

INTERIM
REPORT **2014**

INDEPENDENT REVIEW REPORT



TO THE BOARD OF DIRECTORS OF ENM HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 27 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2014 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

22 August 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	Six months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue of the Group		138,452	167,127
Share of revenue of an associate from wholesale and retail of fashion wear and accessories		18,414	—
		156,866	167,127
Revenue of the Group		138,452	167,127
Cost of sales		(68,626)	(68,814)
Gross profit		69,826	98,313
Other income		2,386	1,324
Selling and distribution costs		(57,677)	(69,929)
Administrative expenses		(46,508)	(41,711)
Depreciation and amortisation		(10,036)	(10,163)
Other operating gains, net		10,471	12,137
Loss from operations		(31,538)	(10,029)
Fair value gains/(losses) on investment properties, net		(1,500)	2,000
Deficits write-back on revaluation of resort and recreational club properties		1,263	1,540
Finance costs	5	(375)	(327)
Share of losses of an associate		(98)	—
Loss before tax		(32,248)	(6,816)
Income tax expense	6	—	—
Loss for the period	7	(32,248)	(6,816)
Attributable to:			
Owners of the Company		(32,182)	(6,202)
Non-controlling interests		(66)	(614)
		(32,248)	(6,816)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended 30 June	
	Note	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
Loss per share			
Basic	8(a)	<u>(1.95 cents)</u>	<u>(0.38 cents)</u>
Diluted	8(b)	<u>N/A</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	Six months ended 30 June	
		2014 HK\$'000 (<i>unaudited</i>)	2013 HK\$'000 (<i>unaudited</i>)
Loss for the period		(32,248)	(6,816)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(2,219)	1,879
Fair value changes of available-for-sale equity investments	12	14,605	(42,518)
Fair value changes of available-for-sale debt investments		1,215	(3,737)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments		(16,746)	(2,114)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments		(188)	—
Other comprehensive loss for the period, net of tax		(3,333)	(46,490)
Total comprehensive loss for the period		(35,581)	(53,306)
Attributable to:			
Owners of the Company		(35,491)	(52,720)
Non-controlling interests		(90)	(586)
		(35,581)	(53,306)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

	Note	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	93,736	100,769
Investment properties		30,000	29,000
Intangible assets		1,339	1,381
Interest in an associate		21,767	21,531
Financial assets at fair value through profit or loss	11	36,500	34,000
Available-for-sale equity investments	12	77,954	85,222
Available-for-sale debt investments - note receivables	13	95,641	79,501
Total non-current assets		356,937	351,404
Current assets			
Inventories		64,436	73,959
Trade receivables	14	5,338	4,654
Prepayments, deposits and other receivables		35,590	49,911
Financial assets at fair value through profit or loss	11	212,867	204,186
Pledged bank deposits		11,000	11,000
Time deposits		371,201	365,126
Cash and bank balances		46,455	83,967
		746,887	792,803
Assets attributable to disposal group held for sale	16	85,075	89,416
Total current assets		831,962	882,219
Current liabilities			
Trade and other payables	15	38,984	43,480
Interest-bearing bank borrowings		15,321	19,560
Current portion of debentures	17	285	624
		54,590	63,664
Liabilities attributable to disposal group held for sale	16	11,337	11,347
Total current liabilities		65,927	75,011
Net current assets		766,035	807,208
Total assets less current liabilities		1,122,972	1,158,612

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
AT 30 JUNE 2014

	Note	30 June 2014 HK\$'000 (<i>unaudited</i>)	31 December 2013 HK\$'000 (<i>audited</i>)
Total assets less current liabilities		1,122,972	1,158,612
Non-current liabilities			
Debentures	17	1,741	1,796
Deferred revenue		20	24
Total non-current liabilities		1,761	1,820
NET ASSETS		1,121,211	1,156,792
Capital and reserves			
Issued capital	18	1,206,706	16,507
Accumulated losses		(971,913)	(939,731)
Other reserves		886,304	2,079,812
Equity attributable to owners of the Company		1,121,097	1,156,588
Non-controlling interests		114	204
TOTAL EQUITY		1,121,211	1,156,792

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2014

(Unaudited)

	Attributable to owners of the Company									
	Issued capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Special reserve HK\$'000	Available- for-sale investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
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 period	—	—	—	—	(48,369)	1,851	(6,202)	(52,720)	(586)	(53,306)
At 30 June 2013	<u>16,507</u>	<u>1,189,721</u>	<u>478</u>	<u>808,822</u>	<u>83,135</u>	<u>12,777</u>	<u>(970,150)</u>	<u>1,141,290</u>	<u>280</u>	<u>1,141,570</u>
At 1 January 2014	<u>16,507</u>	<u>1,189,721</u>	<u>478</u>	<u>808,822</u>	<u>66,531</u>	<u>14,260</u>	<u>(939,731)</u>	<u>1,156,588</u>	<u>204</u>	<u>1,156,792</u>
Total comprehensive loss for the period	—	—	—	—	(1,114)	(2,195)	(32,182)	(35,491)	(90)	(35,581)
Transfer upon transition to no-par value regime (note 18(c))	<u>1,190,199</u>	<u>(1,189,721)</u>	<u>(478)</u>	—	—	—	—	—	—	—
Changes in equity for the period	<u>1,190,199</u>	<u>(1,189,721)</u>	<u>(478)</u>	—	(1,114)	(2,195)	(32,182)	(35,491)	(90)	(35,581)
At 30 June 2014	<u>1,206,706</u>	<u>—</u>	<u>—</u>	<u>808,822</u>	<u>65,417</u>	<u>12,065</u>	<u>(971,913)</u>	<u>1,121,097</u>	<u>114</u>	<u>1,121,211</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	<i>(unaudited)</i>
Net cash used in operating activities	(31,296)	(51,773)
Net cash generated from/(used in) investing activities	29,879	(84,075)
Net cash generated from/(used in) financing activities	(5,064)	10,454
Net decrease in cash and cash equivalents	(6,481)	(125,394)
Cash and cash equivalents at beginning of period	152,450	327,279
Effect of foreign exchange rate changes, net	(2,953)	1,160
Cash and cash equivalents at end of period	143,016	203,045
Analysis of balances of cash and cash equivalents		
Non-pledged times deposits	371,201	350,496
Less: Non-pledged time deposits with original maturity of over three months when acquired	(274,640)	(210,733)
Non-pledged time deposits with original maturity of less than three months when acquired	96,561	139,763
Cash and bank balances	46,455	63,282
	143,016	203,045

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed financial statements should be read in conjunction with the 2013 annual financial statements (“2013 Annual Report”). The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2013.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. 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, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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. FAIR VALUE MEASUREMENTS

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

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.

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Fair value measurements as at 30 June 2014 using:			Total HK\$'000 (<i>unaudited</i>)
	Level 1 HK\$'000 (<i>unaudited</i>)	Level 2 HK\$'000 (<i>unaudited</i>)	Level 3 HK\$'000 (<i>unaudited</i>)	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	142,296	—	—	142,296
– Listed debt investments	—	34,847	—	34,847
– Unlisted debt and fund investments	—	35,724	—	35,724
– Unlisted equity investment	—	—	36,500	36,500
	<u>142,296</u>	<u>70,571</u>	<u>36,500</u>	<u>249,367</u>
Available-for-sale financial assets:				
– Listed debt investments	—	95,641	—	95,641
– Listed equity investment	77,954	—	—	77,954
	<u>77,954</u>	<u>95,641</u>	<u>—</u>	<u>173,595</u>
Investment properties:				
– Industrial property situated in Hong Kong	—	30,000	—	30,000
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	—	—	77,400	77,400
Total recurring fair value measurements	<u>220,250</u>	<u>196,212</u>	<u>113,900</u>	<u>530,362</u>
Non-recurring fair value measurements:				
Assets classified as disposal group held for sale				
– Resort and recreational club properties situated in the PRC	—	—	68,800	68,800
Total non-recurring fair value measurements	<u>—</u>	<u>—</u>	<u>68,800</u>	<u>68,800</u>

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Fair value measurements as at 31 December 2013 using:			Total
	Level 1 HK\$'000 <i>(audited)</i>	Level 2 HK\$'000 <i>(audited)</i>	Level 3 HK\$'000 <i>(audited)</i>	
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
	<u>157,258</u>	<u>46,928</u>	<u>34,000</u>	<u>238,186</u>
Available-for-sale financial assets:				
– Listed debt investments	—	79,501	—	79,501
– Listed equity investment	85,222	—	—	85,222
	<u>85,222</u>	<u>79,501</u>	<u>—</u>	<u>164,723</u>
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	<u>242,480</u>	<u>155,429</u>	<u>111,600</u>	<u>509,509</u>
Non-recurring fair value measurement:				
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	<u>—</u>	<u>—</u>	<u>72,800</u>	<u>72,800</u>

3. FAIR VALUE MEASUREMENTS (CONT'D)

(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	2014 Total HK\$'000 (<i>unaudited</i>)
	Resort and recreational club properties HK\$'000 (<i>unaudited</i>)	Resort and recreational club properties HK\$'000 (<i>unaudited</i>)	Unlisted equity investment HK\$'000 (<i>unaudited</i>)	
At 1 January 2014	72,800	77,600	34,000	184,400
Total fair value gain or loss recognised in profit or loss*	(2,500)	1,263	2,500	1,263
Depreciation charged to profit or loss	—	(1,463)	—	(1,463)
Exchange differences recognised in other comprehensive income	(1,500)	—	—	(1,500)
At 30 June 2014	68,800	77,400	36,500	182,700
* Include gains or losses for assets held at end of reporting period	(2,500)	1,263	2,500	1,263

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Investment properties	Property, plant and equipment	Financial assets at fair value through profit or loss		2013 Total HK\$'000 (<i>unaudited</i>)
	Resort and recreational club properties HK\$'000 (<i>unaudited</i>)	Resort and recreational club properties HK\$'000 (<i>unaudited</i>)	Unlisted convertible bonds HK\$'000 (<i>unaudited</i>)	Unlisted equity investment HK\$'000 (<i>unaudited</i>)	
At 1 January 2013	75,600	79,800	147,489	—	302,889
Total fair value gain or loss recognised in profit or loss*	(2,600)	1,540	4,687	—	3,627
Depreciation charged to profit or loss	—	(1,649)	—	—	(1,649)
Exchange differences recognised in other comprehensive income	1,300	—	—	—	1,300
Additions	—	9	—	26,452	26,461
Redemption	—	—	(152,176)	—	(152,176)
At 30 June 2013	74,300	79,700	—	26,452	180,452
* Include gains or losses for assets held at end of reporting period	(2,600)	1,540	—	—	(1,060)

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.

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

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. 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
<i>Level 2:</i>	
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
<i>Level 3:</i>	
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

3. FAIR VALUE MEASUREMENTS (CONT'D)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the reporting date: (Cont'd)

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

Description	Unobservable inputs	Range		Effect on fair value for increase of inputs
		30 June 2014	31 December 2013	
Resort and recreational club properties situated in the PRC	Discount rate	10.5%	10.5%	Decrease
Resort and recreational club properties situated in Hong Kong	Discount rate	9.3%	9.3%	Decrease
Unlisted equity investment	Discount rate	11.8%	12%	Decrease

During the two reporting period of 30 June 2014 and 31 December 2013, there were no changes in the valuation techniques used.

4. SEGMENT INFORMATION

	Wholesale and retail of fashion wear and accessories HK\$'000 (<i>unaudited</i>)	Resort and recreational club operations HK\$'000 (<i>unaudited</i>)	Investments and treasury HK\$'000 (<i>unaudited</i>)	Total HK\$'000 (<i>unaudited</i>)
6 months ended 30 June 2014:				
Revenue from external customers	122,185	7,019	9,248	138,452
Segment profit/(loss)	(35,183)	(3,559)	9,327	(29,415)
As at 30 June 2014:				
Segment assets	127,619	80,314	874,124	1,082,057
Segment liabilities	(28,461)	(4,117)	(8,452)	(41,030)
6 months ended 30 June 2013:				
Revenue from external customers	150,741	7,800	8,586	167,127
Segment profit/(loss)	(11,730)	(4,005)	7,623	(8,112)
As at 31 December 2013:				
Segment assets, audited	163,039	80,850	878,787	1,122,676
Segment liabilities, audited	(31,875)	(6,112)	(7,937)	(45,924)

4. SEGMENT INFORMATION (CONT'D)

	Six months ended 30 June	
	2014 HK\$'000 (<i>unaudited</i>)	2013 HK\$'000 (<i>unaudited</i>)
Reconciliations of reportable segment profit or loss:		
Total profit or loss of reportable segments	(29,415)	(8,112)
Unallocated corporate administrative expenses	(2,123)	(1,917)
Share of losses of an associate	(98)	—
Fair value gains/(losses) on investment properties, net	(1,500)	2,000
Deficits write-back on revaluation of resort and recreational club properties	1,263	1,540
Finance costs	(375)	(327)
Consolidated loss for the period	<u>(32,248)</u>	<u>(6,816)</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2014 HK\$'000 (<i>unaudited</i>)	2013 HK\$'000 (<i>unaudited</i>)
Interest on bank loans and overdrafts	369	308
Accretion of interest on debentures	6	19
	<u>375</u>	<u>327</u>

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and overseas income tax is required for the six months periods ended 30 June 2014 and 2013 since the Group has no assessable profit in Hong Kong and other countries in which the Group operates or has sufficient tax losses brought forward to set off against the assessable profits for both periods.

7. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging/(crediting):

	Six months ended	
	30 June	
	2014 HK\$'000 <i>(unaudited)</i>	2013 HK\$'000 <i>(unaudited)</i>
Cost of inventories sold [^]	68,574	68,758
Interest income [#]	(7,040)	(4,883)
Dividend income [#]	(2,207)	(3,703)
Amortisation of intangible assets	42	42
Depreciation	9,994	10,121
Directors' emoluments	4,891	4,579
Foreign exchange losses/(gains), net*	2,737	(4,927)
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	(1,185)	(1,088)
Fair value losses, net	9,083	5,927
Gain on disposal, net	(932)	(483)
	6,966	4,356
Designated as such upon initial recognition		
Interest income	—	(9,445)
Fair value gains	(2,500)	—
Loss on redemption	—	4,758
	(2,500)	(4,687)
Gain on disposal of available-for-sales equity investments*	(17,513)	(6,882)
Gain on disposal of available-for-sales debt investments*	(135)	—
Loss/(gain) on disposal of property, plant and equipment*	(26)	3
Fair value losses/(gains) on investment properties, net	1,500	(2,000)
Charge for inventories allowances	15,315	9,382

[^] Cost of inventories sold included charge for inventories allowances of HK\$15,315,000 (30 June 2013: HK\$9,382,000).

[#] These amounts are included in "Revenue of the Group".

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

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$32,182,000 (30 June 2013: HK\$6,202,000) and the weighted average number of ordinary shares of 1,650,658,676 (30 June 2013: 1,650,658,676) in issue during the period.

(b) Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during the six months periods ended 30 June 2014 and 2013.

9. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2014 (30 June 2013: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired property, plant and equipment of approximately HK\$1,948,000 (30 June 2013: HK\$6,963,000).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Listed investments, at fair value (<i>note a</i>):		
Hong Kong	150,146	162,996
Outside Hong Kong	26,997	19,620
	<hr/> 177,143 <hr/>	<hr/> 182,616 <hr/>
Unlisted investments, at fair value:		
Equity investment (<i>note b</i>)	36,500	34,000
Others (<i>note c</i>)	35,724	21,570
	<hr/> 72,224 <hr/>	<hr/> 55,570 <hr/>
	<hr/> 249,367 <hr/>	<hr/> 238,186 <hr/>
Analysed as:		
Current assets	212,867	204,186
Non-current assets	36,500	34,000
	<hr/> 249,367 <hr/>	<hr/> 238,186 <hr/>

Notes:

- (a) The listed investments at 30 June 2014 and 31 December 2013 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 was pledged as security for the Group's bank loans. No listed investment was pledged as security for the Group's bank loans as at 30 June 2014.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Notes: (cont'd)

- (b) 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 Corporation Limited ("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 supplement 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 3 to the condensed financial statements.

- (c) Other unlisted investments at 30 June 2014 and 31 December 2013 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.

12. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Equity investment listed outside Hong Kong, at fair value	77,954	85,222

The movement of available-for-sale equity investments during the period is as follows:

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
At beginning of the period	85,222	155,336
Disposal	(21,873)	(2,662)
Fair value gains/(losses)	14,605	(42,518)
At end of the period	77,954	110,156

The listed equity investment as at 30 June 2014 and 31 December 2013 represented 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 the investment in Genovate as at 30 June 2014 and 31 December 2013 were based on quoted market price.

13. AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTE RECEIVABLES

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Listed senior notes*, at fair value:		
Market value of listed senior notes	95,641	79,501

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

At 30 June 2014, the Group held listed senior notes with an aggregate principal amount of US\$12,070,000 (equivalent to HK\$93,905,000) (31 December 2013: US\$10,115,000 (equivalent to HK\$78,695,000)), 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 (31 December 2013: 16 February 2015 to 20 September 2022).

Interest income from the listed senior notes is recognised based on effective interest rate ranging from 3.3% to 10.85% (31 December 2013: 3.3% to 12.45%).

14. TRADE RECEIVABLES

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

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

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 1 month	3,815	3,530
2 to 3 months	1,042	1,110
Over 3 months	481	14
	5,338	4,654

15. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2014 are trade and bills payables of HK\$12,455,000 (31 December 2013: HK\$14,162,000).

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

An ageing analysis of the trade and bills payables, based on the invoice date, is as follows:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 1 month	8,251	11,857
2 to 3 months	3,376	1,884
Over 3 months	828	421
	12,455	14,162

16. 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 Resort Hotel Ltd ("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 Hospitality Management Co Ltd. ("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.

16. DISPOSAL GROUP AND ASSETS HELD FOR SALE (CONT'D)

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. In 2013, 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 the year ended 31 December 2013.

The assets and liabilities attributable to Shanghai Hilltop and Shanghai Landis, which are expected to be sold within the financial year ending 31 December 2014, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position.

As at the date of this report, the disposals were not yet completed.

17. 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. At the end of the reporting period, the redeemable periods of the Group's debentures carried at amortised cost were as follows:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within one year classified as current liabilities	285	624
In the second year	474	119
In the third to fifth years, inclusive	1,267	1,677
Non-current portion	1,741	1,796
	2,026	2,420

18. SHARE CAPITAL

	30 June 2014		31 December 2013	
	Number of ordinary shares '000	Amount HK\$'000 <i>(unaudited)</i>	Number of ordinary shares '000	Amount HK\$'000 <i>(audited)</i>
Authorised:				
At 1 January	100,000,000	1,000,000	100,000,000	1,000,000
The concept of authorised share capital was abolished <i>(note b)</i>	(100,000,000)	(1,000,000)	—	—
At 30 June/31 December	N/A	N/A	100,000,000	1,000,000
Issued and fully paid:				
At 1 January	1,650,659	16,507	1,650,659	16,507
Transfer upon transition to no-par value regime <i>(note c)</i>	—	1,190,199	—	—
At 30 June/31 December	1,650,659	1,206,706	1,650,659	16,507

Notes:

- In 2002, the Company underwent a capital reorganisation scheme, details of which are set out in note 32 on the Company's financial statements for the year ended 31 December 2013.
- Pursuant to the new Hong Kong Companies Ordinance (Cap. 622) which became effective on 3 March 2014 (the "New Co"), the concept of authorised share capital was abolished.
- Pursuant to the New Co, the concept of par (or nominal) value for all shares in Hong Kong incorporated companies was abolished. As part of the transition to the no-par value regime, the balances of the share premium account and capital redemption reserve as at 3 March 2014 amounting to HK\$1,189,721,000 and HK\$478,000 respectively have been transferred to the issued capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

19. RELATED PARTY TRANSACTIONS

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

	Note	Six months ended 30 June	
		2014 HK\$'000 (<i>unaudited</i>)	2013 HK\$'000 (<i>unaudited</i>)
Rental expenses, building management fees and air-conditioning charges to related companies	(i)	2,441	2,494
Purchase of fashion wear and accessories from an associate		714	—
Management fee received/receivable from an associate		1,300	—
Loan interest received/receivable from an associate		349	—
		<u>3,804</u>	<u>2,494</u>

Note:

- (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 tenancy agreements.
- (b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2014 HK\$'000 (<i>unaudited</i>)	2013 HK\$'000 (<i>unaudited</i>)
Short term employee benefits	9,083	8,409
Pension scheme contributions	66	56
Total compensation paid to key management personnel	<u>9,149</u>	<u>8,465</u>

20. CONTINGENT LIABILITIES

At 30 June 2014, the Group had the following significant contingent liabilities:

The 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 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 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 condensed 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.

21. CAPITAL COMMITMENTS

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Contracted, but not provided for: Renovation of leased properties	—	1,037

22. APPROVAL OF INTERIM REPORT

The interim report was approved and authorised for issue by the Board of Directors on 22 August 2014.

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

The Group recorded a consolidated turnover of HK\$138,452,000 for the six months ended 30 June 2014, a decrease of 17% as compared with the corresponding period last year.

Operating results recorded a consolidated loss amounted to HK\$32,248,000 for the period as compared to a consolidated loss of HK\$6,816,000 in previous period. We faced a challenging business environment during the period. Retail operation of the Group suffered a substantial operating loss mainly attributable to a general decline in customer spending momentum on the high end luxury product market in particular. Diminishing lavish gift-giving due to PRC government anti-corruption and political reforms have also curbed the luxury sector. On the other hand, the persisting high operating costs such as rental and staff cost contributed to the deterioration in the profitability of our retail operation.

Although a global economic activity is showing signs of recovery, the pacing and magnitude is much slower than expected. Thus, the performance of the investment activities was adversely affected with less than satisfactory result. The Group's severe operating loss was partly offset by further realization with a profit of approximately HK\$17,513,000 of certain strategic investment during the period.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

Swank Hong Kong, the core retail business of the Group, reported a 2% decrease in turnover as compared to last corresponding period after taking into account of the changes in operation mode of Brunello Cucinelli from exclusive franchise to 49% associate. However, adverse macro-economic environment continued to impact the high end apparel retail market in Hong Kong. Operating results registered a loss of approximately HK\$12,800,000, a substantial decline as compared to an almost breakeven situation last corresponding period. Although there was single digit turnover growth in our multi label shops, the overall profitability was seriously affected by the decline in contributions from the mono label shops. Weak customer sentiment and spending momentum, fierce competition together with escalating rental and staff cost are the three major reasons for the substantial loss incurred during the period.

Contribution from the Brunello Cucinelli, the associate established in last quarter 2013 also declined. A share of loss was first registered in the current six months period under review while this franchise used to be one of the main profit contributors to the retail business.

In view of the uncertain and difficult global economic conditions, the Group will make its best effort to follow a prudent and disciplined approach to manage its business activities.

Swank China

Political reforms continues, together with the strengthening anti-corruption measures in the mainland China, there was an overall decline in consumer spending driven by curbs on gift-giving especially on high end luxury products sector. As a result, operation of Swank China for the six months period further suffered with operating loss increased to approximately HK\$12,000,000 from approximately HK\$7,000,000 last corresponding period. To cope with the increase in stock inventory with deteriorating condition due to slow turnover, additional stock provision had been made and thus impacted the bottom line adversely.

With unsatisfactory and below expectation performance, the Swank Shanghai Takashimaya shop was closed in July 2014. The management will continue to review and revise our China strategy in a prudent and disciplined manner especially in a turbulent business environment.

Cesare di Pino

Operating result of Cesare di Pino, the first self-owned private label of the Group, further declined with loss for the six months period under review amounted to approximately HK\$10,400,000 (2013: HK\$4,500,000 loss). Cesare di Pino was not immune from the unfavorable reasons stated above, which have material adverse effect to our infant stage of development. The management will take all cautious and prudent measures to consolidate the present operation with an aim to maintain its presence before further development plan in the near future.

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 the first half of 2014, Hilltop experienced some adversity in both operation and business environment which as a result, operating performance has slightly deteriorated compared to corresponding period last year. The situation has started to improve toward the end of the period; there is sign of recovery in particularly banquet & events and the improving trend is expected to continue into the second half of the year.

As to the medium and long term business strategy, the management has identified certain new elements and potential interested parties for the rejuvenation for the Club. These new elements are currently under feasibility study for inclusion in the design of the rejuvenation project.

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.

On 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. These two disposal transactions were approved in the Company's Shareholders Extraordinary General Meeting held on 24 September 2012.

As of 30 June 2014, the Group has received approximately 65% of the sales proceeds for these two disposal transactions amounted to RMB30,226,000 and RMB15,034,000 respectively in the escrow accounts according to agreement terms.

With the long stop date being extended to 31 December 2014, the Company is working with relevant parties to complete the registration of changes of shareholders and directors of Shanghai Hilltop and Shanghai Landis and simultaneously liaise with Shanghai Tax Bureau to obtain tax clearance in relation to these disposal transactions before seeking approval from SAFE for remittance of sale proceeds.

Financial Instruments Investments

For the six months ended 30 June 2014, the investment portfolio of financial instruments held for trading and available-for-sales debt investments (excluding the investment in shares of Genovate and PuraPharm) contributed HK\$2,287,000 net losses (2013: HK\$1,152,000 net gain) to the Group. As of 30 June, 2014, total carrying value of the Group's investment portfolio of financial instruments held for trading and available-for-sales debt investments was HK\$308,508,000.

In view of the uncertainties of the economic recovery in the US and Europe, the regional conflict in Ukraine, Asia and Mid-East, the Group will continue to manage the financial instruments investments portfolio prudently and maintained a balance portfolio of bonds/equities in order to limit the investment risk and maintain stable income.

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 currently has 6.4% shareholdings in Genovate, which is listed in the Taiwan GreTai Securities Market (Open Market, Stock code: 4130).

Phase II clinical study in Taiwan of once-a-day PMR (Generic drug name Cilostazol) for patients with Intermittent Claudication has been completed and the study results meet expectation. Phase III study has commenced registration in Taiwan. IND filing for PMR in the US is underway. On 6 August 2014, Genovate announced collaboration with Otsuka Pharmaceuticals of Japan in the joint development and marketing of PMR in the Asia- Pacific region. Otsuka is the brand owner of Cilostazol named Pletaal.

Through pre-IPO investment in Taiwan-based UniPharm Co. Ltd., a pharmaceutical products distributor, Genovate secures the PRC marketing right of Onko-Sure, a diagnostic product for colon and rectal cancer approved by the US FDA. Genovate will continue to make strategic investment in drug companies that can complement its business and enrich its drug products portfolio.

During the six months period under review, the Group sold a further 2,296,000 shares in Genovate with a realised profit of approximately HK\$17,513,000.

PuraPharm Corporation Limited (“PuraPharm”)

The Group through its wholly owned subsidiary, Cosy Good Limited (“Cosy Good”), holds 5% equity interest of PuraPharm.

PuraPharm mainly engages in (1) producing, distributing and selling concentrated Chinese medicine granules (“CCMG”) under the brand name of NONG’s (農本方) for prescription by professional Chinese medical practitioners; and (2) producing, distributing and selling Chinese herbal medicine packets and health supplement products (“OTC Products”) such as PURAGOLD (金靈芝) through retail channel. PuraPharm also operates Chinese medicine clinics in Hong Kong.

For the six months ended 30 June 2014, PuraPharm’s CCMG revenue has grown steadily in both PRC and Hong Kong market. The re-launch of media advertising for Nong’s OTC Products also brought a significant growth of the OTC Products revenue in the Hong Kong market. The management of PuraPharm believes that the full year operating result will be satisfactory. In the second half year of 2014, PuraPharm targets to open more dispensaries in the PRC and Chinese medicine clinics in Hong Kong. The Group’s investment in PuraPharm contributed HK\$2,500,000 fair value gain to the Group’s results for the six months ended 30 June 2014 through valuation on the fair value of the investment.

CORPORATE STRATEGY

With a strong and solid financial position, the Group is well positioned in looking for new business and investment opportunities. Those investments will not limit to our existing businesses but also new and growing businesses that can bring value and sustainable return to the shareholders through prudent and diligent evaluation process.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of investments during the six months period ended 30 June 2014 and up to the date of this report.

LIQUIDITY AND FINANCIAL POSITION

At 30 June 2014, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$417,656,000 (31 December 2013: HK\$449,093,000). At 30 June 2014, total borrowings amounted to HK\$17,347,000 (31 December 2013: HK\$21,980,000) with HK\$15,606,000 (31 December 2013: HK\$20,184,000) 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 1.5% at the interim period date (31 December 2013: 1.9%). The current ratio at 30 June 2014 was 12.6 times (31 December 2013: 11.8 times).

At 30 June 2014, the Group’s borrowings and bank balances were primarily denominated in Hong Kong dollars, Renminbi and United States dollars and exchange differences were reflected in the unaudited financial statements. All bank 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 (31 December 2013: HK\$11,000,000) were given to banks to secure general banking facilities to the extent of HK\$31,000,000 as at 30 June 2014 (31 December 2013: HK\$31,000,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employed 284 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2014, 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 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 (the "Model Code") set out in Appendix 10 to the Listing Rules, as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company:

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

Save as disclosed above, as at 30 June 2014, 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, 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 the Company:

Name	Capacity	Number of shares held		Percentage of the Company's issued shares
Diamond Leaf Limited	Beneficial owner	162,216,503		9.83%
Solution Bridge Limited	Beneficial owner	408,757,642		24.76%
Ms. KUNG, Nina (deceased)	Interest of controlled corporations	570,974,145	Note (1)	34.59%
Mr. JONG, Yat Kit	Trustee	730,974,145	Note (2)	44.28%
Mr. LAM, Hok Chung Rainier	Trustee	730,974,145	Note (2)	44.28%
Mr. YU, Sai Hung	Trustee	730,974,145	Note (2)	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 block 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 30 June 2014 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.

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 six months ended 30 June 2014.

CORPORATE GOVERNANCE CODE

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 six months ended 30 June 2014, 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.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's 2013 Annual Report are set out as follows:

- (1) Owing to an annual revision and with effect from 1 April 2014,
 - (a) the monthly salary of Mr. Victor Yiu Keung CHIANG, Executive Director, has been increased to HK\$150,000;
 - (b) the monthly salary of Mr. Joseph Wing Kong LEUNG, Chairman and Acting Chief Executive Officer, has been increased to HK\$130,400; and
 - (c) the monthly salary of Mr. Wing Tung YEUNG, Executive Director, has been increased to HK\$177,400.
- (2) With effect from 1 April 2014, Mr. Derek Wai Choi LEUNG, Executive Director, has been entitled to a monthly salary of HK\$50,000.
- (3) Mr. Ian Grant ROBINSON, Independent Non-executive Director, has retired as an independent non-executive director of China Medicine Corporation, a company whose shares are quoted on the OTC Bulletin Board of the USA with effect from 12 April 2014.
- (4) Mr. Chi Keung WONG, Independent Non-executive Director, has retired as an independent non-executive director of PacMOS Technologies Holdings Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 1 July 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2014.

REVIEW OF INTERIM REPORT

The interim report for the six months ended 30 June 2014 has been reviewed by the Audit Committee and the Auditor of the Company.

BOARD OF DIRECTORS

As at the date of this report, the Executive Directors are 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 and Mr. Wing Tung YEUNG, and the Independent Non-executive Directors are Dr. Jen CHEN, Mr. David Kwok Kwei LO, Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG.

By order of the Board

Joseph Wing Kong LEUNG

Chairman and Acting Chief Executive Officer

Hong Kong, 22 August 2014

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

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STOCK CODE

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

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