安寧控股有限公司
ENM Holdings Limited

Stock Code : 00128

Annual Report 2013

CONTENTS

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013.

FINANCIAL RESULTS

The Group recorded a consolidated turnover of HK$331,399,000 for the year ended 31 December 2013, a slight decrease of 2% as compared with last year.

Despite a slight decline in turnover, operating results recorded a consolidated profit attributable to equity holders of the Company amounted to HK$24,217,000 for the year compared to a profit of HK$22,770,000, an increase of 6% in previous year. Nevertheless, the retail operations of the Group recorded an operating loss mainly attributable to the negative impact in weak customer sentiment and spending. Stagnant retail market especially in high end luxury fashion products, together with upward pressure in operating costs in particular the surging staff costs and rental expenses in prime locations have adversely impacted on the Group's profitability. Moreover, increase in provision for slow and obsolete stock especially in China division also dampened the bottom line.

Performance of Group's financial instrument and other investments were satisfactory and were the major sources of income during the year. The Group's profitability maintained in a comparable level as last year mainly due to the realization of certain strategic investments during the year.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

Retail operation in Hong Kong continued to be a core business of the Group, Swank Hong Kong reported a 4% decline in turnover against last year. Paule Ka boutique in Pacific Place commenced full operation since its opening in December 2012, Corneliani, our exclusive franchise, opened the 1st free-standing boutique in Landmark Hong Kong in September 2013 both increased the sale network of the Group. Upon expiry of lease term in Pacific Place and Time Square this year, Just Cavalli mono-shop was relocated to Festival Walk in the last quarter of 2013. Operating result from this newly introduced exclusive franchise was yet to pick up. Overall gross margin increased by 1% through better pricing strategy as compared to last year. Surging rental cost in prime locations, staff costs plus rising inflation dampened the positive contribution from Hong Kong operation.

During the last quarter of 2013, the operation mode of Brunello Cucinelli changed from exclusive franchise to joint venture partnership. A new joint venture company, Brunello Cucinelli Hong Kong Limited was formed and held as to 51% by Brunello Cucinelli S.p.A., the principal and 49% by The Swank Shop Limited, to operate 3 free-standing mono boutiques in Queen's Road Central, IFC Mall and Harbour City respectively. Contribution from this Joint Venture are positive and we are confident that the profitability will be further enhanced through this partnership in the long run.

Swank China

The transition of the PRC government and policy reforms together with diminishing high speed economic growth in mainland China, the spending pattern and quantum have seriously been affected especially in the luxury goods sector. Operating results from Swank China recorded a loss of HK$15,441,000 compared with HK$8,688,000 last year. To crop with the increase in stock inventory due to slow turnover, additional stock provision had been made and thus impacted the bottom line adversely. In addition to the opening of a 2,700 square feet Shanghai Takashimaya store in December 2012, our Xian Zhongda store, a 2,100 square feet multi label store located in the prime mall of Xian city, opened in April 2013. Together with the 1,700 square feet Hangzhou Tower store opened in November 2013, Swank China is now operating 4 full range multi label stores and an outlet in 4 major cities in the PRC. Obviously the operating efficiency and profitability of this newly developed market will continue to be under pressure but we are still cautiously optimistic with the growth of consumer demand in the region. The management will continue to review and adjust the business strategy towards the China market from time to time.

Cesare di Pino

Following the open of the Hangzhou Tower shop in January 2014, a network in total of 5 shops is currently in full operation in Beijing and Hangzhou.

With the dual effect of sales and operation efficiency below initial expectation together with sharp decline in demand in China luxury retail sector, the performance of Cesare di Pino, the first self owned private label by the Group, had inevitably been affected. Operating loss for the year amounted to HK$11,858,000 (2012: HK$9,554,000). Uncertain macroeconomic and political environment plus stiff competition will continue and the management will take all cautious approach to monitor the development and adjust the strategy in due course.

Resort and Recreational Club Operations

Hong Kong Hilltop Country Club ("Hilltop")

Hilltop is one of Hong Kong's earliest private clubs. Situated in Tsuen Wan with a total site area of over 400,000 square feet, Hilltop is ideally suited for recreational and outdoor activities, conferences, dining and lodging. Hilltop is one of a few private clubs which offers lodging facilities for members.

During 2013, Hilltop has streamlined operation to control costs and pursue business growth in banquet and conferences, operating results have marginally improved compared to 2012. The management intends to bring in new elements to Hilltop for long term rejuvenation and development.

CHAIRMAN'S STATEMENT

Shanghai Hilltop Resort Hotel Limited ("Shanghai Hilltop")

Shanghai Hilltop is a Sino-foreign co-operative joint venture established by the Company and Shanghai Xingyuan Shiyei Company Limited ("Xingyuan") in 1992 for a period of 30 years for operating of a resort club in Putuo District, Shanghai. In June 2003, Shanghai Hilltop entered into a sub-contracting agreement with Shanghai Landis Hospitality Management Co. Ltd. ("Shanghai Landis"), a 35% associate of the Company, for the period from 1 July 2003 to 30 June 2016.

In 4 August 2012, the Group and Xingyuan entered into two agreements of transfer of equity interest to conditionally dispose the Company's entire interest in Shanghai Hilltop and a 35% interest in Shanghai Landis to Xingyuan with a total consideration of RMB70,000,500 and these two disposal transactions was approved in the Company's Shareholders Extraordinary General Meeting held on 24 September 2012.

As of 31 December 2013, the Group has received approximately 65% of the sales proceeds for the entire equity interest in Shanghai Hilltop and a 35% interest in Shanghai Landis project in the amount of RMB30,226,000 and RMB15,034,000 respectively in the escrow accounts according to agreement terms.

As additional time is required for obtaining (i) the tax clearing related to the transfer of entire equity interest for both Shanghai Hilltop and Shanghai Landis to Xingyuan from the Shanghai tax bureau; (ii) the registration with and changes of shareholders and directors at the Administration for Industry and Commerce in Shanghai in relation to the transfer of entire equity interest in Shanghai Hilltop and Shanghai Landis; and (iii) the approval from SAFE for remittance of sales proceeds, all parties to the agreements have agreed to extend the long stop date of the said disposal agreements, details of which are set out in the Company's announcement dated 21 March 2014.

Financial instruments investments

Hong Kong stock market was volatile in 2013 due to the spread of fear that US Federal Reserve may taper the size of the bond-buying program and the slow down in growth of PRC GDP. Under this investment environment, the Group maintained a balance portfolio of bonds and equities in order to limit the investment risk and maintain stable income.

For the year ended 31 December 2013, the investment portfolio of financial instruments held for trading and available-for-sales debt investments (excluding the investment in shares of Genovate and PuraPharm and convertible bonds issued by Skyjoy Assets Management Limited) contributed HK$17,072,000 net gain (2012: HK$15,924,000) to the Group. As of 31 December 2013, total carrying value of the Group's investment portfolio of financial instruments held for trading and available-for-sales debt investments was HK$283,687,000.

Other Investments

Genovate Biotechnology Company Limited ("Genovate")

Genovate is a fully integrated specialty pharmaceutical company that focuses on new drug development, drug manufacturing, drug marketing and distribution in Taiwan and the region. The Group has 8.8% shareholdings (as of 31 December 2013) in Genovate, which is listed in the Taiwan GreTai Securities Market (Open Market, Stock code: 4130).

In August 2013, a new drug by SyneuRx (Genovate is strategic investor) for adolescence schezophrenia (SND-1) has successfully passed IND phase I trial, and got approval for phase II/III combined trial in the U.S. Genovate is the collaborator of SyneuRx for formulation development and manufacture of SND-1.

During the year, a total of 3,500,000 shares (or 3.6% of Genovate total outstanding shares) has been sold with a realized profit of approximately HK$30,413,000.

PuraPharm Corporation Limited ("PuraPharm")

The Group through its wholly owned subsidiary, Cosy Good Limited ("Cosy Good"), purchased 5% shares of PuraPharm from its major shareholder in June 2013 at a consideration of US$3,400,000. In August 2013, the Group has a follow up investment in PuraPharm in amount of US$124,962 to maintain 5% shareholding in PuraPharm.

PuraPharm is one of only six manufacturers approved by Chinese State Food and Drug Administration (SFDA) to produce and distribute concentrated Chinese medicine granules in China and is the only HK based company. It principally engages in (1) producing, distributing and selling concentrated Chinese medicine granules under the brand name of NONG's (農本方) for prescription by professional Chinese medical practitioners; (2) producing, distributing and selling Chinese herbal medicine packets and health supplement products such as PURAGOLD (金靈芝) through retail channel and (3) operating Chinese medicine clinics and Chinese herbal plantation.

In view of the potential development and sales of concentrated Chinese medicine granules in both PRC and Hong Kong market, the management believes that investment in PuraPharm would contribute potential return to the Group in future. The Group's investment in PuraPharm also contributed HK$6,576,000 gain to the Group's results of 2013 through valuation on the fair value of the investment.

Skyjoy Assets Management Limited ("Skyjoy")

In 2010, the Group through Cosy Good subscribed HK$100,000,000 with 12% coupon rate Convertible Bonds ("Skyjoy CB") issued by Skyjoy, which is a property developer in China.

In May 2013, the Skyjoy CB was early redeemed according to the provisions in the Subscription Agreement. The Group received the entire Skyjoy CB principle and interest in a total sum of HK$152,176,000 from Skyjoy on 31 May 2013. After the receipt of such payment, there is no outstanding principal sum under the Skyjoy CB.

The Skyjoy CB investment has contributed HK$4,687,000 net gain to the Group's results of 2013 and the total return from Skyjoy CB investment was HK$52,176,000 for the entire holding period from 28 June 2010 to 31 May 2013 with an annual internal rate of return around 15.5%.

Beijing Smartdot Technologies Co. Ltd. ("Smartdot")

Smartdot is engaged in the development of office automation software and solution projects in the PRC.

The Group ceased to hold any interest in Smartdot. The Group sold all its shareholdings in Smartdot to Smartdot's management for a total sum of RMB17,927,000 in January 2012. After getting approval from SAFE for the foreign currency remittance of the sales proceeds in April 2013, the Group received the total sales proceeds in June 2013. The disposal of Smartdot shares further contributed HK$4,902,000 gain to the results of 2013 for the Group.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

On 31 May 2013, Cosy Good entered into the Agreement regarding Earlier Redemption of the Skyjoy CB in full by Skyjoy (the "Early Redemption"). Cosy Good has received the redemption amount of approximately HK$152,000,000, being the aggregate of the outstanding principal amount and interests payable thereof. Accordingly, after the receipt of such redemption amount by Cosy Good, the Early Redemption is completed and there is no outstanding principal sum under the Skyjoy CB. The Early Redemption constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company's announcement dated 31 May 2013.

On 13 June 2013, Cosy Good entered into the Share Purchase Agreement (the "PuraPharm Agreement") in relation to the acquisition of 43,642 paid-up ordinary shares of USD1.00 each in the capital of PuraPharm, representing 5% of the entire issued share capital of PuraPharm at the date of the acquisition, at a total consideration of US$3,400,000 (equivalent to approximately HK$26,520,000) (the "PuraPharm Acquisition"). Each of the PuraPharm Acquisition and the Vendor's Repurchase Option (as defined in the PuraPharm Agreement) constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company's announcement dated 13 June 2013. The PuraPharm Acquisition was completed on 14 June 2013.

On 7 August 2013, in order to maintain its shareholding level of 5% in PuraPharm, Cosy Good entered into the Supplemental Agreement in relation to the PuraPharm Acquisition to acquire an additional 1,604 paid-up ordinary shares of USD1.00 each in the capital of PuraPharm at a total consideration of US$124,962 (equivalent to approximately HK$974,704) (the "Additional PuraPharm Acquisition"). Each of (i) the PuraPharm Acquisition (when aggregated with the Additional PuraPharm Acquisition) and (ii) the Vendor's Repurchase Option (as defined in the PuraPharm Agreement) constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company's announcement dated 7 August 2013. The Additional PuraPharm Acquisition was completed on 9 August 2013.

On 23 September 2013, The Swank Shop Limited ("Swank"), an indirect wholly-owned subsidiary of the Company, entered into the Business Transfer Agreement in relation to the transfer the "Brunello Cucinelli" brand fashion wear and accessories retail business then carried out by Swank in Hong Kong at three shops to Brunello Cucinelli Hong Kong Limited, a 49% owned associate of the Company at a total consideration of HK$31,125,742, subject to adjustments (the "Business Transfer"). The Business Transfer constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company's announcement dated 23 September 2013. The Business Transfer was completed on 1 October 2013.

Save as disclosed above, the Group had no other material acquisition and disposal of investments during the year ended 31 December 2013 and up to the date of this report.

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2013, the Group was in solid financial position with cash and non-pledged deposit holdings of HK$449,093,000 (2012: HK$332,839,000). At 31 December 2013, total borrowings amounted to HK$21,980,000 (2012: HK$6,572,000) with HK$20,184,000 (2012: HK$4,165,000) repayment falling due within one year. The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 1.9% at the year end date (2012: 0.6%). The current ratio at 31 December 2013 was 11.8 times (2012: 9.3 times).

At 31 December 2013, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars, Renminbi and United States dollars and exchange difference were reflected in the audited financial statements. All borrowings of the Group are on a floating rate basis. All club debentures of Hilltop are interest free.

The Group's imported purchases are mainly denominated in Euro, Yen and United States dollars. The Group will, from time to time, review its foreign exchange position and market conditions to determine if any hedging is required.

PLEDGE OF ASSETS

Pledges of the Group's fixed deposits of HK$11,000,000 (2012: HK$11,000,000) were given to banks to secure general banking facilities to the extent of HK$31,000,000 as at 31 December 2013 (2012: HK$31,000,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employed 295 staff. The Group's remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus and internal/external training support.

FUTURE OUTLOOK AND STRATEGIES

Fashion retail

Looking ahead, uncertainty in global economic environment, slow down in economic growth and political reform /transformation in China will continue to affect customer sentiment and spending behavior especially in the high-end luxury market. Escalating rental cost will further impact the local retail market. In order to maintain the competitiveness in the market, we will stay focus on improving operation efficiency by adjust/fine-tune our merchandising mix and with more focused buying strategy to enhance regular price sell through. Streamline non-performing business unit(s) and stringent cost control will be exercised to closely monitor the profitability of the Group. Various innovative and well planned promotional activities will be used to capture a broaden customer base.

Recreation club operation

To crop with the limited supply in good quality country club facilities in Hong Kong, management will continue to seek for any possible collaboration with potential business partner to improve and upgrade the overall conditions of Hilltop in the long run.

Investments

The Group has a strong financial and liquidity position which is well prepared to take advantage of any new investment potential when opportunity arises in order to widen and sustain the Group's earning base in future.

APPRECIATION

I would like to take this opportunity to express my appreciation to the management team and staff for their dedication and contribution to the Group. I would also like to thank all our shareholders, business partners and customers for all their ongoing trust and support.

Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Hong Kong, 21 March 2014

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Joseph Wing Kong LEUNG, 67, is the Chairman and the Acting Chief Executive Officer of the Group. Mr. Leung joined the Group in December 2000 as an Executive Director and has been the Chairman since March 2001. He is also the chairman of the Corporate Governance Committee, the Investment Committee, and the Nomination Committee of the Company, a member of the Remuneration Committee of the Company, and a director of all subsidiaries of the Company. Mr. Leung has over 40 years of experience in finance and management in property development. Mr. Leung is currently a group executive director, chief investment officer and member of executive committee of Chinachem Group. He is also the chairman of Genovate Biotechnology Company Limited, a company whose shares are listed on the GreTai Securities Market in Taiwan, and a director of Yang Ming Marine Transport Corporation, a company whose shares are listed on Taiwan Stock Exchange Corporation. He is a vice president and a member of the executive committee of The Real Estate Developers Association of Hong Kong and a fellow of the Hong Kong Institute of Real Estate Administration. Mr. Leung is a director of each of Diamond Leaf Limited and Solution Bridge Limited, which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Future Ordinance.

Mr. Leung was an independent non-executive director of Cheuk Nang (Holdings) Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Raymond Siu Wing CHAN, 49, joined the Group in December 2008. Mr. Chan is also a member of the Investment Committee of the Company and a director of certain subsidiaries of the Company. Mr. Chan has over 20 years of experience in the field of accounting, taxation, finance and trust. Mr. Chan holds the position of independent non-executive director of each of Phoenitron Holdings Limited, a company whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, and Hong Kong Finance Group Limited, Nature Flooring Holding Company Limited and Quali-Smart Holdings Limited, companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a Certified Practising Accountant of CPA Australia, and a founding member of the Macau Society of Certified Practising Accountants. Mr. Chan holds a Bachelor of Economics degree from the University of Sydney.

Mr. Chan was an independent non-executive director of Orient Energy and Logistics Holdings Limited, which was delisted from the Frankfurt Stock Exchange on 15 December 2012.

Mr. Victor Yiu Keung CHIANG, 49, joined the Group in November 2003 and has been a Director of the Company since March 2011. Mr. Chiang is also the Chief Financial Officer of the Group, a member of the Corporate Governance Committee and the Investment Committee of the Company, and a director of certain subsidiaries of the Company. He is responsible for overseeing the financial management of the Group. He has over 20 years' experience in professional accountancy practice and financial management experience with listed companies. Mr. Chiang is an associate member of the Institute of Chartered Accountants in England & Wales, and a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a Certified Public Accountant practising in Hong Kong. Mr. Chiang holds a bachelor's degree in business administration from the Chinese University of Hong Kong.

Mr. Derek Wai Choi LEUNG, 63, joined the Group in December 2000. Mr. Leung is also a member of the Investment Committee of the Company and a director of certain subsidiaries of the Company. Mr. Leung is currently an executive director, group chief treasury officer and head of lands/valuation of Chinachem Group. He had been in the banking industry for 16 years and in charge of the treasury and capital markets division of a wholly owned banking subsidiary of one of the largest banks in the world for about ten years. Mr. Leung is a member of The Institute of Chartered Accountants of Scotland. Mr. Leung holds a BSc (Engineering) degree.

BIOGRAPHIES OF DIRECTORS

Mr. Wing Tung YEUNG, 59, joined the Group as Executive Vice President in October 2001 and has been a Director of the Company since November 2002. Mr. Yeung is also a member of the Corporate Governance Committee and the Investment Committee of the Company, and a director of certain subsidiaries of the Company. He is responsible for the investments of the Group. Prior to joining the Group, Mr. Yeung was the personal assistant to the managing director of a listed company in Hong Kong for more than ten years, in charge of project investments and developments in Hong Kong, PRC and South East Asia. He had also worked in an American bank as manager of commercial banking and an international audit firm as auditor. Mr. Yeung obtained his MBA from Indiana University, USA in 1978 and passed the board examination of the American Institute of Certified Public Accountants in the same year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Jen CHEN, 59, joined the Group in February 2003. Dr. Chen is also a member of the Audit Committee of the Company. Dr. Chen is currently a director and general manager of Genovate Biotechnology Company Limited, a company whose shares are listed on the GreTai Securities Market in Taiwan. Prior to this appointment, Dr. Chen was a vice president of Asian operation in Genelabs Technologies, Inc. in the USA and had worked in Novartis Pharmaceuticals Corporation for eight years in areas of new drug discovery and research. Dr. Chen has extensive experience and professional knowledge in the biopharmaceutical industry and is the author or co-author of more than 30 papers and 10 patents in the field. Dr. Chen holds a Ph.D. (Chemistry) from the University of Rochester in New York, USA.

Mr. David Kwok Kwei LO, 54, joined the Group in June 2010. Mr. Lo holds the degrees of Bachelor of Laws and Bachelor of Jurisprudence from the University of New South Wales, Australia. He was admitted as a solicitor of the Supreme Court of New South Wales, Australia in 1984. He has been a member of The Law Society of Hong Kong since 1987. He has been practicing as a solicitor in Hong Kong for over 20 years and is a partner in a law firm, David Lo & Partners. Mr. Lo is currently an independent non-executive director of each of eSun Holdings Limited and Man Yue Technology Holdings Limited, both companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Ian Grant ROBINSON, 74, joined the Group in September 2004. Mr. Robinson is also the chairman of the Audit Committee and the Remuneration Committee of the Company, and a member of the Nomination Committee of the Company. Mr. Robinson heads up Robinson Management Limited, a consulting and management company. Prior to setting up his own firm in 1995, he was a senior partner of Ernst and Young, one of the largest international accounting firms. Mr. Robinson has been based in Hong Kong since 1980, servicing the Asian region, and has accounting experience in major countries around the world. Mr. Robinson is currently an independent non-executive director and the chairman of the audit committee of China Medicine Corporation, a company whose shares are quoted on the OTC Bulletin Board of the USA, and the chief financial officer of L&L Energy, Inc., a company whose shares are listed on NASDAQ. He is also a member of the supervisory board of the Hong Kong Housing Society. Mr. Robinson is a fellow member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Robinson was a director of each of L&L Energy, Inc., a company whose shares are listed on NASDAQ and Revonergy Inc., a company whose shares are quoted on the OTC Bulletin Board of the USA.

Mr. Chi Keung WONG, 59, joined the Group in June 2010. Mr. Wong is also a member of the Audit Committee, the Nomination Committee, and the Remuneration Committee of the Company. Mr. Wong has over 33 years of experience in finance, accounting and management. He is a fellow member of Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and CPA Australia, and an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and advising on corporate finance for Greater China Capital Limited under the Securities and Futures Ordinance. Mr. Wong holds a master's degree in business administration from the University of Adelaide in Australia.

Mr. Wong is currently an independent non-executive director and a member of the audit committee of each of Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Nickel Resources Holdings Company Limited, China Ting Group Holdings Limited, Golden Eagle Retail Group Limited, Ngai Lik Industrial Holdings Limited, PacMOS Technologies Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, TPV Technology Limited and Zhuguang Holdings Group Company Limited, all of these companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (now known as Yuexiu Property Company Limited), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, for over ten years.

Mr. Wong was an independent non-executive director of each of First Natural Foods Holdings Limited and FU JI Food and Catering Services Holdings Limited, both companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Notes:

1) Directors' emoluments are determined by the Remuneration Committee with reference to their duties, responsibilities, individual performances, the Group's operating results, and comparable market statistics. The details of the emoluments of the Directors on a named basis are disclosed in note 13 to the financial statements.

2) All Executive Directors do not have any fixed term of service with the Company and are subject to retirement by rotation in accordance with the Articles of Association of the Company.

3) All Independent Non-executive Directors are appointed for a term of approximately 3 years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held three years thereafter, subject to retirement by rotation in accordance with the Articles of Association of the Company.

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

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr. David Kin Hay HONG, 66, joined the Group in October 2003 as the Managing Director of The Swank Shop Limited ("The Swank"), a fashion retail subsidiary of the Company. Mr. Hong started his career in fashion when he joined his family business in The Swank in 1974 after his graduation from business studies in England. He had been in charge of the manufacturing arm in the first few years and moved on to the retail business unit in the early 1980's. Mr. Hong has headed The Swank since 1991 and has valuable experience in the high-end fashion retailing.

Due to his contribution in the fashion industry, Mr. Hong was decorated with the following awards :

From The President of France

- July 1996 – Chevalier de l'Ordre National du Merite
- June 2003 – Chevalier de la Legion d'Honneur

From the President of Italy

- June 2012 – Ordine Della Stella D'Italia (Ufficiale)

Ms. Kim Hung WONG, 50, joined the Group as Chief Operating Officer of The Swank in November 2012. Before joining the Group, Ms. Wong held management positions with various international companies such as DFS, Lane Crawford, GRI and Burberry, both in Hong Kong and the USA. She has over 20 years of expertise and experience in luxury retail, including from merchandising to sales operation, and from brand positioning to management. Ms. Wong holds a Bachelor of Science degree in Fashion Merchandising from the University of Hawaii.

Mr. Tony Kwok Wing LAM, 56, joined the Group in October 2003. Mr. Lam is the Managing Director of Cesare di Pino Company Limited, a high-end apparel development subsidiary of the Company. Prior to his current role, Mr. Lam was the Head of Sales and Marketing of The Swank and the General Manager of The Swank Shop (Beijing) Limited. Mr. Lam has extensive experience of brand building and retail management. Before joining the Group, Mr. Lam held various key roles in a number of well-known multinational corporations. Mr. Lam holds a Higher Diploma in Communication from Hong Kong Baptist College (now known as Hong Kong Baptist University).

Ms. Pui Man CHENG, 41, joined the Group in September 1999. Ms. Cheng is the Company Secretary of the Group. Prior to her current role, Ms. Cheng was a financial controller of the Company until June 2001. Before joining the Group, Ms. Cheng worked in the audit and assurance department of an international accounting firm. Ms. Cheng is a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Cheng holds a Bachelor of Business Administration.

Mr. Jackie Sze Wai LEE, 48, joined the Group in October 2001. Mr. Lee is the Vice President of Investments. Before joining the Group, Mr. Lee was the assistant vice president of a direct investment management company for a major multinational bank. Mr. Lee holds a Bachelor of Business Administration and Master of Business Administration from the Florida Atlantic University, USA.

Mr. Kenneth Sai Lai WONG, 52, joined the Group as Vice President of Investments in July 2001. Prior to this appointment, Mr. Wong was the vice president of commercial banking business of the former First Pacific Bank, and corporate banking officer of a major US bank where he gained international finance exposure in Chicago and New York. Before joining the banking industry, Mr. Wong had worked for an international accounting firm in performing project investment evaluation and feasibility study. Mr. Wong is currently a director of Genovate Biotechnology Company Limited, a company whose shares are listed on the GreTai Securities Market in Taiwan. Mr. Wong holds a Bachelor of Social Sciences Degree from the University of Hong Kong.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 36 to 111.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2013.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 113.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 16 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Company and the Group during the year are set out in note 17 to the financial statements.

Particulars of the investment properties of the Group are set out on page 112.

DEBENTURES

Particulars of the club debentures of the Group are set out in note 30 to the financial statements.

SHARE CAPITAL

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33(b) to the financial statements and in the consolidated statement of changes in equity on page 41, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company had no reserves available for distribution as calculated in accordance with the provisions of Section 79B of the old Companies Ordinance, Chapter 32 of the Laws of Hong Kong.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for less than 10% of the Group's total turnover for the year. The five largest suppliers and the largest supplier accounted for approximately 57% and 28% of the Group's total purchases for the year, respectively.

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

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on their job responsibilities, work performance, professional experience and prevailing industry practices.

The emoluments of the Directors of the Company are determined by the Remuneration Committee with reference to their duties, responsibilities, individual performances, the Group's operating results and comparable market statistics.

DIRECTORS

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

EXECUTIVE DIRECTORS:

Mr. Joseph Wing Kong LEUNG *(Chairman and Acting Chief Executive Officer)*
Mr. Raymond Siu Wing CHAN
Mr. Victor Yiu Keung CHIANG
Mr. Derek Wai Choi LEUNG
Mr. Wing Tung YEUNG

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Jen CHEN
Mr. David Kwok Kwei LO
Mr. Ian Grant ROBINSON
Mr. Chi Keung WONG

In accordance with Article 101 of the Company's Articles of Association, Dr. Jen CHEN, Mr. Victor Yiu Keung CHIANG, Mr. Joseph Wing Kong LEUNG and Mr. Ian Grant ROBINSON will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 9 to 12.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2013, the interest or short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of HK$0.01 each of the Company:

Name of Director	Number of shares held through a controlled corporation	Percentage of the Company's issued share capital
Mr. Joseph Wing Kong LEUNG	200,000	0.012%

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of HK$0.01 each of the Company:

		Number of shares held				
Name	Capacity	Personal Interests	Corporate Interests	Other Interest	Total	Percentage of the Company's issued share capital
Diamond Leaf Limited	Beneficial owner	162,216,503	–	–	162,216,503	9.83%
Solution Bridge Limited	Beneficial owner	408,757,642	–	–	408,757,642	24.76%
Ms. KUNG, Nina (deceased) (Note 1)	Interest of controlled corporations	–	570,974,145	–	570,974,145	34.59%
Mr. JONG, Yat Kit (Note 2)	Trustee	–	–	730,974,145	730,974,145	44.28%
Mr. LAM, Hok Chung Rainier (Note 2)	Trustee	–	–	730,974,145	730,974,145	44.28%
Mr. YU, Sai Hung (Note 2)	Trustee	–	–	730,974,145	730,974,145	44.28%

Notes:

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

2. Both Diamond Leaf Limited and Solution Bridge Limited are controlled corporations of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung, as joint and several administrators of the Estate of Kung, Nina. Thus, each of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung is deemed to be interested in the same parcel of shares. Each of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung is a trustee of the Estate of Kung, Nina also known as Nina Kung and Nina T H Wang and Nina Teh Huei Wang.

Save as disclosed above, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2013 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

The Company and the Group have entered into the following continuing connected transactions during the year and up to the date of this report:

(A) TENANCY AGREEMENT FOR A SHOP

On 23 December 2011, The Swank Shop Limited, a wholly owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "Shop Tenancy Agreement") with Ying Ho Company Limited, Cheong Ming Investment Company Limited, Dorfolk Investments Limited, Kwong Fook Investors & Developers Limited, The World Realty Limited, On Lee Investment Company Limited, Yau Fook Hong Company Limited, and Tsing Lung Investment Company Limited, (collectively the "Landlords"), as landlords, to renew the tenancy of the premises situated at Shop Nos. 222 & 223 on 2nd Floor (Level 3), Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong (the "Shop Premises") for three years from 1 January 2012 to 31 December 2014 at a monthly rent equal to 8% of the monthly gross sales turnover from the Shop Premises.

The Landlords are companies controlled by Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung as joint and several administrators of the Estate of Kung, Nina, who are controlling shareholders of the Company. Each of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung is a trustee of the Estate of Kung, Nina also known as Nina Kung and Nina T H Wang and Nina Teh Huei Wang. Therefore, the Shop Tenancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The details of the Shop Tenancy Agreement are set out in the Company's announcements dated 23 December 2011.

(B) TENANCY AGREEMENT FOR OFFICE PREMISES

On 22 November 2012, the Company, as tenant, entered into a tenancy agreement (the "Office Tenancy Agreement I") with the Landlords to renew the tenancy of the premises situated at Suites 3301 to 3303, 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for three years from 1 December 2012 to 30 November 2015 at a monthly rent of HK$268,719.

On 6 April 2011, Cesare di Pino Company Limited (Formerly Cesare Di Pino Company Limited), a wholly owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "Office Tenancy Agreement II") with the Landlords to lease the premises situated at Suite 1603B, 16th Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for three years from 6 May 2011 to 5 May 2014 at a monthly rent of HK$39,440.

The Landlords are companies controlled by Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung as joint and several administrators of the Estate of Kung, Nina, who are controlling shareholders of the Company. Each of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung is a trustee of the Estate of Kung, Nina also known as Nina Kung and Nina T H Wang and Nina Teh Huei Wang. Therefore, the Office Tenancy Agreement I and II constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The details of the Office Tenancy Agreement I and II are set out in the Company's announcements dated 22 November 2012 and 6 April 2011 respectively.

The Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions (the "2013 Continuing Connected Transactions") and have confirmed that the 2013 Continuing Connected Transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or on terms that are no less favourable than those available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditor of the Company to report on the 2013 Continuing Connected Transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in writing to the Board of Directors that nothing has come to its attention that causes it to believe that the 2013 Continuing Connected Transactions:

(i) have not been approved by the Board of Directors of the Company;

(ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(iii) have exceeded the maximum aggregate annual value disclosed in the previous announcement dated 22 November 2012 made by the Company in respect of the 2013 Continuing Connected Transactions.

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

RSM Nelson Wheeler retires and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Hong Kong, 21 March 2014

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2013, save for the following:

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Joseph Wing Kong LEUNG took up the position of the Acting Chief Executive Officer in addition to his role of being the Chairman upon the retirement of former chief executive officer in June 2009. The Board believes that the balance of power and authority is ensured through supervision of the full Board and the Board committees. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

BOARD OF DIRECTORS

Board Composition

The Board currently comprises five Executive Directors and four Independent Non-executive Directors, serving the important function of guiding the management.

The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules. In addition, as required by Rule 3.10(2) of the Listing Rules, at least one of the Independent Non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. The Directors' biographical information is set out on pages 9 to 11.

The Board members during the year ended 31 December 2013 and up to date of this report are:

Executive Directors
Mr. Joseph Wing Kong LEUNG *(Chairman and Acting Chief Executive Officer)*
Mr. Raymond Siu Wing CHAN
Mr. Victor Yiu Keung CHIANG
Mr. Derek Wai Choi LEUNG
Mr. Wing Tung YEUNG

Independent Non-executive Directors
Dr. Jen CHEN
Mr. David Kwok Kwei LO
Mr. Ian Grant ROBINSON
Mr. Chi Keung WONG

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Nomination Committee and the Board, based on such confirmations considers that all Independent Non-executive Directors continue to be independent.

The composition of the Board, by category of Directors, including names of Chairman, Executive Directors and Independent Non-executive Directors, is disclosed in all corporate communications.

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

An updated list of the Directors and their roles and functions is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

Chairman and Chief Executive Officer

Mr. Joseph Wing Kong LEUNG serves as the Chairman and the Acting Chief Executive Officer. He has assumed the responsibility of managing the Board and running the Group's business operation.

Mr. Joseph Wing Kong LEUNG took up the position of the Acting Chief Executive Officer in addition to his role of being the Chairman upon the retirement of former chief executive officer in June 2009. The Board believes that the balance of power and authority is ensured through the supervision of the full Board and the Board committees. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

The Chairman is also responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

During the year ended 31 December 2013, the Chairman held a meeting with the Independent Non-executive Directors without the presence of the Executive Directors.

Appointments, Re-election and Removal of Directors

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

Independent Non-executive Directors are appointed for a term of approximately 3 years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held three years thereafter, subject to retirement by rotation in accordance with the Company's Articles of Association.

In accordance with Article 92 of the Company's Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In accordance with Article 101 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation but shall be eligible for re-election, provided that every Director shall be subject to retirement at least once every three years. The Directors (including those appointed for a special term) to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. On 23 August 2013, the Board adopted its Board Diversity Policy setting out the approach to achieve diversity on the Board.

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

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee has set the following measureable objectives for achieving the Board diversity:

	Measureable Objectives	Progress on achieving the objective
(i)	The Board aims to appoint a female member to the Board by Year 2015.	This objective is carried over to Year 2014.
(ii)	If there is a Board vacancy, at least one woman is shortlisted as a candidate for Board appointment; and if, at the end of the selection process, a female candidate is not selected, the Board must be satisfied that there are objective reasons to support its determination.	Since the implementation of the Board Diversity Policy and the measurable objectives, no Board position has become vacant. This objective is carried over to Year 2014.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry of all Directors, all Directors complied with the required standards set out in the Model Code during the year ended 31 December 2013.

Directors’ Induction and Continuing Professional development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company’s operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company Secretary from time to time provides Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements. A summary of training received by Directors during the year ended 31 December 2013 is as follows:

	Training Areas	
	Corporate Governance/ updates on laws, rules & regulations	Accounting/financial/ management or other professional skills
Executive Directors		
Mr. Joseph Wing Kong LEUNG	√	√
Mr. Raymond Siu Wing CHAN	√	√
Mr. Victor Yiu Keung CHIANG	√	√
Mr. Derek Wai Choi LEUNG	√	√
Mr. Wing Tung YEUNG	√	√
Independent Non-executive Directors		
Dr. Jen CHEN	√	√
Mr. David Kwok Kwei LO	√	√
Mr. Ian Grant ROBINSON	√	√
Mr. Chi Keung WONG	√	√

Delegation by the Board

The Board, led by the Chairman, is responsible for formulating overall group strategies and overseeing the management’s performance. The Board delegates the authority and responsibilities for implementing the strategies and policies and the day-to-day operations of the Group to the Executive Directors and senior management and certain specific responsibilities to the Board committees.

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

The Board has matters reserved for its decision and these include:

(i) Business strategies;

(ii) Material acquisition or disposal;

(iii) Funding decision;

(iv) Internal control and risk management; and

(v) Annual and interim financial results, and shareholder communications.

Board Meetings

The full Board held four regular meetings during the year ended 31 December 2013.

A tentative schedule for regular Board meetings for each year is provided to Directors prior to the commencement of each calendar year. In addition, at least 14 days' notice of all regular Board meetings is given to all Directors.

The Company Secretary assists the Chairman to prepare the agenda of the Board meetings and each Director is invited to include any matters in the agenda. An agenda and accompanying Board papers are circulated to all Directors at least three days in advance of every regular Board meeting.

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

The Directors have full access to the advice and services of the Company Secretary, who is responsible for providing Directors with board papers and related materials and ensuring that Board procedures, and all applicable rules and regulations, are followed.

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

Should a potential conflict of interest involving a substantial shareholder or director arise, the matter is discussed in a physical Board meeting, as opposed to being dealt with by written resolution. Independent Non-executive Directors with no conflict of interest will be present at Board meetings dealing with conflict issues.

Directors' and Officers' Liabilities

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

BOARD COMMITTEES

In order to assist the Board in the execution of its duties, the Board has established Audit Committee, Corporate Governance Committee, Investment Committee, Nomination Committee and Remuneration Committee with respective terms of reference which clearly defined its authorities and duties. All Board Committees are provided with sufficient resources to discharge their duties. The Chairmen of the Board Committees report regularly to the Board their work, findings and recommendations.

Audit Committee

The Audit Committee was established in January 1999 and currently comprises three Independent Non-executive Directors, namely Mr. Ian Grant ROBINSON (Chairman of the Audit Committee), Dr. Jen CHEN and Mr. Chi Keung WONG.

None of the members of the Audit Committee is a former partner of the Company's existing auditor one year before joining the Company.

The Audit Committee is responsible for (i) reviewing and supervising the Group's financial reporting system and internal control procedures, (ii) reviewing the Group's financial information, and (iii) overseeing the relationship with the auditor of the Company.

The Audit Committee held two meetings during the year ended 31 December 2013 and reviewed the audited financial statements of the Group for the year ended 31 December 2012 and the unaudited interim financial statements for the six months 30 June 2013. The Audit Committee also reviewed the non-audit services provided by the external auditors, and discussed and recommended to the Board for the re-appointment of external auditors.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee's specific terms of reference are posted on the websites of the Company and HKEx.

Corporate Governance Committee

The Corporate Governance Committee was established in March 2012 and currently comprises three Executive Directors, namely Mr. Joseph Wing Kong LEUNG (Chairman of the Corporate Governance Committee), Mr. Victor Yiu Keung CHIANG and Mr. Wing Tung YEUNG.

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

During the year ended 31 December 2013, the Corporate Governance Committee held one meeting and reviewed the Company's compliance with the CG Code and the Corporate Governance Report for the year ended 31 December 2012.

Investment Committee

The Investment Committee was established in April 2002 and currently comprises five Executive Directors, namely Mr. Joseph Wing Kong LEUNG (Chairman of the Investment Committee), Mr. Raymond Siu Wing CHAN, Mr. Victor Yiu Keung CHIANG, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG.

The Investment Committee is responsible for (i) formulating and reviewing the investment strategies, policies and guideline, and (ii) advising the Board on the Group's investment projects.

Nomination Committee

The Nomination Committee was established in March 2012 and currently comprises one Executive Director, namely Mr. Joseph Wing Kong LEUNG (Chairman of the Nomination Committee) and two Independent Non-executive Directors, namely Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG. The majority of the members of the Nomination Committee is Independent Non-executive Director.

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

During the year ended 31 December 2013, the Nomination Committee held two meetings and reviewed the structure, size and composition of the Board as well as established the measureable objectives for implementing the Board Diversity Policy

The Nomination Committee's specific terms of reference are posted on the websites of the Company and HKEx.

Remuneration Committee

The Remuneration Committee was established in April 2002 and currently comprises two Independent Non-executive Directors, namely Mr. Ian Grant ROBINSON (Chairman of the Remuneration Committee) and Mr. Chi Keung WONG, and one Executive Director, namely Mr. Joseph Wing Kong LEUNG. The majority of the members of the Remuneration Committee is Independent Non-executive Director.

The Company has adopted the model to delegate the determination of the remuneration packages of individual Executive Directors and senior management to the Remuneration Committee. The Remuneration Committee is responsible for formulating and recommending remuneration policy to the Board, and reviewing and making recommendations on compensation-related issues. The Remuneration Committee consults the Chairman and/or the Chief Executive Officer about its proposals relating to remuneration of other Directors and senior management if necessary.

During the year ended 31 December 2013, the Remuneration Committee held one meeting and discussed the Group's remuneration policy.

The Remuneration Committee's specific terms of reference are posted on the websites of the Company and HKEx.

ATTENDANCE RECORD AT MEETINGS

The attendance of Directors at the Annual General Meeting, Board meetings, and Board Committee meetings held during the year ended 31 December 2013 was as follows:

	Meetings Attended/Held					
	Board	Audit Committee	Corporate Governance Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Executive Directors						
Mr. Joseph Wing Kong LEUNG	4/4		1/1	2/2	1/1	1/1
Mr. Raymond Siu Wing CHAN	4/4					1/1
Mr. Victor Yiu Keung CHIANG	4/4		1/1			1/1
Mr. Derek Wai Choi LEUNG	4/4					1/1
Mr. Wing Tung YEUNG	4/4		1/1			1/1
Independent Non-executive Directors						
Dr. Jen CHEN	4/4	2/2				1/1
Mr. David Kwok Kwei LO	4/4					1/1
Mr. Ian Grant ROBINSON	4/4	2/2		2/2	1/1	1/1
Mr. Chi Keung WONG	4/4	2/2		2/2	1/1	1/1

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Directors are responsible for the preparation of the Group's financial statements which give a true and fair view of the Group's state of affairs, results and cash flows for the year. In preparing the financial statements for the year ended 31 December 2013, the Directors have selected suitable accounting policies and applied them consistently; made prudent, fair and reasonable judgments and estimates and prepared the financial statements on a going concern basis.

The statement of the auditor of the Company about its responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 34 and 35.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Internal Controls

The Board has overall responsibilities for maintaining a sound and effective internal control system to safeguard the shareholders' investment and the Company's assets.

During the year ended 31 December 2013, the Board conducted a review on the Group's internal control handbook covering financial, operational and compliance controls, and risk management functions and considered that the internal control systems of the Group are adequate and effective.

The Board also conducted a review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget, and considered that they are adequate.

Auditors' Remuneration

The remuneration in respect of audit and non-audit services provided to the Group by the Company's auditor, RSM Nelson Wheeler and other RSM network firms for the year ended 31 December 2013 was:

	HK$'000
Audit services	**1,038**
Non-audit services:	
Financial due diligence services for acquisition of equity investment in PuraPharm	**150**
Consultancy services in relation to the disposal of interests in Shanghai Hilltop and Shanghai Landis	**13**
Taxation services	**90**
Other assurance services	**166**
Other reporting services	**104**
	1,561

Note: Auditor's remuneration for audit services disclosed in note 12 to the financial statements included the audit fees charged by other auditors of the Group of HK$7,000.

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

Company Secretary
ENM Holdings Limited
Suites 3301-03, 33rd Floor
Tower 2, Nina Tower
8 Yeung Uk Road
Tsuen Wan
New Territories
Hong Kong
Email: comsec@enmholdings.com
Fax: (852) 2827 1491

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

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

SHAREHOLDERS' RIGHTS

Calling of Extraordinary General Meeting by Shareholders

Under the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong (the "New CO"), registered shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings may request to call an extraordinary general meeting ("EGM") of the Company. The request (a) must state the general nature of the business to be dealt with at the meeting, (b) must be signed by the requisitionist(s), and (c) must be deposited at the registered office of the Company (the "Registered Office") at Suites 3301-03, 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for the attention of the Company Secretary. If the resolution is to be proposed as a special resolution, the request should include the text of the resolution and specify the intention to propose the resolution as a special resolution. The request may consist of several documents in like form, each signed by one or more requisitionist(s).

The Directors must call an EGM within 21 days from the date of the deposit of the valid request. Such meeting should be held on a date not more than 28 days after the date of the notice convening the meeting. If the Directors fail to call the EGM as aforesaid, the requisitionist(s), or any of them representing more than one-half of the total voting rights of all of them, may themselves call the EGM. The EGM must be called for a date not more than 3 months after the date of the deposit of the request. Any reasonable expenses incurred by the requisitionist(s) by reason of the failure of the Directors duly to call an EGM shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at General Meetings by Shareholders

Circulation of shareholders' statement

Under the New CO, registered shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote, or at least 50 shareholders who have a relevant right to vote may request the Company to circulate to shareholders of the Company entitled to receive notice of a general meeting a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting.

The request (a) must be signed by the requisitionist(s), (b) must be deposited at the Registered Office for the attention of the Company Secretary, (c) must identify the statement to be circulated, and (d) must be received by the Company at least 7 days before the meeting to which it relates.

The expenses of circulating shareholders' statement need not be paid by the requisitionist(s) if the meeting to which the requests relate is an annual general meeting of the Company; and requests sufficient to require the Company to circulate the statement are received in time to enable the Company to send a copy of the statement at the same time as it gives notice of the meeting. Otherwise, such expenses must be paid by the requisitionist(s); and there is deposited with or tendered to the Company, not later than 7 days before the meeting, a sum reasonable sufficient to meet such expenses in doing do, unless the Company resolves otherwise.

Circulation of resolution for annual general meeting

Under the New CO, registered shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate, or at least 50 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate, may request the Company to give, to shareholders of the Company entitled to receive notice of the annual general meeting, notice of a resolution that is intended to be moved at that meeting.

The request (a) must be signed by the requisitionist(s), (b) must be deposited at the Registered Office for the attention of the Company Secretary, (c) must identify the resolution of which notice is to be given, and (d) must be received by the Company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

The Company must send a copy of the notice of a resolution at the Company's own expense to each shareholder entitled to receive notice of the annual general meeting.

Nomination of a person for election as a Director

Pursuant to Article 105 of the Company's Articles of Association, a shareholder can propose a person for election to the office of Director at any general meeting by giving the Company notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected at least seven days before the date of the general meeting. The period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Circulation of Written Resolution

Under the New CO, registered shareholder(s) of the Company representing not less than 5% of the total voting rights of all the shareholders entitled to vote on the resolution, may request the Company to circulate a proposed written resolution to its shareholders. The requisitionist(s) may also request the Company to circulate with the proposed written resolution a statement of not more than 1,000 words in respect of the resolution.

The request (a) must be signed by the requisitionist(s), (b) must be deposited at the Registered Office for the attention of the Company Secretary, and (c) must identify the resolution and any statement to be circulated.

The Company must send a copy of the proposed written resolution and statement (if any) at the Company's own expense to every shareholder not more than 21 days from the date of the deposit of the valid request. The Company must ensure that the copy of proposed written resolution is accompanied by guidance as to how to signify agreement to the resolution and the day by which the resolution must be passed.

COMPANY SECRETARY

The Company Secretary supports the Board and Board Committees by ensuring good information flow within the Board and that Board policy and procedures are followed.

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is appointed by the Board and reports to the Chairman.

The Company Secretary also plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules.

During the year ended 31 December 2013, the Company Secretary undertook over 15 hours of relevant professional training to update her skills and knowledge.

MEMORANDUM AND ARTICLES OF ASSOCIATION

During the year ended 31 December 2013, there was no change in the Company's Memorandum and Articles of Association. An up to date version of the Company's Memorandum and Articles of Association is available on the websites of the Company and HKEx.

The Company will review its Memorandum and Articles of Association to see if there are any changes that it wishes to make as a result of the New CO.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENM HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 111, which comprise the consolidated and Company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

21 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue of the Group		331,399	337,241
Share of revenue of associates from			
Wholesale and retail of fashion wear and accessories		13,256	–
Resort and recreational club operation		–	12,025
	8	344,655	349,266
Revenue of the Group	8	331,399	337,241
Cost of sales		(133,546)	(136,962)
Gross profit		197,853	200,279
Other income	9	2,632	5,723
Selling and distribution costs		(132,871)	(120,065)
Administrative expenses		(87,585)	(90,307)
Depreciation and amortisation		(20,173)	(19,935)
Other operating gains, net	12	61,797	45,721
Profit from operations		21,653	21,416
Fair value gains/(losses) on investment properties, net		(500)	1,400
Deficits write-back on revaluation of resort and recreational club properties		1,063	2,623
Finance costs	10	(821)	(750)
Share of profits/(losses) of associates		2,109	(1,976)
Profit before tax		23,504	22,713
Income tax expense	11	–	–
Profit for the year	12	23,504	22,713
Attributable to:			
Owners of the Company		24,217	22,770
Non-controlling interests		(713)	(57)
		23,504	22,713

	Note	2013 HK$	2012 HK$
Earnings per share			
– basic	15(a)	1.47 cents	1.38 cents
– diluted	15(b)	N/a	N/a

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 *HK$'000*	2012 *HK$'000*
Profit for the year	**23,504**	22,713
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**3,385**	782
Fair value changes of available-for-sale equity investments	**(32,233)**	115,353
Fair value changes of available-for-sale debt investments	**(1,955)**	7,186
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments	**(30,063)**	(12,563)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of available-for-sale equity investments	**–**	(895)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	**(722)**	657
Other comprehensive income/(loss) for the year, net of tax	**(61,588)**	110,520
Total comprehensive income/(loss) for the year	**(38,084)**	133,233
Attributable to:		
Owners of the Company	**(37,422)**	133,276
Non-controlling interests	**(662)**	(43)
	(38,084)	133,233

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	16	**100,769**	105,850
Investment properties	17	**29,000**	100,000
Intangible assets	18	**1,381**	1,466
Interests in associates	20	**21,531**	17,059
Financial assets at fair value through profit or loss	21	**34,000**	147,489
Available-for-sale equity investments	22	**85,222**	155,336
Available-for-sale debt investments – notes receivables	23	**79,501**	65,723
Total non-current assets		**351,404**	592,923
Current assets			
Inventories	24	**73,959**	63,713
Trade and other receivables	25	**54,565**	65,365
Financial assets at fair value through profit or loss	21	**204,186**	212,606
Pledged bank deposits	26	**11,000**	11,000
Time deposits	26	**365,126**	217,584
Cash and bank balances	26	**83,967**	115,255
		792,803	685,523
Assets attributable to disposal group held for sale	27	**89,416**	—
Total current assets		**882,219**	685,523
Current liabilities			
Trade and other payables	28	**43,480**	69,443
Interest-bearing bank borrowings	29	**19,560**	2,390
Current portion of debentures	30	**624**	1,775
		63,664	73,608
Liabilities attributable to disposal group held for sale	27	**11,347**	—
Total current liabilities		**75,011**	73,608
Net current assets		**807,208**	611,915
Total assets less current liabilities		**1,158,612**	1,204,838

	Note	2013 *HK$'000*	2012 *HK$'000*
Total assets less current liabilities		**1,158,612**	1,204,838
Non-current liabilities			
Debentures	30	**1,796**	2,407
Deferred revenue		**24**	7,555
Total non-current liabilities		**1,820**	9,962
NET ASSETS		**1,156,792**	1,194,876
Capital and reserves			
Issued capital	32	**16,507**	16,507
Reserves	33	**1,140,081**	1,177,503
Equity attributable to owners of the Company		**1,156,588**	1,194,010
Non-controlling interests		**204**	866
TOTAL EQUITY		**1,156,792**	1,194,876

Approved by the Board of Directors on 21 March 2014

Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Derek Wai Choi LEUNG
Executive Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	2013 *HK$'000*	2012 *HK$'000*
Non-current assets			
Property, plant and equipment	16	**553**	1,457
Investment properties	17	**106,600**	104,200
Interests in subsidiaries	19	**399,919**	565,316
Available-for-sale debt investments - notes receivables	23	**4,699**	12,617
Total non-current assets		**511,771**	683,590
Current assets			
Prepayments, deposits and other receivables	25	**16,203**	5,882
Due from a subsidiary	19	**461**	375
Financial assets at fair value through profit or loss	21	**164,011**	194,892
Pledged bank deposits	26	**10,000**	10,000
Time deposits	26	**362,147**	215,442
Cash and bank balances	26	**16,558**	43,055
		569,380	469,646
Assets held for sale	27	**59,700**	—
Total current assets		**629,080**	469,646
Current liabilities			
Accruals and other payables		**5,298**	7,894
Net current assets		**623,782**	461,752
NET ASSETS		**1,135,553**	1,145,342
Capital and reserves			
Issued capital	32	**16,507**	16,507
Reserves	33	**1,119,046**	1,128,835
TOTAL EQUITY		**1,135,553**	1,145,342

Approved by the Board of Directors on 21 March 2014

Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Derek Wai Choi LEUNG
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium account HK$'000 (Note 33(c)(i))	Capital redemption reserve HK$'000 (Note 33(c)(ii))	Special reserve HK$'000 (Note 33(c)(iii))	Available-for-sale investment revaluation reserve HK$'000 (Note 33(c)(v))	Exchange fluctuation reserve HK$'000 (Note 33(c)(vi))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2012	16,507	1,189,721	478	808,822	20,871	11,053	(986,718)	1,060,734	909	1,061,643
Total comprehensive income and changes in equity for the year	–	–	–	–	110,633	(127)	22,770	133,276	(43)	133,233
At 31 December 2012	16,507	1,189,721	478	808,822	131,504	10,926	(963,948)	1,194,010	866	1,194,876
At 1 January 2013	**16,507**	**1,189,721**	**478**	**808,822**	**131,504**	**10,926**	**(963,948)**	**1,194,010**	**866**	**1,194,876**
Total comprehensive loss and changes in equity for the year	**–**	**–**	**–**	**–**	**(64,973)**	**3,334**	**24,217**	**(37,422)**	**(662)**	**(38,084)**
At 31 December 2013	**16,507**	**1,189,721**	**478**	**808,822**	**66,531**	**14,260**	**(939,731)**	**1,156,588**	**204**	**1,156,792**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 *HK$'000*	2012 *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	23,504	22,713
Adjustments for:		
Depreciation	20,088	19,850
Amortisation of intangible assets	85	85
Amortisation of deferred revenue	(37)	(3,122)
Finance costs	821	750
Dividend income from listed equity investments	(5,553)	(5,541)
Dividend income from available-for-sale equity investment	(724)	—
Dividend income from an unlisted fund investment	(436)	(222)
Charge for inventories allowances	15,071	16,009
Interest income from:		
Financial assets at fair value through profit or loss	(11,730)	(22,150)
Other financial assets	(11,594)	(9,116)
Share of losses/(profits) of associates	(2,109)	1,976
Fair value losses/(gains) on investment properties, net	500	(1,400)
Deficits write-back on revaluation of resort and recreational club properties	(1,063)	(2,623)
Write-back of accrued payables	(1,778)	(382)
Impairment of trade receivables, net	30	30
Loss on disposal of property, plant and equipment	3	5
Gain on disposal of a business	(1,723)	—
Fair value gains of financial assets at fair value through profit or loss, net	(6,844)	(4,428)
Losses/(gains) on disposal/redemption of financial assets at fair value through profit or loss, net	2,751	(1,643)
Gain on disposal of available-for-sales equity investments	(35,315)	(13,475)
Gain on disposal of available-for-sales debt investments	(1,043)	(1,566)
Impairment loss of property, plant and equipment	—	490
Foreign exchange gains, net	(2,380)	(26)
Operating loss before working capital changes	(19,476)	(3,786)
Increase in inventories	(39,481)	(23,669)
Increase in trade and other receivables	(2,954)	(12,970)
Increase/(decrease) in trade and other payables	(20,082)	33,007
Cash used in operations	(81,993)	(7,418)
Interest received	12,525	10,581
Dividends received from listed investments	5,790	5,477
Dividends received from an unlisted fund investment	436	222
Dividends received from available-for-sale equity investment	724	—
Purchases of financial assets at fair value through profit or loss	(36,482)	(35,549)
Proceeds from disposal of financial assets at fair value through profit or loss	47,346	37,184
Net cash generated from/(used in) operating activities	(51,654)	10,497

	Note	2013 *HK$'000*	2012 *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(18,165)**	(21,637)
Capital injection to an associate		**(980)**	—
Purchases of available-for-sale debt investments		**(24,916)**	(58,940)
Acquisition of unlisted equity investment designated as financial assets at fair value through profit or loss		**(27,424)**	—
Repayment from/(advance to) associates, net		**(19,462)**	49
Proceeds from disposal of/by way of distribution in species from available-for-sale equity investments		**60,323**	7,262
Proceeds from disposal of property, plant and equipment		**—**	4
Proceeds from disposal of available-for-sale debt investments		**—**	23,370
Proceeds from redemption of unlisted convertible bonds		**152,176**	—
Proceeds from disposal of a business	35	**29,619**	—
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(291,083)**	(5,203)
Net cash used in investing activities		**(139,912)**	(55,095)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans raised		**113,916**	95,143
Repayment of bank loans		**(96,746)**	(94,257)
New issue of debenture		**—**	990
Redemption of debentures		**(1,800)**	(2,750)
Capital element of finance lease rental payments		**—**	(4)
Interest paid		**(783)**	(629)
Net cash generated from/(used in) financing activities		**14,587**	(1,507)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(176,979)**	(46,105)
Effect of foreign exchange rate changes, net		**2,270**	60
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**327,279**	373,324
		152,570	327,279
Less: Cash and cash equivalent included in disposal group held for sale	27	**(120)**	—
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**152,450**	327,279
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged time deposits		**365,126**	217,584
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(296,643)**	(5,560)
Non-pledged time deposits with original maturity of less than three months when acquired		**68,483**	212,024
Cash and bank balances		**83,967**	115,255
		152,450	327,279

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. CORPORATE INFORMATION

The Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Suites 3301-03, 33/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 19 to the financial statements.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

(a) Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

(b) HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries and associates in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

(c) HKFRS 13 "Fair Value Measurement"

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosure required by the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, resort and recreational club properties, certain available-for-sale equity and debt investments and financial assets at fair value through profit or loss, which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Consolidation

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination and goodwill

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

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

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

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (z) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the carrying amount of the investment at the date of disposal and any related accumulated exchange fluctuation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

(iii) Translation on consolidation

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

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

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

– All resulting exchange differences are recognised in the exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange fluctuation reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment

Resort and recreational club properties are carried at fair value, based on periodic valuations by an external independent valuer, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Revaluation increases of resort and recreational club properties are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve in other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued resort and recreational club properties, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits/accumulated losses.

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

Resort and recreational club properties	Over the remaining lease terms
Leasehold improvements	Over the shorter of the remaining lease terms and 5 to 6 years
Furniture, fixtures and equipment	2 to 5 years
Motor vehicles	3 to 5 years

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

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

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Operating leases

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(h) Trademarks

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

(i) Inventories

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

(j) Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. The net gains or losses, including gains or losses arising from changes in fair value and interest income from these investments, are recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount of the receivables and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in recoverable amount of the receivables can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(n) Financial liabilities and equity instruments

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

(o) Borrowings

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

(q) Trade and other payables

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

(r) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(i) Wholesale and retail of fashion wear and accessories

Revenue from the sale of fashion wear and accessories is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

(ii) Resort and recreational club operations

Entrance fee income is recognised when the application for club membership is accepted and no significant uncertainty as to collectability exists. Annual subscription fee income is recognised over the relevant period of the membership. Revenue from the provision of resort and club facilities, catering and other services is recognised when goods are delivered or services are rendered.

(iii) Dividend income

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

(iv) Interest income

Interest income for interest-bearing financial instruments, including financial assets at fair value through profit or loss, is recognised on a time-proportion basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

(v) Rental income

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

(vi) Consultancy, management and other services

Revenue from the provision of consultancy, management and other services is recognised when the relevant services are rendered.

(vii) Financial guarantee contracts

Revenue from financial guarantee contracts issued is recognised on a straight-line basis over the terms of the guarantee contracts.

(t) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

Subsidiaries incorporated in the People's Republic of China ("PRC") participate in the retirement schemes operated by the local authorities for the Group's employee in the PRC. Contributions to these schemes are charged to profit or loss when incurred.

(iii) Termination benefits

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Share-based payments

The Company operates a share option scheme and issues equity-settled share-based payments to eligible employees (including executive directors). Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(v) Borrowing costs

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

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

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

(w) Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Taxation (continued)

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(y) Disposal group and assets held for sale

Disposal group or assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Disposal group or assets classified as held for sale (excluding financial assets and investment properties) are measured at the lower of the assets' or disposal group's previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investment properties, deferred tax assets, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(aa) Provisions and contingent liabilities

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

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

(bb) Events after the reporting period

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

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

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

(a) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on certain of its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it does not transfer substantially all the risks and rewards of ownership of these properties which are leased out on operating leases.

(b) Distinction between investment properties and owner-occupied properties

Investment property is a property held to earn rentals or for capital appreciation or both. The Group determines whether a property qualifies as an investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgement.

(c) Deferred tax for investment properties

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

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty

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

(a) Allowances for inventories

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

(b) Fair values of properties

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

(c) Fair value of unlisted equity investment

As disclosed in note 21(c) to the financial statements, the fair value of unlisted equity investment in PuraPharm Corporation Limited ("PuraPharm") classified as financial assets at fair value through profit or loss at the end of the reporting period was determined with reference to the valuation performed by independent professional valuers using binomial models. Application of binomial models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the unlisted equity investment, the expected volatility of the share prices of the PuraPharm and the discount rate. Where the estimation on these factors is different from those previously estimated, such differences will impact the fair value gain or loss of the unlisted equity investment in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its purchases transactions, note receivables and bank deposits are principally denominated in US dollar, Euro, Renminbi and New Taiwan dollar. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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

	Change in percentage in exchange rate against Hong Kong dollar	**Effect on profit after tax**
		HK$'000
31 December 2013		
US dollar	+/- 0.5%	+/- 1,269
Euro	+/- 5%	-/+ 320
Renminbi	+/- 5%	+/- 6,915
New Taiwan dollar	+/- 5%	+/- 522
31 December 2012		
US dollar	+/- 0.5%	+/- 1,327
Euro	+/- 5%	-/+ 763
Renminbi	+/- 5%	+/- 3,199
New Taiwan dollar	+/- 5%	+/- 1

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Price risk

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

The Group's equity investments classified as fair value through profit or loss are primarily listed on The Stock Exchange of Hong Kong Limited. The market equity index for The Stock Exchange of Hong Kong Limited, at the close of business of the nearest trading day in the year to the end of the reporting period, and its highest and lowest points during the year were as follows:

	31 December 2013	**2013 High/low**	31 December 2012	2012 High/low
Hong Kong – Hang Seng Index	**23,306**	**24,111/ 19,426**	22,657	22,719/ 18,056

At 31 December 2013, if the share prices of the equity investments listed on The Stock Exchange of Hong Kong Limited increase/decrease by 5%, consolidated profit after tax for the year would have been HK$7,517,000 higher/lower (2012: HK$8,079,000), arising as a result of the fair value gain/loss of these investments.

The Group's equity investment classified as available-for-sale equity investments is listed on GreTai Security Market ("GTSM") in Taiwan. At 31 December 2013, if the share price of available-for-sale equity investment increase/decrease by 5%, other comprehensive income after tax for the year would have been HK$4,261,000 (2012: HK$7,767,000) higher/lower arising as a result of the fair value gain/loss of this investment.

The Group's debt and fund investments are primarily listed on The Stock Exchange of Hong Kong Limited, The Singapore Exchange Securities Trading Limited or traded over-the-counter. At 31 December 2013, if the prices of the debt and fund investments increase/decrease by 5%, consolidated profit after tax for the year would have been HK$2,346,000 higher/lower (2012: HK$2,228,000), arising as a result of the fair value gain/loss of debt and fund investments classified as financial assets at fair value through profit or loss; and other comprehensive income after tax for the year would have been HK$3,975,000 higher/lower (2012: HK$3,286,000), arising as a result of the fair value gain/loss of debt investments classified as available-for-sales financial assets.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

The carrying amounts of the bank deposits, trade and other receivables, note receivables and investments included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with a credit worthy history.

The credit risk on bank deposits is limited because the counterparties are banks with sound credit standing.

The Group mitigates credit risk by conducting credit analysis on potential debt investments. The Group's debt investments include listed and unlisted debt investments with quoted market prices. These are mainly issued or guaranteed by listed companies or their group companies with sound financial position or good credit standing.

The credit risk on the counterparties fail to meet its obligation when dealing in listed investments or investments traded over-the-counter is limited because the counterparties are well-established securities broker firms or banks in Hong Kong; and

The credit risk on rental deposits is limited because the counterparties are well established real estate developer/ management companies in Hong Kong.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(d) Liquidity risk

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The maturity analysis of the Group's financial liabilities, based on the contractual undiscounted payments, is as follows:

	Less than 1 year/ on demand/ no fixed terms *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Total *HK$'000*
At 31 December 2013				
Trade payables and financial liabilities included in other payables	36,534	–	–	36,534
Interest-bearing bank borrowings	19,560	–	–	19,560
Debentures	627	120	1,710	2,457
	56,721	120	1,710	58,551

	Less than 1 year/ on demand/ no fixed terms *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Total *HK$'000*
At 31 December 2012				
Trade payables and financial liabilities included in other payables	61,064	–	–	61,064
Interest-bearing bank borrowings	2,390	–	–	2,390
Debentures	1,800	627	1,830	4,257
	65,254	627	1,830	67,711

(e) Interest rate risk

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

The Group's convertible bonds and note receivables bear interests at fixed interest rate and therefore are subject to fair value interest rate risk.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

At 31 December 2013, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated profit after tax for the year would have been HK$1,698,000 higher/lower (2012: HK$1,048,000), arising mainly as a result of the net of increase/decrease in the interest income from bank deposits and interest expense on short term bank borrowings.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Categories of financial instruments at 31 December

	2013 HK$'000	2012 HK$'000
Financial assets:		
Financial assets at fair value through profit or loss		
– held for trading	**204,186**	212,606
– designated as such upon initial recognition	**34,000**	147,489
Loans and receivables (including cash and cash equivalents and time deposits)	**514,101**	404,465
Available-for-sale financial assets	**164,723**	221,059
	917,010	985,619
Financial liabilities:		
Financial liabilities at amortised cost	**58,514**	67,636

(g) Fair values

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

6. FAIR VALUE MEASUREMENTS

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

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

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

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

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

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Disclosures of level in fair value hierarchy at 31 December:

Description	Fair value measurements as at 31 December 2013 using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2013 HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	157,258	–	–	157,258
– Listed debt investments	–	25,358	–	25,358
– Unlisted debt and fund investments	–	21,570	–	21,570
– Unlisted equity investment	–	–	34,000	34,000
	157,258	46,928	34,000	238,186
Available-for-sale financial assets:				
– Listed debt investments	–	79,501	–	79,501
– Listed equity investment	85,222	–	–	85,222
	85,222	79,501	–	164,723
Investment properties:				
– Industrial property situated in Hong Kong	–	29,000	–	29,000
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	–	–	77,600	77,600
Total recurring fair value measurements	242,480	155,429	111,600	509,509
Non-recurring fair value measurements:				
Assets classified as disposal group held for sale				
– Resort and recreational club properties situated in the PRC	–	–	72,800	72,800
Total non-recurring fair value measurements	–	–	72,800	72,800

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Disclosures of level in fair value hierarchy at 31 December: (continued)

Description	Fair value measurements as at 31 December 2012 using: Level 1	Level 2	Level 3	Total 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	168,036	—	—	168,036
– Listed debt investments	—	21,356	—	21,356
– Unlisted debt and fund investments	—	23,214	—	23,214
– Unlisted convertible bonds	—	—	147,489	147,489
	168,036	44,570	147,489	360,095
Available-for-sale financial assets:				
– Listed debt investments	—	65,723	—	65,723
– Listed equity investment	155,336	—	—	155,336
	155,336	65,723	—	221,059
Investment properties:				
– Industrial property situated in Hong Kong	—	24,400	—	24,400
– Resort and recreational club properties situated in the PRC	—	—	75,600	75,600
	—	24,400	75,600	100,000
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	—	—	79,800	79,800
Total recurring fair value measurements	323,372	134,693	302,889	760,954

6. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Description	Investment properties	Property, plant and equipment	Financial assets at fair value through profit or loss		Available for-sale financial assets	
	Resort and recreational club properties	Resort and recreational club properties	Unlisted convertible bonds	Unlisted equity investment	Unlisted equity investments	2013 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	75,600	79,800	147,489	–	–	302,889
Total fair value gain or loss recognised in profit or loss*	(5,100)	1,063	4,687	6,576	–	7,226
Depreciation charged to profit or loss	–	(3,272)	–	–	–	(3,272)
Exchange differences recognised in other comprehensive income	2,300	–	–	–	–	2,300
Additions	–	9	–	27,424	–	27,433
Redemption	–	–	(152,176)	–	–	(152,176)
At 31 December 2013	72,800	77,600	–	34,000	–	184,400
* Include gains or losses for assets held at end of reporting period	(5,100)	1,063	–	6,576	–	2,539

6. FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Investment properties	Property, plant and equipment	Financial assets at fair value through profit or loss		Available for-sale financial assets	
Description	Resort and recreational club properties *HK$'000*	Resort and recreational club properties *HK$'000*	Unlisted convertible bonds *HK$'000*	Unlisted equity investment *HK$'000*	Unlisted equity investments *HK$'000*	2012 Total *HK$'000*
At 1 January 2012	80,000	80,000	123,600	–	23,849	307,449
Total fair value gain or loss recognised in profit or loss*	(5,000)	2,623	23,889	–	–	21,512
Depreciation charged to profit or loss	–	(3,246)	–	–	–	(3,246)
Exchange differences recognised in other comprehensive income	600	–	–	–	–	600
Additions	–	423	–	–	–	423
Disposal	–	–	–	–	(23,849)	(23,849)
At 31 December 2012	75,600	79,800	147,489	–	–	302,889
* Include gains or losses for assets held at end of reporting period	(5,000)	2,623	23,889	–	–	21,512

The total fair value gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in "Other operating gains, net", "Fair value gains/(losses) on investment properties, net" and "Deficits write back on revaluation of resort and recreational club properties" in the statement of profit or loss.

The gains or losses recognised in other comprehensive income are presented in the corresponding line item in the statement of profit or loss and other comprehensive income.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December:

The Group's senior management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. In respect of level 3 fair value measurements, the Group normally engages external valuation experts with relevant recognised qualifications and experience to perform the valuations. The senior management review the fair value measurements twice a year, which is in line with the Group's reporting dates.

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

Description	**Valuation technique and key inputs**
Level 2:	
Listed debt investments, unlisted debt and fund investments	Quoted price provided by counterparty financial institutions
Industrial investment properties situated in Hong Kong	Direct comparison method: – Price per square feet
Level 3:	
Resort and recreational club properties situated in the PRC	Direct comparison method: – Hotel room value per square metre – Discount rate
Resort and recreational club properties situated in Hong Kong	Open market and existing use basis with the use of discounted cash flow: – Long-term operating margin – Long-term revenue growth – Discount rate
Unlisted equity investment	Binomial model: – Discount rate
Unlisted convertible bonds	Binomial model: – Price per square metre in respect of properties under development of the issuing company – Expected volatility – Discount rate

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December: (continued)

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

Description	Unobservable inputs	Range 2013	Range 2012	Effect on fair value for increase of inputs
Resort and recreational club properties situated in the PRC	Discount rate	**10.5%**	9.4%	Decrease
Resort and recreational club properties situated in Hong Kong	Discount rate	**9.3%**	9%	Decrease
Unlisted equity investment	Discount rate	**12%**	N/a	Decrease
Unlisted convertible bonds	Expected volatility	**N/a**	36.26%	Increase
	Discount rate	**N/a**	11.19%	Decrease

During the two years, there were no changes in the valuation techniques used.

7. 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 and treasury	Treasury operations and 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. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements.

Segment profits or losses do not include the following:

– Unallocated corporate administrative expenses;

– Share of profits/(losses) of associates;

– Fair value gains/(losses) on investment properties, net;

– Deficits write-back on revaluation of resort and recreational properties;

– Finance costs; and

– Income tax expense.

Segment assets do not include interests in associates and assets attributable to disposal group held for sale. Segment liabilities do not include interest-bearing bank borrowings and liabilities attributable to disposal group held for sale.

7. SEGMENT INFORMATION (CONTINUED)

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

	Wholesale and retail of fashion wear and accessories	Resort and recreational club operations	Investments and treasury	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2013:				
Revenue from external customers	298,136	14,956	18,307	331,399
Segment profit/(loss)	(17,697)	(8,377)	51,783	25,709
Segment profit/(loss) includes:				
Fair value gains on financial assets at fair value through profit or loss, net	–	–	6,844	6,844
Losses on disposal/redemption of financial assets at fair value through profit or loss, net	–	–	(2,751)	(2,751)
Gain on disposal of available-for-sale debt investments	–	–	1,043	1,043
Gain on disposal of available-for-sale equity investments	–	–	35,315	35,315
Gain on disposal of a business	1,723	–	–	1,723
Interest income from:				
– Financial assets at fair value through profit or loss	–	–	11,730	11,730
– Other financial assets	–	–	11,594	11,594
Write-back of accrued payables	1,778	–	–	1,778
Depreciation and amortisation	15,485	4,357	331	20,173
Charge for inventories allowances	15,071	–	–	15,071
Impairment of trade receivables, net	–	30	–	30
Other segment information:				
Share of profits of an associate	2,109	–	–	2,109
Additions to property, plant and equipment	17,507	655	3	18,165
As at 31 December 2013:				
Segment assets	163,039	80,850	878,787	1,122,676
Segment liabilities	(31,875)	(6,112)	(7,937)	(45,924)
Interest in an associate	21,531	–	–	21,531

7. SEGMENT INFORMATION (CONTINUED)

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

	Wholesale and retail of fashion wear and accessories *HK$'000*	Resort and recreational club operations *HK$'000*	Investments and treasury *HK$'000*	Total *HK$'000*
Year ended 31 December 2012:				
Revenue from external customers	307,387	14,975	14,879	337,241
Segment profit/(loss)	2,615	(8,398)	33,386	27,603
Segment profit/(loss) includes:				
Fair value gains on financial assets at fair value through profit or loss, net	—	—	4,428	4,428
Gains on disposal of financial assets at fair value through profit or loss, net	—	—	1,643	1,643
Gain on disposal of available-for-sale debt investments	—	—	1,566	1,566
Gain on disposal of available-for-sale equity investments	—	—	13,475	13,475
Interest income from:				
– Financial assets at fair value through profit or loss	—	—	22,150	22,150
– Other financial assets	—	—	9,116	9,116
Write-back of accrued payables	143	239	—	382
Depreciation and amortisation	14,160	4,330	1,445	19,935
Charge for inventories allowances	16,009	—	—	16,009
Impairment of trade receivables, net	—	30	—	30
Impairment loss of property, plant and equipment	490	—	—	490
Other segment information:				
Share of losses of an associate	—	(1,976)	—	(1,976)
Additions to property, plant and equipment	21,059	578	—	21,637
As at 31 December 2012:				
Segment assets	178,388	159,319	923,680	1,261,387
Segment liabilities	(45,625)	(21,648)	(13,907)	(81,180)
Interest in an associate	—	17,059	—	17,059

7. SEGMENT INFORMATION (CONTINUED)

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

	2013 HK$'000	2012 HK$'000
Profit or loss		
Total profit or loss of reportable segments	25,709	27,603
Unallocated corporate administrative expenses	(4,056)	(6,187)
Share of profits/(losses) of associates	2,109	(1,976)
Fair value gains/(losses) on investment properties, net	(500)	1,400
Deficits write-back on revaluation of resort and recreational club properties	1,063	2,623
Finance costs	(821)	(750)
Consolidated profit for the year	23,504	22,713
Assets		
Total assets of reportable segments	1,122,676	1,261,387
Assets attributable to disposal group held for sale	89,416	—
Interests in associates	21,531	17,059
Consolidated total assets	1,233,623	1,278,446
Liabilities		
Total liabilities of reportable segments	(45,924)	(81,180)
Interest-bearing bank borrowings	(19,560)	(2,390)
Liabilities attributable to disposal group held for sale	(11,347)	—
Consolidated total liabilities	(76,831)	(83,570)

Geographical information:

	Revenue		Non-current assets	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Hong Kong	308,998	318,681	140,443	123,410
Mainland China	17,200	14,310	11,637	100,328
Other Asia Pacific regions	4,715	3,999	601	637
Others	486	251	—	—
Consolidated total	331,399	337,241	152,681	224,375

In presenting the geographical information, revenue is based on the locations of the customers; non-current assets exclude financial assets and deferred tax assets and are based on the locations of the assets.

8. REVENUE

The principal activities of the Group are wholesale and retail of fashion wear and accessories, resort and recreational club operations, and investment and treasury operations. The Group also invests in associates in the same industries. An analysis of revenue of the Group and share of associates' revenue by operating activities is as follows:

	2013	2012
	HK$'000	*HK$'000*
Wholesale and retail of fashion wear and accessories	**298,136**	307,387
Resort and recreational club operations	**14,956**	14,975
Dividend income from listed equity investments	**5,553**	5,541
Dividend income from an unlisted fund investment	**436**	222
Dividend income from available-for-sale equity investments	**724**	—
Interest income	**11,594**	9,116
Revenue of the Group	**331,399**	337,241
Share of revenue of associates from		
Wholesale and retail of fashion wear and accessories	**13,256**	—
Resort and recreational club operations	**—**	12,025
	344,655	349,266

The Group's share of revenue of associates is included in the share of profits/(losses) of associates in the consolidated statement of profit or loss.

9. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Rental income	**900**	805
Management fees	**1,360**	1,002
Others	**372**	3,916
	2,632	5,723

10. FINANCE COSTS

	2013 *HK$'000*	2012 *HK$'000*
Interest on bank loans and overdrafts	783	629
Accretion of interest on debentures	38	121
	821	750

11. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2013 (2012: Nil) as the Company and its subsidiaries either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

The tax rate applicable for the assessable profit arising in Hong Kong is 16.5% (2012: 16.5%).

The tax rate applicable to the subsidiaries in the PRC for PRC enterprise income tax is 25% (2012: 25%).

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

A reconciliation of the income tax expense and the product of profit before tax multiplied by the weighted average tax rate of the consolidated companies and a reconciliation of the weighted average rate to the effective tax rate, are as follows:

	2013		2012	
	HK$'000	%	*HK$'000*	%
Profit before tax	23,504		22,713	
Tax at the weighted average tax rate	(4,488)	(19.1)	395	1.7
Tax effect of income that is not taxable	(3,635)	(15.5)	(5,567)	(24.5)
Tax effect of expenses that are not deductible	6,658	28.3	6,441	28.4
Tax effect of utilisation of tax losses not previously recognised	(5,750)	(24.5)	(6,499)	(28.6)
Tax effect of tax losses not recognised	7,215	30.8	5,230	23.0
Income tax expense at effective tax rate	–	–	–	–

12. PROFIT FOR THE YEAR

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

	2013 *HK$'000*	2012 *HK$'000*
Cost of inventories sold#	**133,325**	136,745
Depreciation	**20,088**	19,850
Amortisation of intangible assets	**85**	85
Auditor's remuneration for audit services	**1,045**	1,009
Other operating lease charges for land and buildings (included contingent rentals of HK$5,492,000 (2012: HK$5,789,000))	**81,938**	71,754
Charge for inventories allowances	**15,071**	16,009
Direct operating expenses of investment properties that generate rental income	**129**	61
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	**(2,285)**	(1,992)
Fair value gains, net	**(268)**	(697)
Gains on disposal, net	**(2,007)**	(1,643)
	(4,560)	(4,332)
Designated as such upon initial recognition		
Interest income	**(9,445)**	(20,158)
Fair value gains, net	**(6,576)**	(3,731)
Loss on redemption	**4,758**	—
	(11,263)	(23,889)
Fair value losses/(gains) on investment properties, net	**500**	(1,400)
Gain on disposal of available-for-sales debt investments*	**(1,043)**	(1,566)
Gain on disposal of available-for-sales equity investments*	**(35,315)**	(13,475)
Loss on disposal of property, plant and equipment*	**3**	5
Employee benefits expense (including directors' emoluments *(note 13)*):		
Salaries, wages and other benefits	**80,988**	75,290
Pension scheme contributions under defined contribution schemes	**3,619**	2,964
	84,607	78,254
Amortisation of deferred revenue	**(37)**	(3,122)
Write-back of accrued payables*	**(1,778)**	(382)
Rental income	**(900)**	(805)
Foreign exchange gains, net*	**(6,118)**	(2,572)
Impairment of trade receivables, net	**30**	30
Impairment loss of property, plant and equipment*	**—**	490
Deficits write-back on revaluation of resort and recreational club properties	**(1,063)**	(2,623)
Gain on disposal of a business*	**(1,723)**	—

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

\# Cost of inventories sold included charge of inventories allowances of HK$15,071,000 (2012: HK$16,009,000).

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) The emoluments of each director, including the Chief Executive, were as follows:

	Fees *HK$'000*	Salaries allowances and benefits in kind *HK$'000*	Performance related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:					
Mr. Joseph Wing Kong LEUNG *(note i)*	120	1,599	100	–	1,819
Mr. Raymond Siu Wing CHAN	60	2,095	100	15	2,270
Mr. Victor Yiu Keung CHIANG	60	1,904	100	15	2,079
Mr. Derek Wai Choi LEUNG	60	–	100	–	160
Mr. Wing Tung YEUNG	60	2,247	100	15	2,422
Independent non-executive directors *(note iii)*:					
Dr. Jen CHEN	95	–	–	–	95
Mr. David Kwok Kwei LO	85	–	–	–	85
Mr. Ian Grant ROBINSON	290	–	–	–	290
Mr. Chi Keung WONG	110	–	–	–	110
Total for 2013	940	7,845	500	45	9,330

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) The emoluments of each director, including the Chief Executive, were as follows: (continued)

	Fees	Salaries allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:					
Mr. Joseph Wing Kong LEUNG *(note i)*	120	1,380	215	–	1,715
Mr. Raymond Siu Wing CHAN	60	2,040	100	14	2,214
Mr. Victor Yiu Keung CHIANG	60	1,776	100	14	1,950
Mr. Derek Wai Choi LEUNG	60	–	100	–	160
Mr. Wing Tung YEUNG	60	2,128	100	14	2,302
Non-executive director:					
Mr. Raymond Shing Loong WONG *(note ii)*	60	–	–	–	60
Independent non-executive directors:					
Dr. Cecil Sze Tsung CHAO *(note ii)*	60	–	–	–	60
Dr. Jen CHEN	60	–	–	–	60
Mr. David Kwok Kwei LO	60	–	–	–	60
Mr. Ian Grant ROBINSON	240	–	–	–	240
Mr. Chi Keung WONG	60	–	–	–	60
Total for 2012	900	7,324	615	42	8,881

Note:

(i) Chairman and Acting Chief Executive Officer

(ii) Resigned on 1 January 2013

(iii) In addition to the annual fee, Independent Non-executive Directors are entitled to an attendance fee of HK$5,000 for attending each physical Board meeting or committee meeting or general meeting of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2012: Nil).

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals:

The five highest paid individuals in the Group during the year included four (2012: four) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining one (2012: one) individual are set out below:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kind	2,460	2,445
Performance related bonuses	62	100
Pension scheme contributions	—	14
	2,522	2,559

The emoluments fell within the following bands:

	Number of individuals 2013	2012
HK$2,500,001 to HK$3,000,000	1	1

No share options or any other forms of share-based payments were granted to the directors and highest paid individuals during the year (2012: Nil).

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(c) Emoluments of senior management

The emoluments of the senior management, whose profiles are included in Senior Management Profile section of 2013 and 2012 annual report of the Company and included one (2012: one) of the five highest paid individuals analysis presented above, fell within the following bands:

	Number of individuals	
	2013	2012
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	—
HK$2,000,001 to HK$2,500,000	**—**	—
HK$2,500,001 to HK$3,000,000	**1**	1
	6	5

14. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year of approximately HK$8,670,000 (2012: profit of HK$129,068,000) attributable to owners of the Company was dealt with in the financial statements of the Company.

15. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK$24,217,000 (2012: HK$22,770,000) and the weighted average number of ordinary shares of 1,650,658,676 (2012: 1,650,658,676) in issue during the year.

(b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2013 and 2012.

16. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Resort and recreational club properties *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost or valuation:					
At 1 January 2012	80,000	7,836	58,546	3,432	149,814
Additions	423	—	21,214	—	21,637
Disposals	—	—	(11,642)	(481)	(12,123)
Deficits write-back on revaluation	2,623	—	—	—	2,623
Elimination of accumulated depreciation	(3,246)	—	—	—	(3,246)
Exchange realignment	—	2	62	6	70
At 31 December 2012 and 1 January 2013	79,800	7,838	68,180	2,957	158,775
Additions	9	—	17,564	592	18,165
Disposals	—	(451)	(5,716)	—	(6,167)
Deficits write-back on revaluation	1,063	—	—	—	1,063
Elimination of accumulated depreciation	(3,272)	—	—	—	(3,272)
Transfer to disposal group held for sale *(note 27)*	—	—	(17)	—	(17)
Disposal of a business *(note 35)*	—	—	(5,870)	—	(5,870)
Exchange realignment	—	13	402	7	422
At 31 December 2013	77,600	7,400	74,543	3,556	163,099

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group				
	Resort and recreational club properties	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accumulated depreciation and impairment:					
At 1 January 2012	—	4,863	39,667	3,374	47,904
Depreciation provided during the year	3,246	1,775	14,804	25	19,850
Impairment loss	—	—	490	—	490
Write-back on revaluation	(3,246)	—	—	—	(3,246)
Disposals	—	—	(11,633)	(481)	(12,114)
Exchange realignment	—	2	34	5	41
At 31 December 2012 and 1 January 2013	—	6,640	43,362	2,923	52,925
Depreciation provided during the year	3,272	769	16,011	36	20,088
Write-back on revaluation	(3,272)	—	—	—	(3,272)
Disposals	—	(451)	(5,713)	—	(6,164)
Transfer to disposal group held for sale *(note 27)*	—	—	(7)	—	(7)
Disposal of a business *(note 35)*	—	—	(1,433)	—	(1,433)
Exchange realignment	—	13	174	6	193
At 31 December 2013	—	6,971	52,394	2,965	62,330
Net carrying amount:					
At 31 December 2013	77,600	429	22,149	591	100,769
At 31 December 2012	79,800	1,198	24,818	34	105,850

The analysis of the cost or valuation at 31 December 2013 of the above assets is as follows:

At cost	—	7,400	74,543	3,556	85,499
At valuation	77,600	—	—	—	77,600
	77,600	7,400	74,543	3,556	163,099

The analysis of the cost or valuation at 31 December 2012 of the above assets is as follows:

At cost	—	7,838	68,180	2,957	78,975
At valuation	79,800	—	—	—	79,800
	79,800	7,838	68,180	2,957	158,775

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's resort and recreational club properties were revalued at 31 December 2013 and 2012 by independent professional qualified valuers, DTZ Debenham Tie Leung Limited ("DTZ"), based on open market and existing use basis.

The carrying amounts of the Group's resort and recreational club properties would have been HK$30,347,000 (2012: HK$31,244,000) had they been stated at cost less accumulated depreciation and impairment losses.

The Group's resort and recreational club properties are situated in Hong Kong and are held under medium term leases.

	Company		
	Leasehold improvements *HK$'000*	**Furniture, fixtures and equipment** *HK$'000*	**Total** *HK$'000*
Cost:			
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	7,401	1,242	8,643
Accumulated depreciation and impairment:			
At 1 January 2012	4,428	738	5,166
Depreciation provided during the year	1,775	245	2,020
At 31 December 2012 and 1 January 2013	6,203	983	7,186
Depreciation provided during the year	769	135	904
At 31 December 2013	6,972	1,118	8,090
Net carrying amount:			
At 31 December 2013	429	124	553
At 31 December 2012	1,198	259	1,457

17. INVESTMENT PROPERTIES

	Group	
	2013	2012
	HK$'000	*HK$'000*
At 1 January	**100,000**	98,000
Fair value gains/(losses), net	**(500)**	1,400
Transfer to disposal group held for sale *(note 27)*	**(72,800)**	—
Exchange realignment	**2,300**	600
At 31 December	**29,000**	100,000

At 31 December 2013, the Group's investment properties comprised industrial property units situated in Hong Kong of HK$29,000,000 (2012: HK$24,400,000) and resort and recreational club properties situated in Mainland China of HK$72,800,000 (2012: HK$75,600,000). As disclosed in note 27 to the financial statements, the Group classified the resort and recreational club properties situated in Mainland China as disposal group held for sale as at 31 December 2013. The Group's industrial property units are held under medium term leases whereas the resort and recreational club properties situated in Mainland China are held under short term leases (2012: medium term leases).

The Group's industrial property units are held to earn rental income and capital appreciation purpose whereas its resort and recreational club properties are held for lease to an associate of the Group, Shanghai Landis Hospitality Management Co. Ltd. ("Shanghai Landis"), under an operating lease arrangement for resort and recreational club operations. Further summary details of the operating lease arrangement are included in note 27 to the financial statements.

The Group's investment properties were revalued individually at 31 December 2013 and 2012 by independent professional qualified valuers, DTZ. Valuation of industrial property and resort and recreational club properties situated in Mainland China were based on direct comparison method.

	Company	
	2013	2012
	HK$'000	*HK$'000*
At 1 January	**104,200**	98,000
Fair value gains, net	**2,400**	6,200
At 31 December	**106,600**	104,200

17. INVESTMENT PROPERTIES (CONTINUED)

At 31 December 2013, the Company's investment properties comprised industrial property units of HK$29,000,000 (2012: HK$24,400,000) and resort and recreational club properties of HK$77,600,000 (2012: HK$79,800,000) which are situated in Hong Kong. These properties are held under medium term leases.

The Company's industrial property units are held to earn rental income and capital appreciation purpose whereas its resort and recreational club properties situated in Hong Kong are leased to its wholly owned subsidiary, Hill Top Country Club Limited, for resort and recreational club operations.

The Company's investment properties were revalued individually at 31 December 2013 and 2012 by independent professional qualified valuers, DTZ. Valuations were based on direct comparison method for all properties except for the resort and recreational club properties situated in Hong Kong, which were valued based on open market, existing use basis.

Further particulars of the Group's investment properties are included on page 112.

18. INTANGIBLE ASSETS

	Group Trademarks *HK$'000*
Cost:	
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	**1,700**
Accumulated amortisation:	
At 1 January 2012	149
Amortisation for the year	85
At 31 December 2012 and 1 January 2013	**234**
Amortisation for the year	**85**
At 31 December 2013	**319**
Net carrying amount:	
At 31 December 2013	**1,381**
At 31 December 2012	1,466

The Group's trademarks protect the design and specification of the Group's products. The average remaining amortisation period of the trademarks is approximately 16 years (2012: 17 years).

19. INTERESTS IN SUBSIDIARIES

	Company 2013 HK$'000	Company 2012 HK$'000
Unlisted shares, at cost	12,700	12,700
Due from subsidiaries	913,604	1,563,971
	926,304	1,576,671
Provision for impairment	(526,385)	(1,011,355)
	399,919	565,316

Non-current portion of the amounts due from subsidiaries are unsecured, interest-free and not due for settlement within one year except for principal amount of HK$100,000,000 included in the carrying amount as at 31 December 2012 which bears interest at 12% per annum compounded semi-annually.

The amount due from a subsidiary which is classified as current assets is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operation	Nominal value of issued ordinary share/paid up registered capital	Percentage of ownership attributable to the Company Direct	Percentage of ownership attributable to the Company Indirect	Principal activities
Cesare di Pino Company Limited	Hong Kong	HK$10,000	–	100	Retail and wholesale of fashion wear and accessories
Cesare di Pino (Beijing) Limited (帝奇諾(北京)時裝有限公司)*#	PRC/Mainland China	US$1,400,000	–	100	Retail and wholesale of fashion wear and accessories
Cosy Good Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding

19. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and operation	Nominal value of issued ordinary share/paid up registered capital	Percentage of ownership attributable to the Company Direct	Percentage of ownership attributable to the Company Indirect	Principal activities
e-Media (Asia) Limited	Cayman Islands/Hong Kong	US$1	100	–	Investment holding
ENM Investments Limited	Cayman Islands/Hong Kong	US$1	100	–	Investment holding
ENM Wealth Management Limited	British Virgin Islands/Hong Kong	US$1	100	–	Investment holding and securities trading
Hill Top Country Club Limited	Hong Kong	HK$10,000,000	100	–	Recreational club operations
Jackpot International Business Inc.	British Virgin Islands/Hong Kong	US$1	–	100	Investment holding
Kenmure Limited	Hong Kong	HK$55,000,000	–	100	Investment holding
Richtime Management Limited	British Virgin Islands/Hong Kong	US$1	–	100	Investment holding
Shanghai Hilltop Resort Hotel Ltd. (上海顯達渡假酒店有限公司) ("Shanghai Hilltop")**#	PRC/Mainland China	US$16,098,610	100	–	Property investment in a resort and recreational club
The Swank Shop (Beijing) Limited (安寧詩韻(北京)時裝有限公司)*#	PRC/Mainland China	US$3,000,000	–	100	Retail and wholesale of fashion wear and accessories
The Swank Shop Limited	Hong Kong	HK$104,500,000	–	100	Retail and wholesale of fashion wear and accessories
Wintalent International Limited	British Virgin Islands/Hong Kong	US$1	–	100	Investment holding

* Registered as a wholly-foreign-owned enterprise established in the PRC

** Registered as a Sino-foreign co-operation joint venture established in the PRC

\# The English names are direct translations of the Chinese names of the entities

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

As disclosed in note 27 to the financial statements, the Company classified the interest in Shanghai Hilltop as assets held for sale as at 31 December 2013.

20. INTERESTS IN ASSOCIATES

	Group 2013 HK$'000	Group 2012 HK$'000
Unlisted investment:		
Share of net assets	**1,033**	12,770
Goodwill on acquisition	**–**	467
	1,033	13,237
Due from associates	**20,498**	3,822
	21,531	17,059

As at 31 December 2013, amount due from an associate with principal amount of HK$20,090,000 is unsecured, bearing interest at 3.5% per annum and not due for settlement within one year (2012: Principal amount of US$144,000 (equivalent to HK$1,117,000) is unsecured, bearing interest at London interbank offered rate plus 2% and not due for settlement within one year). Other than the above, the amounts due from associates are unsecured, interest free & have no fixed term of repayment.

Particulars of the associates are as follows:

Name	Nominal value of issued ordinary share/paid up registered capital	Place of registration	Percentage of ownership interest attributable to the Group 2013	Percentage of ownership interest attributable to the Group 2012	Principal activities
Shanghai Landis Hospitality Management Co. Ltd. (上海麗致育樂經營管理有限公司) ("Shanghai Landis")#	US$8,000,000	PRC	**35**	35	Resort and recreational club management
Brunello Cucinelli Hong Kong Limited ("BCHK")	HK$2,000,000	Hong Kong	**49**	–	Retail and wholesale of fashion wear and accessories

The English name is a direct translation of the Chinese name of the company.

20. INTERESTS IN ASSOCIATES (CONTINUED)

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information of the associates is presented in accordance with the Group's accounting policy.

Name	Shanghai Landis Hospitality Management Co. Ltd.		Brunello Cucinelli Hong Kong Limited	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At 31 December:				
Non-current assets	**N/a**	49,520	**3,589**	N/a
Current assets	**N/a**	13,746	**48,748**	N/a
Current liabilities	**N/a**	(26,781)	**(50,228)**	N/a
Net assets	**N/a**	36,485	**2,109**	N/a
Group's share of net assets	**N/a**	12,770	**1,033**	N/a
Goodwill	**N/a**	467	**–**	N/a
Amount due from associates	**N/a**	3,822	**20,498**	N/a
Group's share of carrying amount of interests	**N/a**	17,059	**21,531**	N/a
Year ended 31 December				
Revenue	**N/a**	34,357	**27,054**	N/a
Profit/(loss) and total comprehensive income/(loss) for the year	**N/a**	(5,646)	**4,304**	N/a

As disclosed in note 27 to the financial statements, the interest in Shanghai Landis which formed part of the disposal group are classified as disposal group held for sale as at 31 December 2013. Accordingly, no financial information of Shanghai Landis was disclosed for the year ended 31 December 2013.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed investments, at fair value *(note a)*:				
Hong Kong	**162,996**	172,146	**143,980**	169,994
Outside Hong Kong	**19,620**	17,246	**14,086**	17,246
Market value of listed investments	**182,616**	189,392	**158,066**	187,240
Unlisted investments, at fair value:				
Convertible bonds *(note b)*	**—**	147,489	**—**	—
Equity investment *(note c)*	**34,000**	—	**—**	—
Others *(note d)*	**21,570**	23,214	**5,945**	7,652
	55,570	170,703	**5,945**	7,652
	238,186	360,095	**164,011**	194,892
Analysed as:				
Current assets	**204,186**	212,606	**164,011**	194,892
Non-current assets	**34,000**	147,489	**—**	—
	238,186	360,095	**164,011**	194,892

Notes:

(a) The listed investments at 31 December 2013 and 2012 were classified as held for trading. The fair values of listed investments are based on quoted market prices.

At 31 December 2013, the carrying amount of listed investments at fair value amounting to HK$1,596,000 (2012: Nil) was pledged as security for the Group's bank loans.

As at 31 December 2013 and 2012, the above listed investments included the ordinary shares of HK$2 each of China Motor Bus Company, Limited, a company incorporated in Hong Kong, as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Market value of ordinary shares of China Motor Bus Company, Limited	**117,364**	132,517	**117,364**	132,517
Proportion of ownership interest	**3.96%**	4.5%	**3.96%**	4.5%

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

Notes: (continued)

(b) In 2010, the Group entered into the convertible bonds subscription agreement with Skyjoy Assets Management Limited ("Skyjoy") and two other subscribers. Pursuant to which Skyjoy had issued guaranteed secured convertible bonds in the principal amount of HK$400,000,000 to the subscribers (the "Subscription"), of which HK$100,000,000 was subscribed by the Group (the "Unlisted Convertible Bonds"). The Subscription was completed on 9 July 2010. Skyjoy and its subsidiary, which are principally engaged in property investment and development in the PRC, have the ultimate beneficial interest of the land with a site area of approximately 62,000 square meters in Shijiazhuang, PRC. The Unlisted Convertible Bonds are convertible into a maximum of 900 shares of US$1.00 each representing 9% of the issued share capital of Skyjoy on a fully diluted basis. The conversion period is from the expiry of three years from the issue date up to maturity which is the fifth anniversary from the issue date. Details of the principal terms of the Unlisted Convertible Bonds are set out in the Company's announcement dated 7 February 2010. The Unlisted Convertible Bonds were designated as financial assets at fair value through profit or loss. The Group intended to hold the Unlisted Convertible Bonds for long-term investment purposes.

As at 31 December 2012, the fair value of the Unlisted Convertible Bonds were determined with reference to the valuation performed by CBRE HK Limited, a firm of independent professional qualified valuers, using the binomial model. The major input of the binomial model is the fair value of the equity interest of Skyjoy derived by assets approach, which is used as the share price input into the binomial mode. Other key inputs and assumptions used in the valuation model are disclosed in note 6 to the financial statements.

On 31 May 2013, the Group entered into the agreement regarding the early redemption of the Unlisted Convertible Bonds whereby the Group accepted the early redemption of the Unlisted Convertible Bonds at the redemption amount of HK$152,176,000, being the aggregate of the outstanding principal and interest payable thereof (the "Early Redemption"). The Early Redemption was completed on 31 May 2013 and a loss on redemption of HK$4,758,000 was recognised in the profit or loss for the year ended 31 December 2013.

Interest income from the Unlisted Convertible Bonds is recognised based on effective interest rates at 19.66%.

(c) Pursuant to the share purchase agreement dated 13 June 2013 and a supplemental agreement dated 7 August 2013 entered into between the Group, Fullgold Development Limited ("FDL"), PuraPharm and Mr. CHAN Yu Ling Abraham (who is the controlling shareholders of PuraPharm), the Group acquired from FDL 5% equity interest in PuraPharm (the "Sales Shares") at a total consideration of US$3,524,962 (equivalent to approximately HK$27,424,000). PuraPharm and its subsidiaries engage in the research and development, manufacturing and sale of Chinese medicines products and health food products, as well as the operation of Chinese medicine clinics, dispensaries of Chinese medicines and Chinese herbal plantation. Subject to certain conditions, the Group may require FDL to repurchase the Sales Shares; and FDL may repurchase the Sales Shares at an agreed redemption/repurchase price. Further details of the above were set out in the Company's announcements dated 13 June 2013 and 7 August 2013.

The investment in PuraPharm was designated as financial assets at fair value through profit or loss.

The fair value of the investment in PuraPharm was determined with reference to the valuation performed by CBRE HK Limited, a firm of independent professional qualified valuers, using the binomial model. The key inputs and assumptions used in the valuation model are disclosed in note 6 to the financial statements.

(d) Other unlisted investments at 31 December 2013 and 2012 included debt and fund investments and were classified as held for trading. The fair values of the unlisted investments are based on the price quoted by the issuer/bank. The directors believe that the estimated fair value quoted by the issuer/bank is reasonable, and that it is the most appropriate value at the end of the reporting period.

22. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Equity investment listed outside Hong Kong, at fair value	**85,222**	155,336

The listed equity investment as at 31 December 2013 and 2012 represents an investment in Genovate Biotechnology Company Limited ("Genovate"), which is a fully integrated specialty pharmaceutical company that focuses on new drug development, drug manufacturing, drug marketing and distribution in Taiwan and the region.

The fair value of investment in Genovate as at 31 December 2013 and 2012 was based on quoted market price.

23. AVAILABLE-FOR-SALE DEBT INVESTMENTS – NOTES RECEIVABLES

	Group	
	2013	2012
	HK$'000	*HK$'000*
Listed senior notes*, at fair value:		
Market value of listed senior notes	**79,501**	65,723

* Listed as selectively marketed securities on The Stock Exchange of Hong Kong Limited and The Singapore Exchange Securities Trading Limited.

At 31 December 2013, the Group held listed senior notes with an aggregate principal amount of US$10,115,000 (equivalent to HK$78,695,000) (2012: US$7,999,000 (equivalent to HK$62,232,000)), which were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited. The fair value of the listed senior notes is based on quoted market prices. The senior notes have maturity dates ranging from 16 February 2015 to 20 September 2022 (2012: 16 February 2015 to 20 September 2022).

Interest income from the listed senior notes is recognised based on effective interest rates ranging from 3.3% to 12.45% (2012: 3.3% to 12.45%).

23. AVAILABLE-FOR-SALE DEBT INVESTMENTS – NOTES RECEIVABLES (CONTINUED)

	Company	
	2013	2012
	HK$'000	*HK$'000*
Listed senior notes*, at fair value:		
Market value of listed senior notes	**4,699**	12,617

* Listed as selectively marketed securities on The Stock Exchange of Hong Kong Limited and The Singapore Exchange Securities Trading Limited.

At 31 December 2013, the Company held listed senior notes with an aggregate principal amount of US$570,000 (equivalent to HK$4,435,000) (2012: US$1,454,000 (equivalent to HK$11,312,000)), which were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited. The fair value of the listed senior notes is based on quoted market prices. The senior notes have maturity dates ranging from 22 April 2017 to 29 January 2018 (2012: 11 August 2015 to 16 October 2017).

Interest income from the listed senior notes is recognised based on effective interest rates ranging from 6.25% to 12.45% (2012: 5.41% to 12.45%).

24. INVENTORIES

As at 31 December 2013 and 2012, all of the Group's inventories represented finished goods.

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**5,005**	4,957	**–**	–
Less: Impairment of trade receivables	**(351)**	(321)	**–**	–
	4,654	4,636	**–**	–
Rental and other deposits	**26,309**	32,093	**1,090**	1,087
Prepayments and other receivables	**23,602**	28,636	**15,113**	4,795
	54,565	65,365	**16,203**	5,882

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.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**3,530**	4,257
2 to 3 months	**1,110**	371
Over 3 months	**14**	8
	4,654	4,636

Reconciliation of impairment of trade receivables:

	Group	
	2013	2012
	HK$'000	*HK$'000*
At 1 January	**321**	291
Impairment losses recognised, net	**30**	30
At 31 December	**351**	321

As at 31 December 2013, trade receivables of HK$477,000 (2012: HK$219,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An ageing analysis of these trade receivables is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Less than 1 month past due	**443**	193
1 to 3 months past due	**27**	22
Over 3 months past due	**7**	4
	477	219

Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong dollars	**2,459**	4,251
Renminbi	**2,195**	385
	4,654	4,636

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

The Group's and the Company's pledged bank deposits were deposits pledged to banks to secure banking facilities granted to the Group as set out in note 29 to the financial statements.

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollars	**145,279**	61,662	**120,205**	17,305
US dollars	**163,057**	199,804	**140,711**	188,989
Renminbi*	**140,006**	80,543	**127,779**	61,662
New Taiwan dollars	**10,436**	10	**—**	—
Others	**1,315**	1,820	**10**	541
	460,093	343,839	**388,705**	268,497

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

27. DISPOSAL GROUP AND ASSETS HELD FOR SALE

On 4 August 2012, the Group entered into the first disposal agreement (the “First Disposal Agreement”) with Shanghai Xingyuan Shiyei Company Limited (上海興遠實業有限公司) (“Xingyuan”), pursuant to which the Group conditionally agreed to dispose of its entire equity interest in its wholly-owned subsidiary, Shanghai Hilltop, for a consideration of RMB46,750,000 (equivalent to approximately HK$57,503,000) and the second disposal agreement (the “Second Disposal Agreement”) with Xingyuan and other vendors pursuant to which the Group conditionally agreed to dispose of its entire equity interest of 35% in its associate, Shanghai Landis, for a consideration of RMB23,250,500 (equivalent to approximately HK$28,598,000). Details of the First Disposal Agreement and the Second Disposal Agreement are set out in the Company’s announcement and circular dated 4 August 2012 and 4 September 2012 respectively.

The disposals constitute a connected transaction, as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of the Directors of the 2012 Annual Report.

The First Disposal Agreement and Second Disposal Agreement are inter-conditional. The successful completion of the disposals is subject to the fulfillment of the conditions stated in the First Disposal Agreement and Second Disposal Agreement, which include the approval from relevant authorities in the PRC. During the year, the proposed transfer of equity interests in Shanghai Hilltop and Shanghai Landis were approved by the Shanghai Municipal Commission of Commerce and Putuo District Commission of Commerce respectively. The management does not foresee any significant obstacle to satisfy the remaining preceding conditions to complete these transactions and expects that the proposed disposals would be completed within one year from reporting date.

The assets and liabilities attributable to Shanghai Hilltop and Shanghai Landis, which are expected to be sold within twelve months from the year end date, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised in respect of the disposal group held for sale.

27. DISPOSAL GROUP AND ASSETS HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities of the Group comprising the disposal group classified as held for sale at 31 December 2013 are as follows:

	Group
	HK$'000
Total assets held for sale	
Furniture, fixture and equipment	10
Investment property	72,800
Interest in an associate	16,404
Prepayments and other receivables	82
Cash and bank balances	120
	89,416
Total liabilities held for sale	
Accruals and other payables	822
Deferred revenue	10,525
	11,347
Net assets of disposal group	78,069

At 31 December 2013, cumulative income or expense recognised in other comprehensive income of the Group relating to the disposal group classified as held for sale amounted to gain of HK$12,261,000.

Shanghai Hilltop has entered into an operating lease arrangement with Shanghai Landis for the lease of resort and recreational club properties (classified as investment properties under the disposal group held for sale) under which the effective lease period is from 1 July 2006 to 30 June 2016. At 31 December 2013, the total future minimum lease receivables under the operating lease with Shanghai Landis falling due as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	1,711	1,662
In the second to fifth years, inclusive	2,567	4,154
	4,278	5,816

The operating lease receipts of the resort and recreational club properties are based on revenue generated from the resort and recreational club plus fixed minimum rental. The minimum rental has been used to compute the above commitments.

27. DISPOSAL GROUP AND ASSETS HELD FOR SALE (CONTINUED)

The assets of the Company classified as held for sale at 31 December 2013 are as follows:

	Company
	HK$'000
Interest in a subsidiary — Shanghai Hilltop	59,700

No cumulative income or expense recognised in other comprehensive income of the Company relating to the assets classified as held for sale.

28. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 31 December 2013 are trade and bills payables of HK$14,162,000 (2012: HK$21,568,000). As at 31 December 2013, the Company had no trade and bills payables (2012: Nil). An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**11,857**	20,004
2 to 3 months	**1,884**	1,116
Over 3 months	**421**	448
	14,162	21,568

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

	2013	2012
	HK$'000	*HK$'000*
Hong Kong dollars	**1,355**	599
US dollars	**323**	166
Euro dollars	**12,457**	20,245
Others	**27**	558
Total	**14,162**	21,568

29. INTEREST-BEARING BANK BORROWINGS

	Group	
	2013	2012
	HK$'000	*HK$'000*
Bank loans	**19,560**	2,390

The interest-bearing bank borrowings of the Group are repayable within one year.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Hong Kong dollars	Japanese Yen	Total
	HK$'000	*HK$'000*	*HK$'000*
2013			
Bank loans	**18,059**	**1,501**	**19,560**
2012			
Bank loans	2,390	–	2,390

The effective interest rates at 31 December were as follows:

	2013	2012
Bank loans	**0.85% to 5.25%**	2.4% to 5.25%

Bank loans of HK$8,256,000 (2012: HK$1,092,000) are secured by a charge over the Group's time deposits of HK$10,000,000 (2012: HK$10,000,000) and listed equity investments of HK$1,596,000 (2012: Nil). The remaining balance is unsecured.

30. DEBENTURES

Each debenture holder is entitled to be a debenture member of the Hilltop Country Club (the "Club") operated by a subsidiary of the Company, Hill Top Country Club Limited, subject to the rules and by-laws of the Club so long as the debentures shall remain outstanding, and has the right to use and enjoy all the facilities of the Club free from payment of monthly subscription. As at 31 December 2013, the redeemable periods of the Group's debentures carried at amortised cost were as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within one year classified as current liabilities	**624**	1,775
In the second year	**119**	621
In the third to fifth years, inclusive	**1,677**	1,786
Non-current portion	**1,796**	2,407
	2,420	4,182

All redeemable debentures are denominated in Hong Kong dollars, interest-free and may be renewed upon maturity.

31. DEFERRED TAX

The following are deferred tax liabilities and assets recognised by the Group:

	Group		
	Depreciation allowance in excess of related depreciation	**Losses available for offsetting against future taxable profits**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 January 2012	9,795	(9,795)	–
Deferred tax charged/(credited) to the profit/loss for the year	(6,257)	6,257	–
At 31 December 2012 and at 1 January 2013	**3,538**	**(3,538)**	**–**
Deferred tax charged/(credited) to the profit/loss for the year	**132**	**(132)**	**–**
At 31 December 2013	**3,670**	**(3,670)**	**–**

31. DEFERRED TAX (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of HK$587,976,000 (2012: HK$589,107,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$22,240,000 (2012: HK$21,443,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$565,736,000 (2012: HK$567,664,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$21,103,000 (2012: HK$10,395,000) with a time limit of five years from the year the losses were incurred. Other tax losses may be carried forward indefinitely.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2009 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. The tax rate applicable to the Group is 5%. The Group is therefore liable to withholding taxes on any dividends distributed by its subsidiaries established in the PRC in respect of earnings generated from 1 January 2009.

At the end of the reporting period, the Group's subsidiaries established in Mainland China have no undistributed earnings and accordingly no deferred tax liabilities were recognised in respect of this.

32. SHARE CAPITAL

	Group and Company	
	2013	2012
	HK$'000	*HK$'000*
Authorised:		
100,000,000,000 (2012: 100,000,000,000) ordinary shares of HK$0.01 each	**1,000,000**	1,000,000
Issued and fully paid:		
1,650,658,676 (2012: 1,650,658,676) ordinary shares of HK$0.01 each	**16,507**	16,507

A capital reorganisation scheme was approved by the shareholders at an extraordinary general meeting on 11 July 2002 and was subsequently confirmed by the sanction of an order of the High Court of Hong Kong dated 6 August 2002. Details of the capital reorganisation scheme are as follows:

(a) the authorised share capital of the Company was reduced from HK$1,000,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.50 each) to HK$20,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.01 each). Such reduction was effected by cancelling the paid-up capital per share by HK$0.49 on each of the 1,650,658,676 ordinary shares in issue on 6 August 2002, being the date on which the court petition was heard, and by reducing the nominal value of all the issued and unissued ordinary shares of the Company from HK$0.50 to HK$0.01 per ordinary share; and

32. SHARE CAPITAL (CONTINUED)

(b) upon such reduction of capital taking effect:

(i) the authorised share capital of the Company was increased to its former amount of HK$1,000,000,000 by the creation of additional 98,000,000,000 ordinary shares of HK$0.01 each; and

(ii) a special reserve was created and credited with an amount equal to the credit arising from the said reduction of capital as detailed in (a) above, which amounted to HK$808,822,751. Such reserve shall not be treated as realised profit and shall, for as long as the Company shall remain a listed company, be treated as an undistributable reserve. However, the special reserve may be reduced by the aggregate of any increase in the issued capital or in the share premium account of the Company resulting from an issue of shares for cash or other new consideration or upon a capitalisation of distributable reserves.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements except for the requirement to maintain a public float of at least 25% of the shares under the Listing Rules. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is the total borrowings divided by the total equity attributable to equity holders of the Company. The Group's policy is to maintain a low level of debt and a gearing ratio not higher than 20%. The total borrowings include interest-bearing bank borrowings, debentures and other loans. The gearing ratios as at the end of the reporting period was as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Interest-bearing bank borrowings	**19,560**	2,390
Debentures	**2,420**	4,182
Total borrowings	**21,980**	6,572
Owners' equity	**1,156,588**	1,194,010
Gearing ratio	**1.90%**	0.55%

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity on pages 37 and 41 of the financial statements respectively.

(b) Company

	Share premium account *HK$'000*	Capital redemption reserve *HK$'000*	Special reserve *HK$'000*	Available-for-sale investment revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2012	1,189,721	478	808,822	(4,873)	(1,000,607)	993,541
Fair value changes of available-for-sale debt investments	–	–	–	5,903	–	5,903
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	–	–	–	323	–	323
Profit for the year	–	–	–	–	129,068	129,068
At 31 December 2012 and 1 January 2013	**1,189,721**	**478**	**808,822**	**1,353**	**(871,539)**	**1,128,835**
Fair value changes of available-for-sale debt investments	**–**	**–**	**–**	**(397)**	**–**	**(397)**
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	**–**	**–**	**–**	**(722)**	**–**	**(722)**
Loss for the year	**–**	**–**	**–**	**–**	**(8,670)**	**(8,670)**
At 31 December 2013	**1,189,721**	**478**	**808,822**	**234**	**(880,209)**	**1,119,046**

33. RESERVES (CONTINUED)

(c) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Capital redemption reserve

The capital redemption reserve arose from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares in November 1997.

(iii) Special reserve

The special reserve arose as a result of the Company's reorganisation in 2002. Nature and purpose of the special reserve are set out in note 32(b)(ii) to the financial statements.

(iv) Property revaluation reserve

The property revaluation reserve has been set up and are dealt with in accordance with the accounting policies adopted for resort and recreational club properties in note 3(e) to the financial statements.

(v) Available-for-sale investment revaluation reserve

The available-for-sale investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3(k)(ii) to the financial statements.

(vi) Exchange fluctuation reserve

The reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(d) to the financial statements.

34. SHARE OPTION SCHEME

In an extraordinary general meeting of the Company held on 14 June 2002, the shareholders of the Company formally approved the adoption of a share option scheme (the "Scheme"), in compliance with the amended Chapter 17 of the Listing Rules and for the purpose of providing the Company a flexible means of giving incentives and rewards to executive directors and employees for their contributions to the Group.

Under the terms of the Scheme, the board of directors may, at its discretion, invite executive directors and employees of the Group to take up options to subscribe for shares of the Company. The Scheme shall be valid and effective for a period of 10 years ending on 13 June 2012, after which period no further options will be granted.

No options have been granted under the Scheme since its inception and the Scheme was expired on 13 June 2012.

35. NOTES TO STATEMENT OF CASH FLOWS

Disposal of a business

On 1 October 2013, the Group completed the disposal of the "Brunello Cucinelli" branded retail business in Hong Kong to an associate, Brunello Cucinelli Hong Kong Limited, at a consideration of HK$29,619,000.

The fair value of the assets and liabilities attributable to the "Brunello Cucinelli" branded retail business disposed as at its date of disposal is as follows:

	HK$'000
Furniture, fixture and equipment	4,437
Inventories	14,164
Rental and other deposits	7,489
Accruals and other payables	(249)
Net assets disposed of	25,841
Elimination of unrealised gain on disposal of a business to an associate	2,055
Gain on disposal of a business*	1,723
Total consideration – satisfied by cash	29,619
Net cash inflow arising on disposal:	
Cash consideration received	29,619

* The gain on disposal of a business is recognised in "Other operating gains, net".

36. CONTINGENT LIABILITIES

At 31 December 2013, the Group and the Company had the following significant contingent liabilities:

(a) The Company/Group conducted legal proceedings as the appellant at the Appeal Tribunal (Buildings) issued against the Hong Kong Building Authority (the "Building Authority") as the respondent, to appeal against building orders imposed by the Building Authority, which involves disputes on the remedial/maintenance responsibility of certain slope features in the vicinity of the Company/Group's resort and recreational club properties. By the decision made by the Appeal Tribunal (Buildings) on 17 September 2013 (the "Appeal Tribunal Decision"), the building orders imposed by the Building Authority should be withdrawn and/or amended with immediate effect. According to the Appeal Tribunal Decision, the remedial/maintenance obligation of the Company/Group is limited to certain parts of the subject slope features. The management estimated that the costs of remedial/maintenance work of such area of the slope features would not be significant.

On 9 January 2014, the Building Authority was granted by High Court for a Judicial Review against the Appeal Tribunal Decision. Up to the date of these financial statements, the Judicial Review is ongoing and there is no ruling made by the High Court regarding the Appeal Tribunal Decision.

The management, after taking legal advice from the lawyer, considered that it is pre-mature to assess the probability of a favorable or unfavorable outcome of the Judicial Review. Accordingly, no provision has been made for any claims or costs of remedial/maintenance works arising from the proceedings, other than the related legal and other costs.

(b) At the end of the reporting period, the Company has issued the following guarantees:

(i) corporate guarantees to banks executed as part of the securities for general banking facilities granted to certain subsidiaries of the Company to the extent of HK$50,000,000 (2012: HK$50,000,000).

(ii) an unlimited guarantee to a bank executed as part of the securities for general banking facilities with a total limit of HK$30,000,000 (2012: HK$20,000,000) granted to a subsidiary of the Company.

At the end of the reporting period, the directors do not consider it is probable that a claim will be made against the Company under the above guarantees. The maximum liability of the Company at the end of the reporting period under guarantee (i) and (ii) are the outstanding amount of the general banking facilities drawn by the subsidiaries at that date of HK$15,408,000 (2012: HK$7,364,000) and HK$6,596,000 (2012: HK$7,440,000) respectively.

The fair value of the guarantees at the date of inception is not material and is not recognised in the financial statements.

37. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 31 December 2013, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**46,078**	74,737	**2,956**	2,956
In the second to fifth years, inclusive	**35,810**	90,313	**2,956**	5,912
	81,888	165,050	**5,912**	8,868

The operating lease payments of certain retail shops are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to compute the above commitments.

38. CAPITAL COMMITMENTS

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Renovation of leased properties	**1,037**	885
Furniture, fixtures and equipment	**–**	49
	1,037	934

39. RELATED/CONNECTED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Note	Group 2013 HK$'000	Group 2012 HK$'000
Rental expenses, building management fees and air-conditioning charges paid to related companies	(i)	**4,985**	4,071
Rental income from an associate	(ii)	**–**	690
Disposal of the "Brunello Cucinelli" branded retail business in Hong Kong to an associate *(Note 35)*		**29,619**	–
Purchase of fashion wear and accessories from an associate		**439**	–
Management fee received/receivable from an associate		**650**	–
Loan interest received/receivable from an associate		**185**	–

Notes:

(i) The rental expenses, building management fees and air-conditioning charges paid to related companies controlled by a substantial shareholder of the Company were charged in accordance with the terms of the relevant agreements.

(ii) The rental income from an associate arose from the lease of resort and recreational club properties in accordance with the agreement entered with the associate.

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

	2013 HK$'000	2012 HK$'000
Short term employee benefits	**17,380**	14,951
Pension scheme contributions	**116**	98
Total compensation paid to key management personnel	**17,496**	15,049

Further details of directors' and employees' emoluments are included in note 13 to the financial statements.

The related party transactions in respect of item (a)(i) above constitute continuing connected transactions, as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of the Directors on pages 18 and 19.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 March 2014.

PARTICULARS OF PROPERTIES

31 December 2013

INVESTMENT PROPERTIES OF THE GROUP HELD FOR INVESTMENT

Location	Use	Tenure	Attributable interest of the Group
Fourth and Fifth Floors, Roof and Parking Space Nos. 3 and 5, Wai Hing Factory Building, 37-41 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	Industrial	Medium term lease	100%

COMPLETED INVESTMENT PROPERTIES OF THE GROUP HELD FOR SALE

Location	Use	Approx. Site Area (square meters)	Approx. Gross Floor Area (square meters)	Attributable interest of the Group
2737-2779 Jiaotong Road, Putuo District, Shanghai, People's Republic of China	Resort and recreational club operations	36,039	41,717	100%

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2013	2012	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**331,399**	337,241	333,485	289,058	231,526
PROFIT FROM OPERATING ACTIVITIES	**22,216**	25,439	39,283	47,755	32,069
Finance costs	**(821)**	(750)	(865)	(1,133)	(930)
Share of profits and losses of associates	**2,109**	(1,976)	(2,197)	1,390	(549)
PROFIT BEFORE TAX	**23,504**	22,713	36,221	48,012	30,590
Tax	**—**	—	—	—	—
PROFIT FOR THE YEAR	**23,504**	22,713	36,221	48,012	30,590
Attributable to:					
Equity holders of the Company	**24,217**	22,770	36,253	48,051	30,612
Non-controlling interests	**(713)**	(57)	(32)	(39)	(22)
	23,504	22,713	36,221	48,012	30,590

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2013	2012	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**1,233,623**	1,278,446	1,116,467	1,086,798	1,040,281
TOTAL LIABILITIES	**(76,831)**	(83,570)	(54,824)	(76,652)	(80,694)
NON-CONTROLLING INTERESTS	**(204)**	(866)	(909)	(867)	(833)
	1,156,588	1,194,010	1,060,734	1,009,279	958,754

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Joseph Wing Kong LEUNG
(Chairman and Acting Chief Executive Officer)
Raymond Siu Wing CHAN
Victor Yiu Keung CHIANG
Derek Wai Choi LEUNG
Wing Tung YEUNG

INDEPENDENT NON-EXECUTIVE DIRECTORS

Jen CHEN
David Kwok Kwei LO
Ian Grant ROBINSON
Chi Keung WONG

COMPANY SECRETARY

Pui Man CHENG

AUDITOR

RSM Nelson Wheeler
29th Floor
Caroline Centre, Lee Gardens Two
28 Yun Ping Road
Hong Kong

SHARE REGISTRARS

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Hong Kong

REGISTERED OFFICE

Suites 3301-03, 33rd Floor, Tower 2
Nina Tower, 8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong

WEBSITE

www.enmholdings.com

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00128
Ticker Symbol for ADR Code: ENMHY

CONTACT US

Address : Suites 3301-03, 33rd Floor, Tower 2
Nina Tower, 8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong
Tel : (852) 2594 0600
Fax : (852) 2827 1491
Email : comsec@enmholdings.com