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ENM HOLDINGS LIMITED

安寧控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00128)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors (the “Board”) of ENM Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024, together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		HK\$'000	HK\$'000 <i>(restated)</i>
Continuing operations			
Revenue	5	74,763	108,031
Cost of sales		(24,669)	(49,257)
Gross profit		50,094	58,774
Other income		1,257	1,073
Selling and distribution costs		(22,813)	(31,991)
Administrative expenses		(38,612)	(46,551)
Depreciation of property, plant and equipment, impairment loss and amortisation		(1,373)	(857)
Other operating gains, net	9	12,791	12,364
Profit/(Loss) from operations		1,344	(7,188)
Fair value gains/(losses) on investment properties, net		(2,600)	300
Finance costs	7	(569)	(1,123)
Loss before tax		(1,825)	(8,011)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	<u>2024</u> HK\$'000	<u>2023</u> HK\$'000 <i>(restated)</i>
Loss before tax		(1,825)	(8,011)
Income tax expense	8	<u>-</u>	<u>-</u>
Loss for the year from continuing operations	9	(1,825)	(8,011)
Discontinued operations			
Loss for the year from discontinued operations	10	<u>(6,080)</u>	<u>(11,373)</u>
Loss for the year		<u>(7,905)</u>	<u>(19,384)</u>
Attributable to:			
Owners of the Company			
Loss for the year from continuing operations		(1,824)	(8,374)
Loss for the year from discontinued operations		<u>(6,080)</u>	<u>(11,373)</u>
Loss for the year attributable to owners of the Company		<u>(7,904)</u>	<u>(19,747)</u>
Non-controlling interests			
Profit/(Loss) for the year from continuing operations attributable to non-controlling interests		<u>(1)</u>	<u>363</u>
		<u>(7,905)</u>	<u>(19,384)</u>
		HK\$	HK\$ <i>(restated)</i>
Loss per share			
From continuing and discontinued operations			
- Basic	11(a)(i)	<u>(0.48) cents</u>	<u>(1.20) cents</u>
- Diluted	11(b)	<u>N/A</u>	<u>N/A</u>
From continuing operations			
- Basic	11(a)(ii)	<u>(0.11) cents</u>	<u>(0.51) cents</u>
- Diluted	11(b)	<u>N/A</u>	<u>N/A</u>
From discontinued operations			
- Basic	11(a)(iii)	<u>(0.37) cents</u>	<u>(0.69) cents</u>
- Diluted	11(b)	<u>N/A</u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	<u>2024</u>	<u>2023</u>
		HK\$'000	HK\$'000
Loss for the year		<u>(7,905)</u>	<u>(19,384)</u>
Other comprehensive loss:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on revaluation of Hilltop property (formerly known as “club property”)	6	(35,713)	(55,000)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>-</u>	<u>(24)</u>
Other comprehensive loss for the year, net of tax		<u>(35,713)</u>	<u>(55,024)</u>
Total comprehensive loss for the year		<u>(43,618)</u>	<u>(74,408)</u>
Attributable to:			
Owners of the Company		(43,617)	(74,766)
Non-controlling interests		<u>(1)</u>	<u>358</u>
		<u>(43,618)</u>	<u>(74,408)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024**

	Note	<u>2024</u> HK\$'000	<u>2023</u> HK\$'000
Non-current assets			
Property, plant and equipment		340,661	371,060
Right-of-use assets		3,351	8,746
Investment properties		50,200	52,800
Financial assets at fair value through profit or loss	13	<u>43,410</u>	<u>49,822</u>
Total non-current assets		<u>437,622</u>	<u>482,428</u>
Current assets			
Inventories		655	11,925
Trade and other receivables	14	7,697	14,857
Financial assets at fair value through profit or loss	13	345,361	475,549
Pledged bank deposits		10,000	10,000
Time deposits		220,658	93,396
Cash and bank balances		<u>15,806</u>	<u>16,180</u>
Total current assets		<u>600,177</u>	<u>621,907</u>
Current liabilities			
Trade and other payables	15	10,652	23,253
Lease liabilities		2,323	8,396
Interest-bearing bank borrowings		<u>-</u>	<u>5,079</u>
Total current liabilities		<u>12,975</u>	<u>36,728</u>
Net current assets		<u>587,202</u>	<u>585,179</u>
Non-current liabilities			
Lease liabilities		<u>835</u>	<u>-</u>
NET ASSETS		<u>1,023,989</u>	<u>1,067,607</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
AT 31 DECEMBER 2024

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

Notes:

1. Financial Information

The financial information relating to the years ended 31 December 2024 and 2023 included in this announcement does not constitute the Company's statutory consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622, Laws of Hong Kong) and will deliver the consolidated financial statements for the year ended 31 December 2024 in due course.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company's external auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on this announcement.

2. Basis of Preparation

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

2. Basis of Preparation (Cont'd)

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

3. Adoption of New and Revised HKFRS Accounting Standards

(a) Application of new and revised HKFRS Accounting Standards

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

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

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

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

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

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

3. Adoption of New and Revised HKFRS Accounting Standards (Cont'd)

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

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)(cont'd)

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

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

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

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

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

3. Adoption of New and Revised HKFRS Accounting Standards (Cont'd)

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

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

4. Segment Information

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

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

On 16 June 2024, the Group discontinued the resort and recreational club operations and the Group's senior management no longer review the discrete financial information of these discontinued operations. Accordingly, the segment information reported does not include any amounts for these discontinued operations, which are classified as "loss for the year from discontinued operations" in the consolidated statement of profit or loss and described in more detail in note 10.

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

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

Segment profits or losses do not include the following:

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

Segment liabilities do not include interest-bearing bank borrowings.

4. Segment Information (Cont'd)

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

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

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

4. Segment Information (Cont'd)

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

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

4. Segment Information (Cont'd)

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

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

Geographical information:

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

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

4. Segment Information (Cont'd)

Geographical information (Cont'd) :

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

5. Revenue

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

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

6. Fair value loss on revaluation of Hilltop property

The valuation technique adopted for Hilltop property (formerly known as “club property”) as at 31 December 2024 and 31 December 2023 is the “open market and highest and best use basis with the use of residual method”. In accordance with the HKFRS 13 “Fair Value Measurement”, and with advice from an independent and reputable valuer, the Group has revalued Hilltop property (the “Property”) based on its highest and best use with reference to the Property having received approval to be rezoned for residential development, after factoring in the uncertainty and timing of the remaining steps required to proceed with the redevelopment. This approach was first adopted for the year ended 31 December 2020. As at 31 December 2024, the fair value of the Property is HK\$340,000,000 (31 December 2023: HK\$370,000,000). The reduction in fair value of HK\$35,713,000 (including the addition of HK\$5,713,000 during the year) is recognised as other comprehensive loss for the year ended 31 December 2024 and accumulated in the property revaluation reserve which has no impact on the Group’s consolidated statement of profit or loss for the year.

7. Finance Costs

	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
Continuing operations		
Interest expenses on lease liabilities	419	781
Interest on bank loans	<u>150</u>	<u>342</u>
	<u>569</u>	<u>1,123</u>

8. Income Tax Expense

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

9. Loss for the year from continuing operations

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

	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000 <i>(restated)</i>
Cost of inventories sold [#]	24,669	49,257
Charge/(write-back) of inventories allowances	(6,273)	9,204
Depreciation of property, plant and equipment	742	509
Depreciation of right-of-use assets	10,712	11,791
Impairment loss of property, plant and equipment	631	-
Amortisation of intangible assets	-	48
Impairment loss of intangible assets	-	300
Gains from financial assets at fair value through profit or loss, net*:		
Fair value losses/(gains), net	289	(11,546)
Gains on disposal, net	(12,101)	(72)
	(11,812)	(11,618)
Fair value losses/(gains) on investment properties, net	2,600	(300)
Losses/(gains) on disposal of property, plant and equipment*	(2)	5
Foreign exchange gains, net*	(328)	(300)
Gains on a lease modification*	(71)	-
Write-back of accrued payables*	-	(439)
Write back of provision for reinstatement cost*	(578)	(12)

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

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

10. Discontinued Operations

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

	<u>2024</u>	<u>2023</u>
	HK\$’000	HK\$’000
Loss for the year from discontinued operations:		
Revenue - Contracts with customers	5,304	12,805
Cost of sales	(1,128)	(2,803)
Other income	232	346
Selling and administrative expenses	(10,810)	(21,453)
Depreciation of property, plant and equipment and impairment loss	(3)	(268)
Other operating gains, net	<u>325</u>	<u>-</u>
Loss before tax from discontinued operations	(6,080)	(11,373)
Income tax expense	<u>-</u>	<u>-</u>
Loss for the year from discontinued operations (attributable to owners of the Company)	<u>(6,080)</u>	<u>(11,373)</u>

11. Loss Per Share

(a) Basic loss per share

(i) From continuing and discontinued operations

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

(ii) From continuing operations

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

(iii) From discontinued operations

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

(b) Diluted loss per share

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

12. Dividends

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

13. Financial Assets at Fair Value Through Profit or Loss

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

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

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

13. Financial Assets at Fair Value Through Profit or Loss (Cont'd)

The carrying amounts of the above financial assets are classified as follows:

	<u>2024</u> HK\$'000	<u>2023</u> HK\$'000
Current assets – Financial assets at fair value through profit or loss		
– Listed equity investments	-	34,267
– Listed fund investments	7,303	28,458
– Unlisted fund investments	295,184	367,982
– Listed debt investments	41,529	39,967
– Unlisted debt investments	1,345	4,875
	345,361	475,549
Non-current assets – Financial assets at fair value through profit or loss		
– Unlisted fund investments	43,410	49,822
	388,771	525,371

14. Trade and Other Receivables

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

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

	<u>2024</u> HK\$'000	<u>2023</u> HK\$'000
Within 1 month	231	1,220
2 to 3 months	-	67
	231	1,287

15. Trade and Other Payables

Included in the Group's trade and other payables as at 31 December 2024 are trade and bills payables of HK\$53,000 (2023: HK\$3,301,000). An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	<u>2024</u> HK\$'000	<u>2023</u> HK\$'000
Within 1 month	18	2,933
2 to 3 months	-	333
Over 3 months	<u>35</u>	<u>35</u>
	<u>53</u>	<u>3,301</u>

16. Comparative Amounts

The comparative amounts in the consolidated statement of profit or loss has been re-presented as if the resort and recreational club segment discontinued during the current year had been discontinued and reallocated at the beginning of the comparative year (note 10) and certain comparative segment information related to the resort and recreational club segment is classified as "loss for the year from discontinued operations" in the consolidated statement of profit or loss.

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

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

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

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

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

FINANCIAL REVIEW

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

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

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

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

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

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

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

Hill Top Country Club (the "Club"), the Group's resort and recreational club operation, which was discontinued on 16 June 2024, reported a decrease in operating loss of HK\$5,293,000 (or 47%) to HK\$6,080,000 for the year ended 31 December 2024 (2023: loss of HK\$11,373,000) over a shorter operating period. The trading conditions for the Hong Kong food and beverage

(“F&B”) sector in recent years have been extremely challenging, brought upon by the impact of COVID, with rising material cost, shortage of F&B staff and sharp decline in patronage as a result of the popular trend of “Northbound Travelling” to Southern China for better and cheaper dining options. With little prospect of increasing the revenue and considering the prolonged losses that the Club has suffered, the Group’s decision to close the Club helped to reduce the loss for the year ended 31 December 2024 and avoid further losses.

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

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

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

HK\$11,507,000) from investment in financial instruments (before interest and dividend income which are included in “Revenue”).

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

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

BUSINESS REVIEW

SWANK

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

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

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

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

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

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

Investments

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

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

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

The marketable funds investment portfolio consists of four primary investment strategies, namely money market investment, investment grade & high yield bond funds, enhanced yield funds and equity funds.

The total carrying value of the Group's investment in this category was HK\$253,544,000 as at 31 December 2024 (31 December 2023: HK\$306,572,000), representing approximately 24.4% of the carrying value of the Group's total assets; and the asset

allocation in this portfolio was 16.4% in a money market investment, 57.3% in bond funds, and 26.3% in enhanced yield funds. This category of portfolio recorded a total net gain of HK\$18,861,000 or 5.7% (2023: a total net gain of HK\$16,561,000) for the year ended 31 December 2024. The net gain was attributable to HK\$4,973,000 of unrealised mark-to-market gain, HK\$5,588,000 of realised gain on disposal and HK\$8,300,000 of dividend and interest income received.

Investment Grade & High Yield Bond Funds

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

PIMCO GIS- Income Fund

The PIMCO Fund is a portfolio that is actively managed and utilises a broad range of fixed income securities that seek to produce an attractive level of income with a secondary goal of capital appreciation. The fund (Institutional Income Class USD) has had a 5-year annualised return of 3.0% for the period of 2020 to 2024. As at 31 December 2024, the fair value of the Group's investment in this fund was HK\$53,109,000 (31 December 2023: HK\$67,470,000), representing approximately 5.1% of the carrying value of the Group's total assets. The net return of this fund was HK\$3,703,000 gain or 5.5% for the year ended 31 December 2024, comprised a HK\$90,000 realised gain on disposal, a HK\$447,000 unrealised mark-to-market loss and HK\$4,060,000 of dividend received.

Enhanced Yield Fund

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

Equity Funds

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

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

MS Portfolio

Morgan Stanley (“MS”) offers a bespoke asset allocation solution based upon its Global Investment Committee Model. The Asia Investment Management Services team leverages the extensive research, investment expertise and execution capabilities of MS to invest in traditional and sophisticated multi-asset, equity and fixed income funds, Exchange-Traded Funds (“ETF”) and money market instruments. As at 31 December 2024, the total carrying value of the MS Portfolio was HK\$50,287,000 (31 December 2023: HK\$67,966,000) with a total of 25 funds and ETF holdings, representing approximately 4.9% of the carrying value of the Group’s total assets. The asset allocation in the portfolio comprised 2.0% money market investment, 24.0% fixed income funds, 62.2% equity funds (including ETF) and 11.8% other investments. The MS Portfolio has been set up to gradually spread risk with a high flexibility to invest a significant proportion in the Money Market Investment awaiting suitable opportunities to reinvest in other asset classes. The MS Portfolio recorded a gross gain of HK\$5,403,000 or 8.7% return during the period under review.

LGT Portfolio

LGT offers a bespoke asset allocation solution based on recommendations from LGT’s Investment Committee in Asia and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and fundamentals of securities into the portfolio. Investments in this portfolio are all fixed income securities following disposal of all of the equity investments in July-August 2024. As at 31 December 2024, the total market value of the LGT portfolio was HK\$41,530,000 (31 December 2023: HK\$62,327,000), consisting of 47 fixed income securities, representing approximately 4% of the carrying value of the Group’s total assets. The LGT portfolio aims to diversify risk and mitigate volatility of the investment markets with fixed income investment as the dominant asset class. The LGT portfolio recorded a gross gain of HK\$5,043,000 or 8.8% return during the period under review.

JB Portfolio

Julius Baer offers a bespoke asset allocation solution based upon assessment and recommendations of its Global Chief Investment Officer and dynamically incorporates monitoring of macroeconomic outlook, market conditions, and asset allocation strategy into the portfolio through ETF investment. This investment portfolio was liquidated in December 2024, realizing a gross gain of HK\$3,152,000 or 13.8% return during the period under review.

C. Other Fund Investments - Private Equity Funds

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

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

The Group has made an investment commitment of US\$4,000,000 (equivalent to HK\$31,120,000) in ACIF III for a 1.532% shareholding. ACIF III is managed out of

Singapore by United Overseas Bank Venture Management Private Limited (“UOBVM”) and targets investments in growth-oriented companies operating in East and Southeast Asia countries and Mainland China. As at 31 December 2024, the Group has invested a total of HK\$24,250,000 in this fund and the Group’s share of capital value was HK\$16,113,000 based on the management accounts the fund manager has provided. The total return on investment of ACIF III was a HK\$6,484,000 net loss for the year ended 31 December 2024 (2023: net loss of HK\$6,024,000), comprised of HK\$6,655,000 fair value loss and HK\$171,000 distribution income received. This fair value loss mainly stemmed from decline in the fair value of the fund’s listed and unlisted securities holdings of Mainland Chinese and Indonesia companies. Despite this short-term setback, ACIF III is viewed as a long-term investment which helps to diversify the Group’s investment portfolio with exposure to a wider range of potentially profitable private companies managed by a team of Managers with good track records. ACIF III has delivered a satisfactory 12.00% net internal rate of return since inception.

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

With the success of ACIF III, the Group made another capital commitment of US\$4,000,000 (equivalent to HK\$31,120,000) in ACIF IV for a 1.649% shareholding. ACIF IV is an exempted limited partnership incorporated in the Cayman Islands on 20 February 2018 and a closed-end private equity fund. The fund is also managed out of Singapore by the UOBVM team, and is a “follow-on” fund to its predecessors (ACIF I, ACIF II and ACIF III) and continues the focus of investing primarily via minority stakes in expansion stage capital opportunities through privately negotiated equity and equity related investments in small and medium sized growing companies that benefit from the continuing expansion of trade and investment among the ASEAN member-states and Mainland China, and their respective overseas trading partners. As at 31 December 2024, the Group had invested a total of HK\$30,044,000 in this fund and the Group’s share of capital value was HK\$27,297,000 based on the management accounts the fund manager has provided. The total return of the Group’s investment in ACIF IV was a HK\$599,000 net loss for the year ended 31 December 2024 (2023: net loss of HK\$307,000). This fair value loss was primarily from decline in the fair value of the fund’s listed securities in Vietnam and unlisted securities in Mainland China. Similar to ACIF III, ACIF IV is also viewed as a long-term diversified investment of the Group’s portfolio.

Other Group Assets

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

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

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

TREASURY MANAGEMENT/POLICIES

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

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

LIQUIDITY AND FINANCIAL POSITION

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

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

As at 31 December 2024, the Group's bank balances and borrowings were denominated primarily in United States Dollars, Hong Kong Dollars and Euro, and exchange differences were reflected in the audited consolidated financial statements. All borrowings of the Group are on a floating interest rate.

PLEDGE OF ASSETS

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

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

There have been no important events significantly affecting the finances and future prospects of the Group that have occurred since the end of the financial year.

FUTURE OUTLOOK AND STRATEGIES

SWANK

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

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

Hilltop Property

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

Investments in Financial Instruments

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

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code set out in Appendix C1 of the Listing Rules throughout the year ended 31 December 2024.

REVIEW BY AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Company.

BOARD OF DIRECTORS

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

By order of the Board
Penny Soh Peng CROSBIE-WALSH
Executive Director
and Chief Executive Officer

Hong Kong, 27 March 2025