**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 2018

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 2018, together with the comparative figures for the previous year.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2018

| | Note | **2018** **HK$'000** | 2017 HK$'000 |
|---|---|---|---|
| **Revenue** | 5 | **142,110** | 159,450 |
| Cost of sales | | **(50,598)** | (61,349) |
| **Gross profit** | | **91,512** | 98,101 |
| Other income | | **1,493** | 2,417 |
| Selling and distribution costs | | **(41,217)** | (61,787) |
| Administrative expenses | | **(70,329)** | (72,444) |
| Depreciation and amortisation | | **(6,883)** | (7,187) |
| Other operating gains/(losses), net | 8 | **(44,768)** | 24,986 |
| **Loss from operations** | | **(70,192)** | (15,914) |
| Fair value gains on investment properties, net | | **2,500** | 7,100 |
| Deficits write-back/(deficits) on revaluation of resort and recreational club properties | | **(6,336)** | 2,490 |
| Gain on liquidation of subsidiaries | | **1,073** | - |
| Gain on disposal of interest in an associate | | **-** | 2,584 |
| Finance costs | 6 | **(197)** | (328) |
| Share of loss of an associate | | **-** | (2,584) |
| **Loss before tax** | | **(73,152)** | (6,652) |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)
## FOR THE YEAR ENDED 31 DECEMBER 2018

| | Note | **2018** **HK$'000** | 2017 HK$'000 |
|---|---|---|---|
| **Loss before tax** | | **(73,152)** | (6,652) |
| Income tax expense | 7 | **-** | - |
| **Loss for the year** | 8 | **(73,152)** | (6,652) |
| **Attributable to:** | | | |
| Owners of the Company | | **(73,097)** | (6,505) |
| Non-controlling interests | | **(55)** | (147) |
| | | **(73,152)** | (6,652) |
| **Loss per share** | | **HK$** | HK$ |
| - basic | 9(a) | **(4.43 cents)** | (0.39 cents) |
| - diluted | 9(b) | **N/A** | N/A |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

| | **2018** **HK$'000** | 2017 HK$'000 |
|---|---|---|
| **Loss for the year** | **(73,152)** | (6,652) |
| **Other comprehensive loss:** | | |
| *Items that may be reclassified to profit or loss:* | | |
| Exchange differences on translating foreign operations | **(168)** | 682 |
| Exchange differences reclassified to profit or loss on liquidation of subsidiaries | **(1,073)** | - |
| Fair value changes of available-for-sale equity and fund investments | **-** | 7,516 |
| Fair value changes of available-for-sale debt investments | **-** | 934 |
| Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments | **-** | (17,346) |
| Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments | **-** | (64) |
| **Other comprehensive loss for the year, net of tax** | **(1,241)** | (8,278) |
| **Total comprehensive loss for the year** | **(74,393)** | (14,930) |
| **Attributable to:** | | |
| Owners of the Company | **(74,295)** | (14,843) |
| Non-controlling interests | **(98)** | (87) |
| | **(74,393)** | (14,930) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AT 31 DECEMBER 2018

| | Note | **2018** HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **74,013** | 81,286 |
| Investment properties | | **46,400** | 43,900 |
| Intangible assets | | **956** | 1,041 |
| Financial assets at fair value through profit and loss | 11 | **50,747** | - |
| Available-for-sale fund investments | 11 | **-** | 37,054 |
| Available-for-sale debt investments - notes receivables | 11 | **-** | 163,890 |
| Total non-current assets | | **172,116** | 327,171 |
| **Current assets** | | | |
| Inventories | | **24,075** | 27,916 |
| Trade and other receivables | 12 | **12,173** | 18,238 |
| Financial assets at fair value through profit or loss | 11 | **630,338** | 151,227 |
| Available-for-sale debt investments - notes receivables | 11 | **-** | 20,357 |
| Pledged bank deposits | | **12,334** | 12,334 |
| Time deposits | | **72,283** | 425,421 |
| Cash and bank balances | | **28,788** | 50,524 |
| Total current assets | | **779,991** | 706,017 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **25,141** | 29,290 |
| Interest-bearing bank borrowings | | **3,195** | 5,734 |
| Total current liabilities | | **28,336** | 35,024 |
| **Net current assets** | | **751,655** | 670,993 |
| **NET ASSETS** | | **923,771** | 998,164 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
## AT 31 DECEMBER 2018

| | 2018<br>HK$'000 | 2017<br>HK$'000 |
|---|---|---|
| **Capital and reserves** | | |
| Issued capital | **1,206,706** | 1,206,706 |
| Accumulated losses | **(1,092,463)** | (1,028,066) |
| Other reserves | **810,118** | 820,016 |
| Equity attributable to owners of the Company | **924,361** | 998,656 |
| Non-controlling interests | **(590)** | (492) |
| **TOTAL EQUITY** | **923,771** | 998,164 |

*Notes:*

## 1. Financial Information

The financial information relating to the years ended 31 December 2018 and 2017 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 is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2018 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.

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 2018 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 (the "HKICPA") 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by 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 of Hong Kong Limited (the "Listing Rules") and with the requirements of the Hong Kong Companies Ordinance (Cap. 622). The accounting policies and methods of computation used in the preparation of these consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2017 except for the adoption of new and reviewed Hong Kong Financial Reporting Standards as described in note 3.

2. **Basis of Preparation (Cont'd)**

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 HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments; and
(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**HKFRS 9 Financial Instruments**

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. As permitted by the transitional provisions of HKFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening accumulated losses on 1 January 2018.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies and adjustments to the amounts recognised in the financial statements.

## 3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Cont'd)

### (a) Application of new and revised HKFRSs (Cont'd)

**HKFRS 9 Financial Instruments (Cont'd)**

(i) Classification and measurement

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL'), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be either be recorded in profit or loss or other comprehensive income in the period in which it arises. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Under HKFRS9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

<u>Debt instruments</u>
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(1) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in revenue calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other operating gains/(losses), net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

## 3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Cont'd)

### (a) Application of new and revised HKFRSs (Cont'd)

**HKFRS 9 Financial Instruments (Cont'd)**

(i) Classification and measurement (Cont'd)

Debt instruments (Cont'd)

(2) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other operating gains/(losses), net". Interest income from these financial assets is included in revenue calculated using the effective interest rate method. Foreign exchange gains and losses are presented in "other operating gains/(losses), net" and impairment losses are presented as separate line item in the statement of profit or loss.

(3) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Interest income from these financial assets is included in revenue. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other operating gains/(losses), net" in the period in which it arises.

Equity and fund instruments

The Group subsequently measures all equity and fund investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income on an instrument-by-instrument basis, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other operating gains/(losses), net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## 3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Cont'd)

### (a) Application of new and revised HKFRSs (Cont'd)

**HKFRS 9 Financial Instruments (Cont'd)**

(ii) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach and record lifetime expected losses on loan and receivables measured at amortised cost.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018.

| Financial assets | Note | Classification under HKAS 39 | Classification under HKFRS 9 | Carrying amount under HKAS 39 HK$'000 | Carrying amount under HKFRS 9 HK$'000 |
|---|---|---|---|---|---|
| Equity investments | | FVPL | FVPL | **78,146** | **78,146** |
| Fund investments | | FVPL | FVPL | **67,475** | **67,475** |
| Debt investments | | FVPL | FVPL | **5,606** | **5,606** |
| | | | | **151,227** | **151,227** |
| Fund investments | (1) | Available-for-sale measured at fair value | FVPL | **37,054** | **37,054** |
| Debt investments | (1) | Available-for-sale measured at fair value | FVPL | **184,247** | **184,247** |
| Trade and other receivables | (2) | Loans and receivables | Amortised cost | **18,238** | **18,238** |

## 3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Cont'd)

### (a) Application of new and revised HKFRSs (Cont'd)

**HKFRS 9 Financial Instruments (Cont'd)**

(1) Fund and debt investments that were previously classified as available-for-sale investments measured at fair value under HKAS 39 are now classified as financial assets at FVPL under HKFRS 9. The Group intends to hold and manage these assets on a fair value basis and/or these financial assets do not meet the criteria to be classified either at FVOCI or at amortised cost which results these investments to be measured at FVPL. As a result, assets with a fair value of HK$221,301,000 were reclassified from available-for-sale investments measured at fair value to financial assets at FVPL and accumulated fair value gains of HK$8,700,000 were reclassified from the available-for-sale investment revaluation reserve to accumulated losses on 1 January 2018. For the year ended 31 December 2018, losses arising from change in fair value of these fund and debt investments amounting to HK$3,881,000 was recognised through profit or loss under HKFRS 9 instead of other comprehensive income as previously accounted for under HKAS 39 (For the year ended 31 December 2017: gains of HK$8,450,000 was recognised through other comprehensive income).

(2) Trade and other receivables that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. Management makes periodic collective assessments as well as individual assessment on the recoverability of trade and other receivables for impairment allowance and determine whether specific provision are required. The Group assessed that the expected credit losses for these trade and other receivables are not material under the simplified expected credit loss approach under HKFRS 9. Thus no additional impairment loss was recognised in opening accumulated losses at 1 January 2018 on transition to HKFRS 9.

**HKFRS 15 Revenue from Contracts with Customers**

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contract with customers. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has adopted HKFRS 15 using the modified retrospective approach with the cumulative effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated, i.e. it is presented, as previously reported, under HKAS 18, HKAS 11 and related interpretations.

## 3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Cont'd)

### (a) Application of new and revised HKFRSs (Cont'd)

**HKFRS 15 Revenue from Contracts with Customers (Cont'd)**

The adoption of HKFRS 15 does not result in any significant changes to the Group's accounting policies on how it recognises revenue from the provision of resort and club facilities, catering and other services.

For contracts with customers in which the sale of fashion wear and accessories is generally expected to be the only performance obligation, adoption of HKFRS 15 do not have significant impact on the Group's revenue or profit or loss. The Group's revenue recognition occurs at a point in time when control of the assets is transferred to the customer, generally on delivery of the goods.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

| | Effective for accounting periods beginning on or after |
|---|---|
| HKFRS 16 Leases | 1 January 2019 |
| HK(IFRIC) 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| Annual Improvements to HKFRSs 2015 -2017 Cycle | 1 January 2019 |
| Amendments to HKAS 28 Long-term Interest in Associates and Joint Ventures | 1 January 2019 |
| HKFRS 17 Insurance Contracts | 1 January 2021 |

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 the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

## 3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Cont'd)

### (b) New and revised HKFRSs in issue but not yet effective (Cont'd)

**HKFRS 16 Leases**

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property, retail shops and warehouse leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office property, retail shops and warehouse amounted to HK$20,344,000 as at 31 December 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

## 3. Adoption of New and Revised Hong Kong Financial Reporting Standards (Cont'd)

### (b) New and revised HKFRSs in issue but not yet effective (Cont'd)

**HK(IFRIC) 23 Uncertainty over Income Tax Treatments**

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

## 4. Segment Information

The Group has three reportable segments as follows:

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

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

Segment profits or losses do not include the following:
- Unallocated corporate administrative expenses;
- Fair value gains on investment properties, net;
- Deficits write-back / (deficits) on revaluation of resort and recreational properties;
- Gain on liquidation of subsidiaries;
- Gain on disposal of interest in an associate;
- Finance costs;
- Share of loss of an associate; 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:

| | Wholesale and retail of fashion wear and accessories | Resort and recreational club operations | Investments | Total |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Year ended 31 December 2018:** | | | | |
| Revenue from external customers | **112,415** | **11,294** | **18,401** | **142,110** |
| Segment loss | **(89)** | **(14,410)** | **(48,537)** | **(63,036)** |
| *Segment loss includes:* | | | | |
| Fair value losses on financial assets at fair value through profit or loss, net | **-** | **-** | **(32,148)** | **(32,148)** |
| Gain/(loss) on disposal of financial assets at fair value through profit or loss, net | **46** | **-** | **(12,394)** | **(12,348)** |
| Interest income from: | | | | |
| - Financial assets at fair value through profit or loss | **-** | **-** | **5,233** | **5,233** |
| - Other financial assets | **-** | **-** | **7,191** | **7,191** |
| Depreciation and amortisation | **3,364** | **3,311** | **208** | **6,883** |
| Write back for inventories allowances | **(3,436)** | **-** | **-** | **(3,436)** |
| Impairment of trade receivables, net | **-** | **10** | **-** | **10** |
| *Other segment information:* | | | | |
| Gain on liquidation of subsidiaries | **593** | **-** | **480** | **1,073** |
| Additions to property, plant and equipment | **34** | **4,192** | **1,639** | **5,865** |
| **As at 31 December 2018:** | | | | |
| Segment assets | **53,514** | **71,529** | **827,064** | **952,107** |
| Segment liabilities | **(15,775)** | **(3,086)** | **(6,280)** | **(25,141)** |

## 4. Segment Information (Cont'd)

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

| | Wholesale and retail of fashion wear and accessories | Resort and recreational club operations | Investments | Total |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Year ended 31 December 2017:** | | | | |
| Revenue from external customers | 127,425 | 15,358 | 16,667 | 159,450 |
| Segment gain/(loss) | (19,045) | (8,749) | 19,621 | (8,173) |
| *Segment gain/(loss) includes:* | | | | |
| Fair value gains on financial assets at fair value through profit or loss, net | - | - | 3,622 | 3,622 |
| Gain on disposal of financial assets at fair value through profit or loss, net | 428 | - | 2,650 | 3,078 |
| Gain on disposal of available-for-sale debt investments, net | - | - | 669 | 669 |
| Gains on disposal of available-for-sale equity investments | - | - | 17,501 | 17,501 |
| Interest income from: | | | | |
| - Financial assets at fair value through profit or loss | - | - | 329 | 329 |
| - Other financial assets | - | - | 14,893 | 14,893 |
| Reversal of provisions | 37 | - | - | 37 |
| Depreciation and amortisation | 4,163 | 2,908 | 116 | 7,187 |
| Charge for inventories allowances | 9,178 | - | - | 9,178 |
| Impairment of trade receivables, net | - | 30 | - | 30 |
| *Other segment information:* | | | | |
| Gain on disposal of interest in an associate | 2,584 | - | - | 2,584 |
| Share of loss of an associate | (2,584) | - | - | (2,584) |
| Additions to property, plant and equipment | 1,419 | 1,113 | 36 | 2,568 |
| **As at 31 December 2017:** | | | | |
| Segment assets | 69,954 | 76,675 | 886,559 | 1,033,188 |
| Segment liabilities | (17,105) | (2,831) | (9,354) | (29,290) |

## 4. Segment Information (Cont'd)

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

| | **2018** | 2017 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Profit or loss** | | |
| Total profit or loss of reportable segments | **(63,036)** | (8,173) |
| Unallocated corporate administrative expenses | **(7,156)** | (7,741) |
| Fair value gains on investment properties, net | **2,500** | 7,100 |
| Deficits write-back/(deficits) on revaluation of resort and recreational club properties | **(6,336)** | 2,490 |
| Gain on liquidation of subsidiaries | **1,073** | - |
| Gain on disposal of interest in an associate | **-** | 2,584 |
| Finance costs | **(197)** | (328) |
| Share of loss of an associate | **-** | (2,584) |
| Consolidated loss for the year | **(73,152)** | (6,652) |
| **Assets** | | |
| Total assets of reportable segments | **952,107** | 1,033,188 |
| Consolidated total assets | **952,107** | 1,033,188 |
| **Liabilities** | | |
| Total liabilities of reportable segments | **(25,141)** | (29,290) |
| Interest-bearing bank borrowings | **(3,195)** | (5,734) |
| Consolidated total liabilities | **(28,336)** | (35,024) |

**Geographical information:**

| | **Revenue** | | **Non-current assets** | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Hong Kong | **134,790** | 155,023 | **120,953** | 125,775 |
| Other Asia Pacific Region | **2,077** | 3,831 | **416** | 452 |
| Europe | **3,700** | 472 | **-** | - |
| Others | **1,543** | 124 | **-** | - |
| Consolidated total | **142,110** | 159,450 | **121,369** | 126,227 |

4. **Segment Information (Cont'd)**

**Reconciliations of reportable segment revenue, profit or loss, assets and liabilities: (Cont'd)**

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

5. **Revenue**

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

| | **2018** | 2017 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Wholesale and retail of fashion wear and accessories | **112,415** | 127,425 |
| Resort and recreational club operations | **11,294** | 15,358 |
| Dividend income arising from financial assets at fair value through profit or loss: | | |
| - listed equity and fund investments | **1,322** | 1,572 |
| - unlisted fund investments | **4,655** | - |
| Dividend income arising from available-for-sale investments: | | |
| - listed equity investments | - | 108 |
| - unlisted fund investments | - | 94 |
| Interest income | **12,424** | 14,893 |
| | **142,110** | 159,450 |

6. **Finance Costs**

| | **2018** | 2017 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Interest on bank loans | **197** | 322 |
| Accretion of interest on debentures | **-** | 6 |
| | **197** | 328 |

## 7. Income Tax Expense

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2018 (2017: 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.

## 8. Loss for the year

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

| | **2018** **HK$'000** | 2017 HK$'000 |
|---|---|---|
| Cost of inventories sold# | **50,372** | 61,123 |
| Depreciation | **6,798** | 7,102 |
| Amortisation of intangible assets | **85** | 85 |
| Charge / (write back) for inventories allowances | **(3,436)** | 9,178 |
| Losses/(gains) from financial assets at fair value through profit or loss, net*: | | |
| Interest income | **-** | (329) |
| Fair value losses/(gains), net | **32,148** | (3,622) |
| Losses/(gains) on disposal, net | **12,348** | (3,078) |
| | **44,496** | (7,029) |
| Fair value gains on investment properties, net | **(2,500)** | (7,100) |
| Gains on disposal of available-for-sales debt investments, net* | **-** | (669) |
| Gain on disposal of available-for-sales equity investments* | **-** | (17,501) |
| Loss/(gain) on disposal of property, plant and equipment* | **5** | (18) |
| Amortisation of deferred revenue | **-** | (6) |
| Foreign exchange losses, net* | **267** | 268 |
| Impairment of trade receivables, net | **10** | 30 |
| Reversal of provisions* | **-** | (37) |
| Deficits/(deficits write-back) on revaluation of resort and recreational club properties | **6,336** | (2,490) |

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

\# Cost of inventories sold included write back for inventories allowances of HK$3,436,000 (2017: charge for inventories allowances of HK$9,178,000).

## 9. Loss Per Share

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$73,097,000 (2017: HK$6,505,000) and the weighted average number of ordinary shares of 1,650,658,676 (2017: 1,650,658,676) in issue during the year.

### (b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2018 and 2017.

## 10. Dividends

The directors do not recommend the payment of any dividend to shareholders for the years ended 31 December 2018 and 2017.

## 11. Financial Assets at Fair Value Through Profit or Loss / Available-For-Sale Fund Investments / Available-For-Sale Debt Investments – Notes Receivables

| | **2018** | 2017 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Financial assets at fair value through profit or loss: | | |
| Equity investments, at fair value: | | |
| - Listed in Hong Kong | **47,124** | 67,330 |
| - Listed outside Hong Kong | **-** | 10,816 |
| | **47,124** | 78,146 |
| Fund investments, at fair value: | | |
| - Listed outside Hong Kong | **-** | 7,795 |
| - Unlisted investments | **614,814** | 59,680 |
| | **614,814** | 67,475 |
| Debt investments, at fair value: | | |
| - Listed in Hong Kong | **14,641** | 3,994 |
| - Listed outside Hong Kong | **4,506** | - |
| - Unlisted investments | **-** | 1,612 |
| | **19,147** | 5,606 |
| Available-for-sales investments: | | |
| Unlisted fund investments, at fair value | **-** | 37,054 |
| Listed debt investments, at fair value | **-** | 184,247 |
| | **-** | 221,301 |
| | **681,085** | 372,528 |

## 11. Financial Assets at Fair Value Through Profit or Loss / Available-For-Sale Fund Investments / Available-For-Sale Debt Investments – Notes Receivables (Cont'd)

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

| | **2018** | 2017 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Current assets – Financial assets at fair value through profit or loss | | |
| - Listed equity investments | **47,124** | 78,146 |
| - Listed and unlisted fund investments | **564,067** | 67,475 |
| - Listed and unlisted debt investments | **19,147** | 5,606 |
| | **630,338** | 151,227 |
| Current assets – Available-for-sales investments | | |
| - Listed debt investments | **-** | 20,357 |
| Non-current assets – Financial assets at fair value through profit or loss | | |
| - Unlisted fund investments | **50,747** | - |
| Non-current assets – Available-for-sales investments | | |
| - Unlisted fund investments | **-** | 37,054 |
| - Listed debt investments | **-** | 163,890 |
| | **-** | 200,944 |
| | **681,085** | 372,528 |

## 12. 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:

| | **2018** | 2017 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Within 1 month | **523** | 1,005 |
| 2 to 3 months | **14** | 43 |
| | **537** | 1,048 |

## 13. Trade and Other Payables

Included in the Group's trade and other payables as at 31 December 2018 are trade and bills payables of HK$6,636,000 (2017: HK$6,194,000). An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

| | **2018** | 2017 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Within 1 month | **4,818** | 4,021 |
| 2 to 3 months | **1,770** | 1,607 |
| Over 3 months | **48** | 566 |
| | **6,636** | 6,194 |

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## OVERVIEW

The outlook for the global economy deteriorated during the reporting year. Geopolitical turbulence, macroeconomic and interest rates policy uncertainties, as well as mounting trade conflicts led to increasing financial market volatility especially in the second half of the year. On the other hand, the growth of the luxury fashion retail market in Hong Kong continued to be sustainable, although was weaker in the second, compared to the first, half year.

The positive developments for the year ended 31 December 2018 in the retail fashion business, treasury returns, and the revaluation of our investment property were unfortunately more than offset by the losses incurred by the investment portfolio and other long-held equities investments, recreational club operations and the revaluation of our resort and recreational club properties.

## FINANCIAL REVIEW

The loss attributable to shareholders for the year ended 31 December 2018 amounted to HK$73,097,000 as compared with a net loss of HK$6,505,000 for the last corresponding year. The net loss mainly included the combination of a loss (excluding our share of the associate's result in 2017) from the retail fashion business of HK$89,000 (2017: HK$19,045,000), a loss from recreational club operations of HK$14,410,000 (2017: HK$8,749,000), and a segment loss of HK$48,537,000 (2017: a segment profit of HK$19,621,000), including bank interest income of HK$7,191,000, rental income of HK$1,140,000 and also related overhead cost contributed by the investments division. Loss from operations (after unallocated corporate administrative expenses) amounted to HK$70,192,000 (2017: HK$15,914,000). The fair value gain of HK$2,500,000 (2017: HK$7,100,000) on revaluation of the Group's investment property and the one-off income of HK$1,073,000 arising from gain on liquidation of subsidiaries (2017: HK$2,584,000 gain on disposal of interest in an associate) was offset by the deficit of HK$6,336,000 (2017: deficit write-back of HK$2,490,000) on revaluation of the Group's resort and recreational club properties. Loss per share attributable to owners of the Company was HK$4.43 cents (2017: Loss per share: HK$0.39 cents).

This significant increase in loss of HK$66,500,000 was mainly attributable to the following factors:

(1) before general and administrative expenses, net realised and unrealised losses of HK$33,332,000 (including interest and dividend income of HK$11,210,000, net losses on disposal of HK$12,394,000 and net unrealised fair value losses of HK$32,148,000) attributable to the losses incurred within the investment portfolio and other equities investments for the year ended 31 December 2018 as compared to net realised and unrealised gains of HK$35,219,000 (including interest and dividend income of HK$10,777,000, net gains on disposal of HK$20,820,000 and net unrealised fair value gains of HK$3,622,000) for the corresponding year in 2017.

The significant decrease in return from the disposal of financial instruments was as a result of the fact that (i) in the 2017 financial year, the Group was able to record gains of HK$17,501,000 on the disposal of certain shares in Genovate Biotechnology Company, Limited ("Genovate"). However, as at 31 December 2017, the Group had disposed of all of its shares in Genovate; and (ii) the Group disposed most of its individual USD-denominated corporate bonds during the 2$^{nd}$ half the year of 2018 and recorded net losses of HK$7,813,000 which includes interest income of HK$5,233,000, loss on disposal of HK$10,373,000 and unrealised fair value loss HK$2,673,000. The significant increase in unrealised fair value losses was mainly caused by volatile and difficult financial market conditions, particularly in the last quarter.

The decrease in returns by HK$68,551,000 from investment in financial instruments was offset to a small degree by improvement in treasury returns of bank interest income due to higher interest rates;

(2) a major turnaround leading to substantial reduction in losses of HK$18,956,000 from the retail fashion business (excluding the share of an associate's result in 2017), producing a positive EBITDA of about HK$3.3 million for the first time in some years, was mainly due to substantially increased same store sales, the closure of an under-performing shop in Hong Kong in this year, continuing overhead and other cost reductions, together with a decrease in the net charge for inventories allowances because of the continuous clearance of aged-stock and substantial reduction of the inventories level;

(3) an increase in losses of HK$5,661,000 from recreational club operations was mainly attributable to a decrease in sales as a result of the temporary closure of some facilities for renovation and disruption in staff;

(4) a decrease in fair value gain of HK$4,600,000 from the revaluation of the Group's investment properties;

(5) a drop in fair value of the Group's resort and recreational club properties, resulting in a deficit of HK$6,336,000, as compared with a deficit write-back of HK$2,490,000 on revaluation of the Group's resort and recreational club properties for the last corresponding year;

(6) the Group recorded one-off income of HK$1,073,000 from the reclassification of exchange fluctuation reserve to profit or loss upon the liquidation of subsidiaries which had been engaged in the retail fashion business in China in prior years; and

(7) in the last corresponding year in 2017, the Group recorded a share of loss from an associate of HK$2,584,000. The Group disposed its investment in this associate in September 2017 and recorded a one-off gain of HK$2,584,000 from such disposal.

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

| | 2018<br>HK$'000 | 2017<br>HK$'000 | Change |
|---|---|---|---|
| Wholesale and retail of fashion wear and accessories | 112,415 | 127,425 | (12%) |
| Resort and recreational club operations | 11,294 | 15,358 | (26%) |
| Dividend income | 5,977 | 1,774 | 237% |
| Interest income | 12,424 | 14,893 | (17%) |
| Consolidated revenue | 142,110 | 159,450 | (11%) |

The Group's consolidated revenue for the year ended 31 December 2018 declined by 11% to HK$142,110,000 (2017: HK$159,450,000) which was mainly attributable to the overall drop in sales of retail fashion products as a result of fewer points of sale. However, this closure also contributed to the near elimination of the segment losses. The Group's gross profit dropped to HK$91,512,000 (2017: HK$98,101,000), reflecting a 7% decrease. The Group's gross profit margin of 64% for the year ended 31 December 2018 was about 3% higher than 2017, driven by an improvement in gross profit margin from the retail fashion business. Such increase was mainly due to the decrease in the net charge for inventories allowances (included in cost of inventories sold), as a result of continuous clearance of aged-stock and substantial reduction of the inventories' level.

The Group's other income mainly comprised rental income from the Group's investment properties situated in Hong Kong. The management fees received from an associate ended in April 2017.

The Group's selling and distribution expenses dropped by 33% to HK$41,217,000 (2017: HK$61,787,000) and depreciation and amortization expenses decreased by 4% to HK$6,883,000 (2017: HK$7,187,000). The decreases in selling and distribution expenses and depreciation and amortization expenses were primarily attributable to the closure of the under-performing shop in Hong Kong at the end of February 2018.

The Group's administrative expenses decreased by 3% to HK$70,329,000 (2017: HK$72,444,000), mainly as a result of the containment of staff costs for the retail fashion business. These expenses also included legal costs associated with our successful Court of Final Appeal case, most of which should ultimately be recovered, and fees for the consultants who are working with us on the rezoning application for the Hilltop Club site in Tsuen Wan.

The Group's "other operating gains/(losses), net" mainly comprised net realised and unrealised fair value losses of HK$44,542,000 from investment in financial instruments (before interest and dividend income) by the investments division for the year ended 31 December 2018 as compared to net realised and unrealised fair value gains of HK$24,442,000 on investment in financial instruments by the investments division for the corresponding year in 2017.

## BUSINESS REVIEW

### Retail Fashion

#### *Swank Hong Kong*

Swank's performance, was substantially better in 2018 than in 2017, resulting in a significant reduction of losses by 99%, from HK$18,515,000 in 2017 to HK$89,000 in 2018. We improved the EBITDA from negative HK$14.4 million in 2017 to positive HK$3.3 million in 2018. Gross profit margin was improved from 54% in 2017 to 57% in 2018. This was a result of the closure of non-performing shops in Hong Kong, substantial effort to clear outstanding aging inventory, and improvements that were made in labour and overall overhead costs, and substantial increases in the same store sales of our retail fashion business.

As a result of greater control over new stock purchases and our merchandise allocation plan, we improved substantially our 2018 merchandise performance. All existing shops in 2018 made positive contributions to the overhead costs of the Group.

### Resort and Recreational Club Operations

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

Opened in 1980 at the foothills of Tai Mo Shan in the Lo Wai District of Tsuen Wan with a total site area of over 400,000 square feet, Hilltop is one of the earliest private country clubs in Hong Kong providing recreational, sporting and other outdoor activities, conferences, dining and lodging facilities to its members and their guests.

Owing to the temporary closure of the European Restaurant and function and banquet rooms from Jun to Sept 2018 for upgrade and re-decoration works, plus the gradual aging of the other facilities and previous limitations imposed on long term bookings for banquet, residential conferences and weddings to maximize flexibility on the future operation mode of the club, sales decreased by 26% compared with 2017 to HK$11,294,000 in 2018. Nevertheless, the fixed operating costs remained at around the same level as last year and thus an operating loss of HK$14,410,000 for the year was recorded (2017: Loss: HK$8,749,000). However, banquet sales performance including wedding & party events were gradually back on track after the redecoration was completed in the 3rd quarter of 2018.

On 19 January 2018, the Company submitted 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 Lot Nos. 360, 360 Ext. and Ext. to 360 & Ext. thereto in D.D. 454, Lo Wai, Tsuen Wan, New Territories, Hong Kong, where Hilltop is situated, from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 6". The Rezoning Application is currently in process. We have recently been notified of a tentative date of 3 May 2019 for a meeting of the Metro Planning Committee, which is the relevant Planning Committee of the Town Planning Board, to consider the rezoning application. We will make a separate announcement once any outcome is known.

**Investment in Financial Instruments**

The purpose of Investment in Financial Instruments, which are managed on a fair value basis, is for earning distributions, yield enhancement and capital appreciation. During 2018, there were three major changes of the Group's Investment in Financial Instruments. The first one was the adoption of the HKFRS 9 since 1 January 2018 to comply with the Hong Kong Financial Reporting Standard. Since then, all the Group's investments in financial instruments are classified as Financial Assets at Fair Value through Profit or Loss ("FVPL"). The major impact from this change was the unrealized mark-to-market gains or losses of the investment in corporate bonds would go to the profit or losses directly in 2018 instead of going to other comprehensive income in the previous years. The second change adopted by the Group was the reduction of investment in individual listed equities and corporate bonds by increasing the investment proportion in funds managed by professional fund managers in the marketable securities investment portfolio. The Group believed that those professional fund managers are better equipped to manage the investment risk in the uncertain and volatile investment market. The last major change was the increase in the size of the Group's marketable securities investment portfolio size by combining a proportion of the cash and non-pledged deposit holdings in the treasury portfolio with the aforementioned investment portfolio and investing these funds in external equity and debt-related investment funds, under the control of the Group. This new investment strategy started to be executed in August 2018 ("New Investment Strategy").

With the above three major changes, the Group's investment in financial instruments mainly includes 5 categories; (A) A Marketable Funds Investment Portfolio including unitized open-end fixed income, equity and money market funds; (B) Discretionary Investment portfolio managed by an Investment Bank but still under the control of the Group; (C) Listed Securities Investment; (D) USD-denominated corporate bonds; and (E) Private equity funds and a senior loan fund with a fixed term. As of 31 December 2018, the total carrying value of the Group's investment portfolio in financial instruments was HK$681,085,000 (31 December 2017: HK$372,528,000), representing approximately 71% (31 December 2017: 36%) of the carrying value of the Group's total assets.

Given the global economic environment in 2018, the investment market, including currencies, equities and fixed income investments was extremely volatile caused by factors such as increases during the year in US interest rates, the strengthening of the US dollar against most major currencies, the potential adverse impact of the US-China trade tension on the global economy, the uncertainty of the Brexit issue, the devaluation of the RMB and the PRC government's then existing deleveraging policy. Consequently, most investments in financial instruments recorded negative returns during this year. The main market benchmark for equity investments, the MSCI ACWI index was down by 9.4% in 2018, the worst performance year since the financial tsunami in 2008. The increasing US interest rates and the PRC government's deleveraging policy also caused most of the outstanding corporate bond prices to decline. Under this backdrop, the Group's investment in financial instruments recorded a net loss of HK$33,332,000 (2017: a net gain of HK$35,219,000) to the Group for the 12 months ended 31 December 2018 before general and administrative expenses. The major portion, 72%, of the fair value losses was attributed to the unrealized mark-to- market losses from investments.

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

The marketable and investment portfolio includes four investment strategies, which are a money market portfolio, an investment grade & high yield bond funds portfolio, an enhanced yield fund portfolio and equity–based funds portfolio. All investments are marketable securities which are traded over-the-counter. The total carrying value of the Group's investment in the marketable funds investment portfolio was HK$512,478,000 as of 31 December 2018 (31 December 2017: HK$67,475,000), representing approximately 53.8% of carrying value of the Group's total assets and the asset allocation in the portfolio comprised of 3.9% money market funds, 47.7% fixed income funds, 38.6% enhanced income funds and 9.8% equity funds. The marketable funds investment portfolio recorded a net loss of HK$11,293,000 (or 2.1%) (2017: net gain of HK$7,433,000) for the 12 months ended 31 December 2018. The losses were mainly attributable to the unrealized market-to-market losses from the equity-fund investments. For the first 2 months ended 28 February 2019, since most of the securities asset prices have appreciated, the net positive return of the marketable funds investment portfolio is around HK$27,238,000 (or 5.3%) gain based on their fair value.

**<u>Money Market Portfolio</u>**

The Group held Money Market Fund, which is the Morgan Stanley USD Liquidity Fund, in this strategy. As at 31 December 2018, the Fair Value of the Group's investment in this strategy was HK$20,107,000, representing approximately 3.9% of carrying value of the marketable funds investment portfolio and 2.1% of carrying value of the Group's total assets. The investment objective of the Morgan Stanley USD Liquidity Fund is to provide liquidity and an attractive rate of income relative to short term interest rates. The total net return of the Group's investment in this fund was HK$218,000 (or 1.1%) gain for the 12 months ended 31 December 2018. The YTD 28 February 2019 total return of the Group's investment in this fund is around 0.4% gain.

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

In this strategy, the Group held 8 fixed income funds, which can be mainly grouped into four categories, namely investment grade bond fund, high yield bond fund, preferred security fund and floating rate senior loan fund As at 31 December 2018, the Fair Value of the Group's investment in this strategy was HK$244,106,000, representing approximately 47.7% of carrying value of the marketable funds investment portfolio and 25.6% of carrying value of the Group's total assets. The total net return of the Group's investment was HK$3,996,000 (or 1.5%) in losses for the 12 months ended 31 December 2018. Below are the individual fund investments with fair values exceeding 1.5% of the carrying value of the Group's total assets:

***PIMCO GIS- Income Fund***

The PIMCO Income Fund is a portfolio that is actively managed and utilizes a broad range of fixed income securities to maximize current income while maintaining a relatively low risk profile, with a secondary goal of capital appreciation. The fund (Institutional Income Class USD) has a 5 year annualized return of 5.17% for the period 2014-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$78,176,000, representing approximately 8.2% of carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$376,000 (or 0.5%) gain under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in this fund is around 2.8% gain.

***IP All Seasons Bond Fund***

The IP All Seasons Bond Fund (managed by Income Partners Asset Management (HK) Limited) aims to generate income and capital growth through investments in global investment grade bonds. The Fund invests in bonds issued by governments, government agencies, corporations and financial institutions on a global basis, with a strong emphasis on the Asian region. At least 70% of the bond portfolio consists of investment-grade related securities. The fund (Class A Distribution) has a 5 year annualized return of 3.47% for the period 2014-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$41,408,000, representing approximately 4.3% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$628,000 (or 1.5 %) losses under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in this fund is around 4.6% gain.

***Robeco High Yield Bond Fund***

Robeco High Yield Bond Fund invests in corporate bonds with a sub-investment grade rating, issued primarily by issuers from the developed market (Europe/US). The selection of these bonds is mainly based on fundamental analysis. The portfolio is broadly diversified, with a structural bias to the higher-rated segment in high yield. Performance drivers are the top-down beta positioning as well as bottom-up issuer selection. The fund (Class DH USD) has a 5 year annualized return of 4.46% for the period 2014-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$36,735,000, representing approximately 3.9% of carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$1,016,000 (or 2.6%) losses under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 5.9% gain.

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

The UBS Euro High Yield Bond Fund invests primarily in high-yield corporate bonds selected using strict criteria either denominated in EUR or hedged into EUR. When selecting issuers of such bonds, particular attention is taken to spread investments across the various credit ratings. The fund (Class K-1 with monthly distribution) has a 3 year annualized return of 5.49% for the period 2016-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$34,293,000, representing approximately 3.6% of carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$906,000 (or 2.5%) losses under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 4.6% gain.

***Invesco US Senior Loan Fund***

The Invesco US Senior Loan Fund invests primarily in senior secured loans to non-investment grade corporations organized or located in the United States or Canada with interest rates that float at a spread above LIBOR, reset about every 60 days. The fund (Class H) has a 5 year annualized return of 2.52% for the period 2014-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$15,517,000, representing approximately 1.6% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$240,000 (or 1.5%) losses for the 12 months ended 31 December 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 4.0% gain.

***Algebris Financial Credit Fund***

The Algebris Financial Credit Fund aims to achieve a high level of current income and modest capital appreciation by investing in senior and subordinated debt securities of the financial credit sector globally including hybrid capital instruments, preference shares and contingent convertible bonds (CoCos) with fixed and variable interest rates, which may be rated investment grade or below investment grade. The fund (I Class Accumulating) has an annualized return of 4.42% for the period since its inception in February 2015 and ended 31 December 2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$15,029,000, representing approximately 1.6% of the carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$531,000 (or 3.4%) losses under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 5.9% gain.

***Principal Preferred Securities Fund***

The Principal Preferred Securities Fund seeks to achieve its overall objective by investing primarily in a portfolio of US dollar denominated preferred securities and debt securities, including convertible bonds and contingent convertible securities (CoCos). The fund (Class I, accumulating USD) has a 5 year annualized return of 4.93% for the period 2014-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$15,002,000, representing approximately 1.6% of carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$766,000 (or 4.9%) losses under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 4.9% gain.

**Enhanced Yield Fund Portfolio**

As at 31 December 2018, the Group held 4 funds in this strategy with a Fair Value of HK$197,938,000, representing approximately 38.6% of carrying value of the marketable fund investment portfolio and 20.8% of carrying value of the Group's total assets. The Group's investments in each individual fund in these categories exceed 1.5% of carrying value of the Group's total assets.

***Prudence Enhanced Income Fund***

Prudence Enhanced Income Fund is an absolute return long-short credit strategy which aims to generate stable income and capital appreciation primarily by investing in a variety of fixed income instruments. The strategy seeks opportunities throughout Asia. The fund (accumulating class) has a 5 year annualized return of 7.73% for the period 2014-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$75,324,000, representing approximately 7.9% of carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$2,476,000 (or 3.2%) losses under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 3.4% gain.

***IP All Seasons Asian Credit Fund***

The IP All Seasons Asian Credit Fund (managed by Income Partners Asset Management (HK) Limited) aims to provide an absolute return of capital growth and income by investing in the liquid Asian credit markets while minimizing return volatility. The Fund seeks to enhance returns for this portfolio by (a) relative value trading; (b) utilizing credit derivatives such as credit linked notes and credit default baskets; and (c) employing leverage. It also employs various tactical approaches, including a country rotation approach, a sector rotation approach; and an instrument/arbitrage approach. With an aim to minimize return volatility, the Fund utilizes dynamic hedging strategies to hedge out certain interest rate, currency and credit risks from time to time. The fund (Accumulation Class) has a 5 year annualized return of 7.06% for the period 2014-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$62,033,000, representing approximately

6.5% of carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$207,000 (or 0.3%) losses under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 6.4% gain.

***H20 Allegro Fund***

H20 Allegro Fund is an open-ended fund registered in France. The management concept of the Fund is global macro. Its investment universe includes Sovereign bond and credit bonds issued or guaranteed by an OECD member country, and currencies. The fund (Class I, USD hedge) has an annualized return of 20.25% for the period since the share class was incepted in February 2015 and ended 31 December 2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$46,167,000, representing approximately 4.8% of carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$7,267,000 (or 18.7%) gain under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 2.7% gain.

***Allianz Income & Growth Fund***

The Allianz Income and Growth Fund is a multi-asset fund which mainly invests in a combination of equity instruments, high-yield and convertible bonds from issuers domiciled in USA or Canada. The fund (Class I, accumulating) has an annualized return of 4.17% for the period 2014-2018. As at 31 December 2018, the Fair Value of the Group's investment in this Fund was HK$14,414,000, representing approximately 1.5% of carrying value of the Group's total assets. The total net return of the Group's investment in this fund was HK$1,472,000 (or 9.3%) losses under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in the fund is around 9.5% gain.

**<u>Equity–Based Funds Portfolio</u>**

As a result of concern about the state of the market, the management deliberately held back on fully investing in the equity component of the marketable funds investment portfolio. As at 31 December, the Group held 8 equity-based funds with Fair Value of HK$50,329,000, representing approximately 9.8% of carrying value of the marketable fund investment portfolio and 5.3% of carrying value of the Group's total assets. The Equity-based Funds Portfolio include 3 technology funds, 3 China opportunity funds, one European Growth Fund and one Long term theme fund. No individual fund investment in the strategy exceeds 1.5% of carrying value of the Group's total assets. The total net return of the Group's investment in these funds was HK$10,628,000 (or 15.3%) losses for the 12 months ended 31 December 2018. The YTD 28 February 2019 total return of the Group's investment in these funds is around 15% gain.

**B. A Discretionary Investment Portfolio managed by Morgan Stanley Asia International Limited ("MS Portfolio")**

Still under the control of, and with each security in the name of the Group, we have allocated a certain portion of our investment to a discretionary management portfolio managed on our behalf by Morgan Stanley Asia International Limited. The MS Portfolio offers a bespoke asset allocation solution based upon Morgan Stanley Global Investment Committee Model recommendations and dynamically incorporated monitoring of the macroeconomic outlook, market conditions, fund manager views and fund portfolio positioning into the portfolio. Investments are made via traditional and sophisticated multi-asset, equity and fixed income funds, ETFs and money market instruments. As of 31 December 2018, the total carrying value of the MS Portfolio was HK$51,589,000 with 20 fund/ETF holdings (31 December 2017: HK$Nil), representing approximately 5.4% of the carrying value of the Group's total assets. The asset allocation in the portfolio comprised of 45.4% money market fund, 10.7% fixed income funds, 34.8 % equity funds and others 9.1 %. The underlying assets in the MS Portfolio are being 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 loss of HK$2,355,000 (or 4.4%) (2017: HK$Nil) under the New Investment Strategy since August 2018. The YTD 28 February 2019 total return of the Group's investment in this MS Portfolio is around 4.5% gain.

**C. Listed Securities**

Under the intention to minimize the Group's investments in individual listed stocks and corporate bonds and increase substantially the proportion of its investment mainly in unitized equity and fixed income funds managed by professional asset managers, the Group has disposed most of its listed stock holdings by the end of 2018. As of 31 December 2018, the Group directly held only two listed securities in our portfolio, which are China Motor Bus Limited ("CMB") and PuraPharm Corporation Limited ("PuraPharm"). As of 31 December 2018, the total carrying value of investment in CMB and PuraPharm shares was HK$47,124,000 (31 December 2017: HK$57,360,000), representing approximately 4.9% of carrying value of the Group's total assets. The investment in CMB and PuraPharm recorded a net loss of HK$9,304,000, which represents unrealized fair value loss of HK$10,237,000, net off with dividend income of HK$933,000 to the Group for the 12 months ended 31 December 2018 (31 December 2017: HK$3,951,000 loss). The net return of the other disposed listed stock was HK$1,372,000 loss (31 December 2017: HK$4,441,000 gain).

***China Motor Bus***

The Group has had an investment in the shares of CMB for many years. As reported in the 2016 Annual Report and in our related announcement of 28 December 2016, the Group took advantage of an offer from a fund specialized in extracting value from underperforming assets to reduce substantially, and at a substantial profit, our illiquid stake in this Hong Kong listed company which is now mainly a property developer. The

Group believes that CMB's share price trades at a substantial discount to both its stated and its potential net asset value, and accordingly kept a small portion of its securities in order to benefit from the potential upside. It is the intention of the Group to retain this stock until a further profit opportunity arises. In the meantime, we obtain a moderate but reasonable dividend income (currently around 3% on market value) from the holding.

***PuraPharm Corporation Limited***

The Group invested in the pre-IPO of PuraPharm, a substantial supplier of Chinese medicine in Hong Kong, and sold approximately 40% of its stake into the IPO with profitable results which have previously been reported. The remaining 60% of its stake was retained at the time for future appreciation. Although the share price has recently reduced as a result of matters that PuraPharm has itself announced, we have kept in close touch with the management of the now-listed company and are hopeful that the market will again realize the potential value of the business PuraPharm has created and the inherent potential of PuraPharm's listed shares. Liquidity in the stock is low, diminishing our options, however, we will be keeping the investment under review.

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

In 2018, for the reason of interest rate increases in US, the deleveraging of the Chinese economy and other previously noted factors, most corporate bonds prices declined. The Group's investment in corporate bonds recorded a net loss of HK$7,813,000 for the 12 months ended 31 December 2018 (2017: a net gain of HK$9,593,000 to profit or loss and unrealized fair value net gain of HK$934,000 to other comprehensive income).

As with the listed equity investments, with the Group's intention to reduce investments in individual bonds, the total carrying value of the Group's investment in corporate bonds had reduced to HK$19,147,000 as of 31 December 2018 (31 December 2017: HK$189,853,000, with listed and unlisted corporate bonds) representing approximately 2.0% of carrying value of the Group's total assets.

**E. Other Fund Investments - ASEAN China Investment Fund III L.P. ("ACIF III"), ASEAN China Investment Fund IV L.P. ("ACIF IV") and Invesco US Senior Loans 2021, L.P. Fund**

The total carrying value of the Group's investment in this category was HK$50,747,000 (31 December 2017: HK$37,054,000) as of 31 December 2018 and it recorded a net loss of HK$1,195,000 (2017: a net gain of HK$17,703,000 to profit or loss) for the 12 months ended 31 December 2018. The decrease of return in 2018 compared in 2017 was mainly caused by the lack of HK$17,501,000 disposal gain from the Genovate shares, which was grouped under this category in last year.

**ACIF III Fund (Private Equity)**
The Group made an investment commitment of US$4 million (equivalent to HK$31,120,000) in ACIF III for a 1.532% shareholding. ACIF III, is managed out of Singapore by UOB Venture Management Private Limited ("UOBVM") team and targets investments in growth oriented companies operating in East and South East Asia and China. As of 31 December 2018, the Group has a total invested of HK$27,643,000 in this fund and its capital value was HK$34,828,000 based on the management accounts it has provided. The total return of the Group's investment in ACIF III is HK$7,695,000 since we made our investment commitment in July 2016. The total return of the Group's investment in ACIF III to Profit or Loss for the year 2018 is HK$682,000 losses as most of the fair value gain was booked in the previous financial years.

The Group is nevertheless very happy with the performance of this long-term private-equity investment which helps us to manage our risk by giving us an exposure to a wide and diverse range of potentially profitable private equity investments managed by a tried and tested Manager. Based on the briefings provided by the manager to the Limited Partners in the fund of which we are one, and the reason for its mark-to-market performance in 2018, we have confidence in both its performance and its prospects.

**ACIF IV Fund (Private Equity)**
With the success of ACIF III, the Group made a capital commitment of US$4 million (equivalent to HK$31,120,000) in ACIF IV in December 2018 for a 2.979% shareholding. Like all private equity funds, the actual draw down of funds will take place as required by the underlying investments over a few years.

ACIF IV Fund is an exempted limited partnership incorporated in the Cayman Island on 20 February 2018, which is a closed–end private equity fund. The Fund is also managed out of Singapore by UOBVM team, and is a "follow-on" fund to its predecessors (ACIF I, ACIF II and ACIF III) and continues its focus of investing primarily via minority stakes in expansion stage capital opportunities through privately negotiated equity and equity related investments in growing small and medium sized companies benefitting from the continuing expansion of trade and investment among the ASEAN member-states and China, and their respective overseas trading partners.

The total return of ENM's investment in ACIF IV to Profit or Loss for the year 2018 is HK$528,000 in losses which was the management fee charged by the General Partner (partly for the "catch up" from the previous closing) and the administration fee of the fund. This is normal at this early stage of a private equity fund and was anticipated and flagged at the time of the investment.

## MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

On 21 November 2018, ENM Wealth Management Limited (the "Subscriber"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with ACIF GP Ltd., pursuant to which, the Subscriber agreed to subscribe for Class A Limited Partner Interests in Asean China Investment Fund IV L.P. with a capital commitment of US$4,000,000 (the "ACIF IV Subscription"). Upon aggregation of the ACIF III Investment and the ACIF IV Subscription, the ACIF IV Subscription constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company's announcement dated 21 November 2018.

Other than as outlined above, the Group had no material acquisition and disposal of investments during the year ended 31 December 2018.

## TREASURY MANAGEMENT/POLICIES

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

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

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

## LIQUIDITY AND FINANCIAL POSITION

At 31 December 2018, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK$101,071,000 (31 December 2017: HK$475,945,000). At 31 December 2018, total borrowings amounted to HK$3,195,000 (31 December 2017: HK$5,734,000) with HK$3,195,000 (31 December 2017: HK$5,734,000) repayment falling due within one year. Although with rising interest rates, the returns in terms of bank interest income of HK$7,191,000 (2017: HK$5,858,000) on the Group's cash investments have improved compared to 2017, such a method of investment still does not ensure that a substantial proportion of the Group's balance sheet works as hard as it can for the benefit of all shareholders. Thus, as mentioned in our interim report for 2018, the Group has invested a substantial proportion of the cash and non-pledged deposit holdings in external unitized equity and debt-related investment funds during the 2nd half of the year. The Group will retain more than enough cash deposits for its daily activities in the treasury portfolio, and has chosen a high proportion of the funds including the money market funds as an alternative liquidity option classified as cash equivalent in which it will invest to ensure that there is more than adequate liquidity to deal with any likely eventuality as though the funds had been retained as cash. The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 0.3% at the year end date (31 December 2017: 0.6%). The current ratio at 31 December 2018 was 27.5 times (31 December 2017: 20.2 times).

At 31 December 2018, the Group's bank balance and borrowings were primarily denominated in United States dollars, Hong Kong dollars and Euro and exchange differences were reflected in the audited consolidated financial statements. All borrowings of the Group are on a floating rate basis.

## PLEDGE OF ASSETS

At 31 December 2018, pledges of the Group's fixed deposits of HK$12,334,000 (31 December 2017: HK$12,334,000) and listed equity investments of HK$Nil (31 December 2017: HK$1,251,000) were given to banks to secure trade banking facilities to the extent of HK$30,000,000 (31 December 2017: HK$30,000,000), a bank loan of HK$Nil (31 December 2017: HK$1,207,000) and foreign exchange facilities.

## IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

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

## FUTURE OUTLOOK AND STRATEGIES

### *Swank Hong Kong*

At the beginning of 2018, Swank closed the men's and ladies fashion store in Pacific Place, concentrating our efforts on improving the performance of our 2 multi-brand stores in the Landmark Atrium, and also our Paule Ka mono-brand store. This substantially reduced occupancy and labour costs, and enhanced the sales efficiency per square foot of our Landmark stores, with the support of our loyal and effective VIPs, our data-base of clients and our long-serving staff, some of whom were transferred to the Landmark stores.

Sustained by the significantly improved operating figures for 2018, the Group can now focus on identifying the best performing brands in our portfolio, and seize the chance to expand those high potential brands into mono-brand stores.

At the same time, we are planning to build up our online sales platform and partner with on-line e-tailers to broaden our sales channels.

***Hilltop***

With the positive feedback on the re-decoration of the European Restaurant and banquet and function rooms, the Club Management & the Sales Team will focus on promoting the wedding, banquet reception and conferences. The management is reasonably confident on the outlook of business of the Club in the coming year even given the downturn in the broader economy.

***Investment***

After a volatile and difficult year for investment in marketable securities in 2018, we foresee the investment market in 2019 as still turbulent. On the one hand under the US-China trade conflict and the uncertainty of Brexit and other European Union issues background, we anticipate that the growth in the global economy and corporate earnings will slow. On the other hand, the market expects that the Federal Reserve will slow down the interest rate increases in 2019 which has already contributed to a rebound in prices for fixed income instruments in the last few months. Under the above backdrop, the Group will continue its prudent approach to balance the risks and reward of our investment portfolio by diversification of securities type, geography and nature of industries.

At of the date of announcement, we can anticipate a better performance for 2019. However, we are acutely aware that this can change rapidly as we live and operate in an uncertain and volatile environment in all of our activities.

**APPRECIATION**

Mr. Wing Tung Yeung has been an Executive Director of the Company since November 2002. Mr. Yeung has planned to retire at the age of 65 years old in order to devote more time to his family and to pursue his other personal development. Mr. Yeung has informed the Company that he will not be seeking re-election at the 2019 Annual General Meeting (the "2019 AGM") to be held in June 2019 when he reaches the age of 65 years old and will therefore retire as an Executive Director of the Company at the conclusion of the 2019 AGM.

I would like to thank Mr. Yeung for his dedicated service and invaluable contributions to the Board, the Company and its shareholders over the past years.

## 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 2018.

## CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2018.

## REVIEW BY AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2018 have been reviewed by the Audit Committee of the Company.

## BOARD OF DIRECTORS

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

By order of the Board
**David Parker**
*Executive Director and*
*Chief Executive Officer*

Hong Kong, 27 March 2019