has incorporated amendments made to the approved Tsuen Wan OZP No. S/TW/33, which involved, among other things, the rezoning of the Company's property at Hilltop Road from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 8".

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 2021. The Group is in the process of assessing the impact of the non-adjusting event on the consolidated financial statements but is yet to come up to a conclusion as time is needed for the external independent professional qualified valuer to complete the valuation work.

PARTICULARS OF INVESTMENT PROPERTIES

31 December 2021

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				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**109,501**	104,977	131,841	142,110	159,450
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	**(19,291)**	15,379	48,402	(74,028)	(6,324)
Finance costs	**(2,045)**	(3,596)	(2,245)	(197)	(328)
Share of loss of an associate	—	—	—	—	(2,584)
Gain on liquidation of subsidiaries	—	—	—	1,073	—
Gain on disposal of interest in an associate	—	—	—	—	2,584
PROFIT/(LOSS) BEFORE TAX	**(21,336)**	11,783	46,157	(73,152)	(6,652)
Tax	—	—	—	—	—
PROFIT/(LOSS) FOR THE YEAR	**(21,336)**	11,783	46,157	(73,152)	(6,652)
Attributable to:					
Equity holders of the Company	**(21,280)**	11,881	46,197	(73,097)	(6,505)
Non-controlling interests	**(56)**	(98)	(40)	(55)	(147)
	(21,336)	11,783	46,157	(73,152)	(6,652)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**1,256,179**	1,228,512	1,048,239	952,107	1,033,188
TOTAL LIABILITIES	**(47,860)**	(57,940)	(78,395)	(28,336)	(35,024)
NON-CONTROLLING INTERESTS	**591**	554	651	590	492
	1,208,910	1,171,126	970,495	924,361	998,656

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Hung Han WONG *(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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