

INTERIM REPORT **2015**

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 3 to 26 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2015 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

21 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 (<i>unaudited</i>)	2014 HK\$'000 (<i>unaudited</i>)
Revenue		111,266	138,452
Cost of sales		(53,926)	(68,626)
Gross profit		57,340	69,826
Other income		1,464	2,386
Selling and distribution costs		(54,834)	(57,677)
Administrative expenses		(40,388)	(46,508)
Depreciation and amortisation		(6,016)	(10,036)
Other operating gains, net		8,665	10,471
Loss from operations		(33,769)	(31,538)
Fair value gains/(losses) on investment properties, net		2,400	(1,500)
Deficits write-back on revaluation of resort and recreational club properties		1,273	1,263
Finance costs	5	(280)	(375)
Share of losses of an associate		(488)	(98)
Loss before tax		(30,864)	(32,248)
Income tax expense	6	—	—
Loss for the period	7	(30,864)	(32,248)
Attributable to:			
Owners of the Company		(30,686)	(32,182)
Non-controlling interests		(178)	(66)
		(30,864)	(32,248)
		HK\$	HK\$
		(<i>unaudited</i>)	(<i>unaudited</i>)
Loss per share			
– basic	8(a)	(1.86 cents)	(1.95 cents)
– diluted	8(b)	N/A	N/A

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 <i>(unaudited)</i>	2014 HK\$'000 <i>(unaudited)</i>
Loss for the period		(30,864)	(32,248)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(85)	(2,219)
Fair value changes of available-for-sale equity investments	12	(33,025)	14,605
Fair value changes of available-for-sale debt investments		2,890	1,215
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments		—	(16,746)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments		320	(188)
Other comprehensive loss for the period, net of tax		(29,900)	(3,333)
Total comprehensive loss for the period		(60,764)	(35,581)
Attributable to:			
Owners of the Company		(60,590)	(35,491)
Non-controlling interests		(174)	(90)
		(60,764)	(35,581)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2015

	Note	30 June 2015 HK\$'000 (<i>unaudited</i>)	31 December 2014 HK\$'000 (<i>audited</i>)
Non-current assets			
Property, plant and equipment	10	82,201	85,871
Investment properties		34,400	32,000
Intangible assets		1,254	1,296
Interest in an associate		16,643	16,830
Financial assets at fair value through profit or loss	11	53,355	87,600
Available-for-sale equity investments	12	73,314	103,818
Available-for-sale debt investments - notes receivables	13	121,982	118,825
Total non-current assets		383,149	446,240
Current assets			
Inventories		53,681	66,404
Trade receivables	14	2,186	3,363
Prepayments, deposits and other receivables		33,055	41,394
Financial assets at fair value through profit or loss	11	303,393	240,237
Available-for-sale debt investments - notes receivables	13	—	6,341
Pledged bank deposits		1,000	11,000
Time deposits		360,269	379,340
Cash and bank balances		38,543	48,802
Total current assets		792,127	796,881
Current liabilities			
Trade and other payables	15	26,928	35,483
Interest-bearing bank borrowings		13,815	12,281
Current portion of debentures	16	476	120
Total current liabilities		41,219	47,884
Net current assets		750,908	748,997
Total assets less current liabilities		1,134,057	1,195,237

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
AT 30 JUNE 2015

	Note	30 June 2015 HK\$'000 <i>(unaudited)</i>	31 December 2014 HK\$'000 <i>(audited)</i>
Total assets less current liabilities		1,134,057	1,195,237
Non-current liabilities			
Debentures	16	1,439	1,850
Deferred revenue		11	16
Total non-current liabilities		1,450	1,866
NET ASSETS		1,132,607	1,193,371
Capital and reserves			
Issued capital	17	1,206,706	1,206,706
Accumulated losses		(941,416)	(910,730)
Other reserves		867,427	897,331
Equity attributable to owners of the Company		1,132,717	1,193,307
Non-controlling interests		(110)	64
TOTAL EQUITY		1,132,607	1,193,371

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015

(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 2014	16,507	1,189,721	478	808,822	66,531	14,260	(939,731)	1,156,588	204	1,156,792
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 17)	1,190,199	(1,189,721)	(478)	—	—	—	—	—	—	—
Changes in equity for the period	1,190,199	(1,189,721)	(478)	—	(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>
At 1 January 2015	1,206,706	—	—	808,822	86,978	1,531	(910,730)	1,193,307	64	1,193,371
Total comprehensive loss and changes in equity for the period	—	—	—	—	(29,815)	(89)	(30,686)	(60,590)	(174)	(60,764)
At 30 June 2015	<u>1,206,706</u>	<u>—</u>	<u>—</u>	<u>808,822</u>	<u>57,163</u>	<u>1,442</u>	<u>(941,416)</u>	<u>1,132,717</u>	<u>(110)</u>	<u>1,132,607</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015 HK\$'000 <i>(unaudited)</i>	2014 HK\$'000 <i>(unaudited)</i>
Net cash used in operating activities	(42,570)	(31,296)
Net cash generated from/(used in) investing activities	(102,354)	29,879
Net cash generated from/(used in) financing activities	1,238	(5,064)
Net decrease in cash and cash equivalents	(143,686)	(6,481)
Cash and cash equivalents at beginning of period	214,562	152,450
Effect of foreign exchange rate changes, net	631	(2,953)
Cash and cash equivalents at end of period	71,507	143,016
Analysis of balances of cash and cash equivalents		
Non-pledged time deposits	360,269	371,201
Less: Non-pledged time deposits with original maturity of over three months when acquired	(327,305)	(274,640)
Non-pledged time deposits with original maturity of less than three months when acquired	32,964	96,561
Cash and bank balances	38,543	46,455
	71,507	143,016

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. BASIS OF PREPARATION

These condensed consolidated 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 consolidated financial statements should be read in conjunction with the 2014 annual financial statements ("2014 Annual Report"). The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014.

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

In the current period, the following 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 2015 were adopted by the Group.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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 early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. 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 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.

3. FAIR VALUE MEASUREMENTS (CONT'D)

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.

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.

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

Description	Fair value measurements as at 30 June 2015 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	168,405	—	—	168,405
– Listed debt and fund investments	—	47,227	—	47,227
– Unlisted debt and fund investments	—	48,514	—	48,514
– Unlisted equity investment	—	—	92,602	92,602
	<u>168,405</u>	<u>95,741</u>	<u>92,602</u>	<u>356,748</u>
Available-for-sale financial assets:				
– Listed debt investments	—	121,982	—	121,982
– Listed equity investment	73,314	—	—	73,314
	<u>73,314</u>	<u>121,982</u>	<u>—</u>	<u>195,296</u>
Investment properties:				
– Industrial property situated in Hong Kong	—	34,400	—	34,400
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	—	—	77,100	77,100
Total recurring fair value measurements	<u>241,719</u>	<u>252,123</u>	<u>169,702</u>	<u>663,544</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 2014 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	164,057	—	—	164,057
– Listed debt and fund investments	—	50,778	—	50,778
– Unlisted debt and fund investments	—	25,402	—	25,402
– Unlisted equity investment	—	—	87,600	87,600
	<u>164,057</u>	<u>76,180</u>	<u>87,600</u>	<u>327,837</u>
Available-for-sale financial assets:				
– Listed debt investments	—	125,166	—	125,166
– Listed equity investment	103,818	—	—	103,818
	<u>103,818</u>	<u>125,166</u>	<u>—</u>	<u>228,984</u>
Investment properties:				
– Industrial property situated in Hong Kong	—	32,000	—	32,000
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	—	—	77,300	77,300
Total recurring fair value measurements	<u>267,875</u>	<u>233,346</u>	<u>164,900</u>	<u>666,121</u>

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Property, plant and equipment	Financial assets at fair value through profit or loss	
	Resort and recreational club properties HK\$'000 (<i>unaudited</i>)	Unlisted equity investment HK\$'000 (<i>unaudited</i>)	2015 Total HK\$'000 (<i>unaudited</i>)
At 1 January 2015	77,300	87,600	164,900
Total fair value gain or loss recognised in profit or loss *	1,273	5,002	6,275
Depreciation charged to profit or loss	(1,473)	—	(1,473)
At 30 June 2015	77,100	92,602	169,702
* Include gains or losses for assets held at end of reporting period	1,273	5,002	6,275

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Investment	Property,	Financial assets	2014
	properties	plant and	at fair value	
	Resort and	equipment	through profit	Total
	recreational		or loss	
	club properties	recreational	Unlisted equity	2014
	HK\$'000	club properties	investment	Total
	(<i>unaudited</i>)	HK\$'000	HK\$'000	HK\$'000
		(<i>unaudited</i>)	(<i>unaudited</i>)	(<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

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 condensed consolidated statement of profit or loss.

The gains or losses recognised in other comprehensive income are presented in the corresponding line item in the condensed consolidated 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 30 June 2015 and 31 December 2014:

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 or makes reference to market practice and approach, as appropriate. 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
<i>Level 2:</i>	
Listed and 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 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	As at 30 June 2015: Market approach – Marketability discount As at 31 December 2014: 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 30 June 2015 and 31 December 2014: (Cont'd)

During the reporting period of 30 June 2015, there were no changes in the valuation techniques used for fair value measurements, except for the valuation techniques used in determining the fair value of the unlisted equity investment as detailed in note 11(b) to the condensed consolidated financial statements.

During the reporting period of 31 December 2014, there were no changes in the valuation techniques used.

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 2015	31 December 2014	
Resort and recreational club properties situated in Hong Kong	Discount rate	8.6%	8.9%	Decrease
Unlisted equity investment	Marketability discount	13%	20%	Decrease
	Discount rate	N/A	11.3%	Decrease

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 2015:				
Revenue from external customers	94,793	6,538	9,935	111,266
Segment profit/(loss)	(32,827)	(4,177)	5,122	(31,882)
As at 30 June 2015:				
Segment assets	98,456	79,717	980,460	1,158,633
Segment liabilities	(22,490)	(3,872)	(2,492)	(28,854)
Interest in an associate	16,643	—	—	16,643
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 31 December 2014:				
Segment assets, audited	130,584	80,708	1,014,999	1,226,291
Segment liabilities, audited	(27,444)	(4,525)	(5,500)	(37,469)
Interest in an associate, audited	16,830	—	—	16,830

4. SEGMENT INFORMATION (CONT'D)

	Six months ended 30 June	
	2015 HK\$'000 (<i>unaudited</i>)	2014 HK\$'000 (<i>unaudited</i>)
Reconciliations of reportable segment profit or loss:		
Total profit or loss of reportable segments	(31,882)	(29,415)
Unallocated corporate administrative expenses	(1,887)	(2,123)
Share of losses of an associate	(488)	(98)
Fair value gains/(losses) on investment properties, net	2,400	(1,500)
Deficits write-back on revaluation of resort and recreational club properties	1,273	1,263
Finance costs	(280)	(375)
Consolidated loss for the period	(30,864)	(32,248)

5. FINANCE COSTS

	Six months ended 30 June	
	2015 HK\$'000 (<i>unaudited</i>)	2014 HK\$'000 (<i>unaudited</i>)
Interest on bank loans and overdrafts	275	369
Accretion of interest on debentures	5	6
	280	375

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 2015 and 2014 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 stated after charging/(crediting) the following:

	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Cost of inventories sold [^]	53,871	68,574
Interest income [#]	(7,840)	(7,040)
Dividend income [#]	(2,096)	(2,207)
Amortisation of intangible assets	42	42
Depreciation	5,974	9,994
Directors' emoluments	4,175	4,891
Foreign exchange losses/(gains), net*	(4,686)	2,737
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	(1,719)	(1,185)
Fair value losses, net	2,539	9,083
Gain on disposal, net	(940)	(932)
	(120)	6,966
Designated as such upon initial recognition		
Fair value gains	(5,002)	(2,500)
Gain on disposal of available-for-sales equity investments*	—	(17,513)
Loss/(gain) on disposal of available-for-sales debt investments*	1,153	(135)
Gain on disposal of property, plant and equipment*	(10)	(26)
Fair value losses/(gains) on investment properties, net	(2,400)	1,500
Charge for inventories allowances	12,307	15,315

[^] Cost of inventories sold included charge for inventories allowances of HK\$12,307,000 (30 June 2014: HK\$15,315,000).

[#] These amounts are included in "Revenue".

* 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 is based on the loss for the period attributable to owners of the Company of HK\$30,686,000 (30 June 2014: HK\$32,182,000) and the weighted average number of ordinary shares of 1,650,658,676 (30 June 2014: 1,650,658,676) in issue during the period.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the six months periods ended 30 June 2015 and 2014.

9. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2015 and 2014.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment of approximately HK\$1,012,000 (30 June 2014: HK\$1,948,000).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Listed investments, at fair value (<i>note a</i>):		
Hong Kong	184,106	187,412
Outside Hong Kong	31,526	27,423
Market value of listed investments	215,632	214,835
Unlisted investments, at fair value:		
Equity investment (<i>note b</i>)	92,602	87,600
Others (<i>note c</i>)	48,514	25,402
	141,116	113,002
	356,748	327,837
Analysed as:		
Current assets	303,393	240,237
Non-current assets	53,355	87,600
	356,748	327,837

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Held for trading	264,146	240,237
Designated as at fair value through profit or loss on initial recognition	92,602	87,600
	356,748	327,837

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

Notes:

- (a) The listed investments at 30 June 2015 and 31 December 2014 were classified as held for trading. The fair values of listed investments are based on quoted market prices. The listed investments offer the Group the opportunity for return through dividend income, coupon interest and fair value gains.

At 30 June 2015, the carrying amount of listed investments at fair value amounting to HK\$2,540,000 (31 December 2014: HK\$Nil) was pledged as security for the Group's bank loans.

- (b) In 2013, 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 (BVI) ("PuraPharm BVI") and Mr. CHAN Yu Ling Abraham ("Mr. Abraham Chan") (who is the controlling shareholder of PuraPharm BVI), the Group acquired from FDL 5% equity interest in PuraPharm BVI at a total consideration of US\$3,524,962 (equivalent to approximately HK\$27,424,000).

In 2014, pursuant to the subscription and share purchase agreement dated 31 December 2014 entered into between the Group, FDL, PuraPharm BVI and Mr. Abraham Chan, the Group subscribed 4% equity interest in PuraPharm BVI through allotment of share capital of PuraPharm BVI and further acquired 1.33% equity interest from FDL at a total consideration of HK\$40,000,000. As of 31 December 2014, the Group held approximately 10.13% of the entire share capital of PuraPharm BVI.

PuraPharm BVI 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 its shares in PuraPharm BVI; and FDL may repurchase the Group's shares in PuraPharm BVI at an agreed redemption/repurchase price. Further details of the above were set out in the Company's announcements dated 13 June 2013, 7 August 2013 and 31 December 2014.

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

On 19 June 2015, the Group agreed to exchange the shares held on hand in PuraPharm BVI into the shares in PuraPharm Corporation Limited (Cayman) ("PuraPharm Cayman"). After the exchange, the Group held 17,092,500 shares in PuraPharm Cayman. On 25 June 2015, PuraPharm Cayman made the global offering of its shares on the Main Board of Stock Exchange.

On 30 June 2015, the Group and PuraPharm Cayman entered into an agreement, whereby the Group agreed to sell 40% (or 6,837,000 shares) of its shareholding of PuraPharm Cayman (the "Cayman Sale Shares") under the proposed global offering of PuraPharm Cayman, on the condition that PuraPharm Cayman could be successfully listed on the Main Board of Stock Exchange.

The global offering was completed on 7 July 2015 and the shares of PuraPharm Cayman were available for trading on the Stock Exchange on 8 July 2015. Accordingly, the Group sold the Cayman Sale Shares at the selling price equivalent to the final global offering price of PuraPharm Cayman.

The fair value of the investment in PuraPharm Cayman as at period end date was determined by the market approach with reference to PuraPharm Cayman's global offering price (31 December 2014: determined by valuation performed by Crowe Horwath (HK) Consulting Valuation Limited, using binominal model). The key inputs and assumptions used in the valuation model are disclosed in note 3 to the condensed consolidated financial statements.

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

Notes: (cont'd)

- (c) Other unlisted investments at 30 June 2015 and 31 December 2014 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.

At 30 June 2015, the carrying amount of unlisted investments at fair value amounting to HK\$15,258,000 (31 December 2014: HK\$Nil) was pledged as security for the Group's general banking facility.

12. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Equity investment listed outside Hong Kong, at fair value	73,314	103,818

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

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
At beginning of the period	103,818	85,222
Addition	2,521	—
Disposal	—	(21,873)
Fair value gains/(losses)	(33,025)	14,605
At end of the period	73,314	77,954

The listed equity investment as at 30 June 2015 and 31 December 2014 represented 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 the investment in Genovate as at 30 June 2015 and 31 December 2014 was based on quoted market price.

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Listed senior notes*, at fair value:		
Market value of listed senior notes		
– Current assets	—	6,341
– Non-current assets	121,982	118,825
	121,982	125,166

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

At 30 June 2015, the Group held listed senior notes with an aggregate principal amount of US\$15,648,000 (equivalent to HK\$121,741,000) (31 December 2014: US\$16,470,000 (equivalent to HK\$128,137,000)), which were mainly issued/guaranteed by companies listed on the Stock Exchange. The fair value of the listed senior notes is based on quoted market prices. The senior notes have maturity dates ranging from 9 February 2017 to 31 January 2023 (31 December 2014: 16 February 2015 to 31 January 2023).

Interest income from the listed senior notes is recognised based on effective interest rate ranging from 3.3% to 10% (31 December 2014: 3.3% to 10.9%).

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within 1 month	1,613	2,314
2 to 3 months	274	1,042
Over 3 months	299	7
	2,186	3,363

15. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2015 are trade and bills payables of HK\$8,723,000 (31 December 2014: HK\$12,078,000).

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 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within 1 month	6,670	10,090
2 to 3 months	1,649	1,988
Over 3 months	404	—
	8,723	12,078

16. 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 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within one year classified as current liabilities	476	120
In the second year	781	712
In the third to fifth years, inclusive	658	1,138
Non-current portion	1,439	1,850
	1,915	1,970

17. SHARE CAPITAL

	30 June 2015		31 December 2014	
	Number of ordinary shares '000	Amount HK\$'000 (<i>unaudited</i>)	Number of ordinary shares '000	Amount HK\$'000 (<i>audited</i>)
Ordinary shares, issued and fully paid:				
At 1 January	1,650,659	1,206,706	1,650,659	16,507
Transfer upon transition to no-par value regime on 3 March 2014 (<i>note</i>)	—	—	—	1,190,199
At 30 June/31 December	1,650,659	1,206,706	1,650,659	1,206,706

Note:

In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the balances of the share premium account and capital redemption reserve amounting to HK\$1,189,721,000 and HK\$478,000 respectively have been transferred to the issued capital.

18. RELATED PARTY TRANSACTIONS

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

	Note	Six months ended 30 June	
		2015 HK\$'000 (<i>unaudited</i>)	2014 HK\$'000 (<i>unaudited</i>)
Rental expenses, building management fees and air-conditioning charges to related companies	(i)	2,420	2,441
Purchase of fashion wear and accessories from an associate		5	714
Management fee received/receivable from an associate		687	1,300
Loan interest received/receivable from an associate		261	349

Note:

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

18. RELATED PARTY TRANSACTIONS (CONT'D)

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term employee benefits	7,409	9,083
Pension scheme contributions	59	66
Total compensation paid to key management personnel	<u>7,468</u>	<u>9,149</u>

19. CONTINGENT LIABILITIES

At 30 June 2015, the Group had the following significant contingent liabilities:

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 condensed consolidated financial statements, the Judicial Review is ongoing and there is no ruling made by the High Court regarding the Appeal Tribunal Decision. The judgement is expected to be handed down at the end of November 2015.

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.

20. APPROVAL OF INTERIM REPORT

The interim report was approved and authorised for issue by the Board of Directors on 21 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group recorded a consolidated turnover of HK\$111,266,000 for the six months ended 30 June 2015, a decrease of 20% compared to HK\$138,452,000 for the previous corresponding period.

Operating results recorded a consolidated net loss of HK\$30,864,000 for the period compared to a consolidated net loss of HK\$32,248,000 for the same period last year. The first half of 2015 continued to be a challenging and difficult time to the Group. High end luxury retail market of Hong Kong has not recovered since the Occupy Central Movement during the last quarter of 2014. The situation has further deteriorated as a result of the change in spending power in high end luxury products by mainland tourists and shoppers. Despite the increase in the number of mainland China tourists, their spending power is lower. Moreover weak EURO widens the gap of price difference between Europe and Asian regions especially for Greater China and Hong Kong. We have witnessed a tendency for Asian shoppers to shop directly in Europe. On the other hand rental level in Hong Kong's prime shopping locations remains unrealistically high with no sign of relief in the near future.

Following closure of under-performed shops and restructuring of strategic re-positioning of our own in-house label, Cesare di Pino, the loss from this operation was substantially reduced to HK\$1,802,000 for the six months under review from a loss of HK\$10,418,000 over the corresponding period.

Although global economic recovery is still far away with the unsettled debt crisis in Greece and especially slowdown of mainland China economy continuing to weigh on our retail operation, the performance of our investments in financial instruments for the six months under review was better than expected compared to the last corresponding period. In addition, a fair value gain of approximately HK\$5,002,000 was recorded through valuation on the fair value of our investment in PuraPharm. A total cash of approximately HK\$39,247,000 was subsequently received from the partial realization of our investment in PuraPharm following its initial public offer in July 2015. PuraPharm was successfully listed on the main board of the Stock Exchange in early July.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

Operating results (exclude our share of the associate's result) for the six months reported a loss of approximately HK\$15,901,000 (2014: Loss HK\$12,711,000), a further decline of 25% compared to last corresponding period. Turnover of both 'multi label' shops and 'mono label' shops dropped by 23% and 7% respectively. Weak consumer sentiment and low spending power resulting from local political issues and changes in demographic profile of the mainland China tourists with a higher proportion of visitors with weaker spending power continuing to negatively impact on the performance of Swank. Deep discounting policy to clear unsold stock continued to adversely affect the gross profit margin of our retail operation in Hong Kong.

In May 2015, the poor-performed Just Cavalli shop in Festival Walk was closed. We believe that the retail environment of Hong Kong remains weak in the near future. All high end luxury products will inevitably be affected under the current unfavorable climate. In view of this continuing volatile business environment, the Group will keep on reviewing the operation of Swank in order to improve the productivity, profitability and sustainability. We do not expect any improvement in the market environment in the near future.

Swank China

Operating results of Swank China for the six months further deteriorated with operating loss increased to approximately HK\$15,124,000 from HK\$12,054,000 for the last corresponding period. Sufficient and additional stock provision has been made to reflect the disappointing performance of our shops and the deteriorating stock conditions. In March 2015, the Swank Hangzhou shop was closed upon expiry of the lease.

Political reforms, anti-corruption measures followed by the significant slowing down in momentum of mainland China economy are major factors that have a negative impact on our China operation. Given the current market conditions with no prospect of profit, the management is drastically cutting back its China operation with a view to close it down completely.

Cesare di Pino

After the closure of the poorly performed shop in Hangzhou in May 2015 upon expiry of the lease, together with the restructuring of and consolidating operation of Hong Kong and China, operating loss of Cesare di Pino was reduced substantially to approximately HK\$1,802,000 from HK\$10,418,000 in the last corresponding period. In line with our strategy for the Swank China operation, the management is drastically cutting back its China operation with a view to close it down completely and re-position our in-house brand for our operation in Hong Kong.

Brunello Cucinelli

The Group's 49% joint venture with Brunello Cucinelli S.p.a. formed in late 2013, currently operates 3 boutiques in Hong Kong. Sales at our IFC shop remained steady while the business of the flagship store located in Queen's Road Central has yet to pick up. Contributions from this joint venture was minimal with a slight losses of HK\$488,000 (2014: Loss HK\$98,000) for the period under review.

Resort and Recreational Club Operations

Hong Kong Hilltop Country Club ("Hilltop")

Situated in Tsuen Wan with a total site area of over 400,000 square feet, Hilltop is one of the earliest private country clubs in Hong Kong providing recreational and outdoor activities, conferences, dining and lodging facilities to its members.

The operating performance of Hilltop for the first six months 2015 was similar to the same period last year and did not generate a profit to the Group. Operating loss of Hilltop for the period amounted to HK\$4,177,000 (2014: Loss HK\$3,559,000). In order to broaden its revenue base, the Club management has launched new promotion programs and provided different type of memberships to increase the income. With the facilities gradually become obsolete, the management has appointed a consultant firm to conduct a feasibility study on possible revamping of the club facilities in coming years.

Financial instruments investments

The investment portfolio of financial instruments held for trading and available-for-sales debt investments (excluding the investment in shares of Genovate and PuraPharm) recorded a net gain of HK\$4,104,000 for the six months ended 30 June 2015 (2014: Net losses HK\$2,287,000). As of 30 June 2015 the total carrying value of the Group's investment portfolio of financial instruments held for trading and available-for-sales debt investments was HK\$386,128,000.

The financial markets were highly volatile in the first half of the year. While the soaring mainland stock market in April has contributed certain gains to our equity investment portfolio, the Greek default risk and the corrections in mainland stock market in the latter part of June have reduced the gains on equity investments in the second quarter. In the second half of 2015, the possible interest rate increase in the US, the aftermath of the Greek debt crisis, the uncertain development of the mainland equity market and the depreciation of Renminbi will bring further volatilities to the global economic environment and financial market. Because of volatility of the market, the management will continue to monitor and manage the financial instruments/investments portfolio prudently and maintain a balance portfolio of bonds and equities in order to limit the investment risk and maintain a stable income.

Other Investments

PuraPharm Corporation Limited ("PuraPharm")

PuraPharm is a leading Hong Kong-based Chinese medicine company engaged in the research and development, production, marketing and sale of Concentrated Chinese Medicine Granules products which PuraPharm markets under its brand "Nong's (農本方)".

The Group has invested a total of HK\$67,424,000 in PuraPharm for 10.13% shareholdings in June 2013, August 2013 and December 2014 respectively. PuraPharm (stock code 1498) was listed on the Main Board of the Stock Exchange on 8 July 2015. The Group sold 40% of its investment in PuraPharm during PuraPharm's IPO and realized a profit of HK\$13,915,000 before underwriting expenses (HK\$12,277,000 net of underwriting expenses) of which approximately HK\$8,070,000 has been recognized as fair value gain through valuation in prior years. The Group currently holds approximately 4.56% shareholdings in PuraPharm after its listing.

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. Genovate is listed in the Taiwan GreTai Securities Market (Open Market, stock code: 4130). As of 30 June 2015, the Group held 6.3% shareholding in Genovate at an investment cost of HK\$16,377,000.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of investments during the six months ended 30 June 2015.

LIQUIDITY AND FINANCIAL POSITION

At 30 June 2015, the Group's financial position was strong with cash and non-pledged deposit holdings of HK\$398,812,000 (31 December 2014: HK\$428,142,000). At 30 June 2015 total borrowings amounted to HK\$15,730,000 (31 December 2014: HK\$14,251,000) with HK\$14,291,000 repayment falling due within one year (31 December 2014: HK\$12,401,000). The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 1.4% at the interim period date (31 December 2014: 1.2%). The current ratio at 30 June 2015 was 19.2 times (31 December 2014: 16.6 times).

At 30 June 2015, 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 unaudited 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 in the light of changing market conditions to determine if any hedging is required.

PLEDGE OF ASSETS

At 30 June 2015, pledge of the Group's fixed deposits of HK\$1,000,000 (31 December 2014: HK\$11,000,000) was given to banks to secure general banking facilities to the extent of HK\$1,000,000 (31 December 2014: HK\$31,000,000).

At 30 June 2015, the carrying amount of listed investment at fair value of HK\$2,540,000 and unlisted investment of HK\$15,258,000 were pledged as securities for the Group's bank loans of HK\$2,451,000 (31 December 2014: Nil) and general banking facilities to the extent of HK\$30,000,000 (31 December 2014: Nil) respectively.

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employed 226 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 2015.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2015, 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 Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange 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 2015, 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. CHAN, Wai Tong Christopher	Trustee	730,974,145	Notes (2) & (3)	44.28%
Mr. JONG, Yat Kit	Trustee	730,974,145	Notes (2) & (3)	44.28%
Mr. WONG, Tak Wai	Trustee	730,974,145	Notes (2) & (3)	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. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai, as joint and several administrators of the Estate of Kung, Nina. Thus, each of Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai is deemed to be interested in the same block of shares.
- (3) Each of Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai 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 2015 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 2015.

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 2015, save for the followings:

- (1) 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. During the period from 1 January 2015 to the close of business on 5 May 2015, Mr. Joseph Wing Kong LEUNG assumed the roles of the Chairman and the Acting Chief Executive Officer. During the period from the close of business on 5 May 2015 to 30 June 2015, the duties of chairman and chief executive officer have been assumed by three Executive Directors namely, Mr. Victor Yiu Keung CHIANG, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG. 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.
- (2) Under Code Provision A.5.1 of the CG Code, the chairman of the Nomination Committee of the Company should be the chairman of the board or an independent non-executive director. The chairman of the Nomination Committee of the Company was taken by the ex-chairman of the Board of the Company until his resignation in May 2015 and the position of the chairman of the Board has been vacant since then. During the period from the close of business on 5 May 2015 to 30 June 2015, the chairman of the Nomination Committee of the Company was Mr. Derek Wai Choi LEUNG, Executive Director of the Company. However, since 6 May 2015, no meeting has been held nor any resolutions have been approved by the Nomination Committee. The Board shall rectify this non-compliance as soon as practicable.

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 2014 Annual Report are set out as follows:

- (1) Mr. Derek Wai Choi LEUNG, Executive Director, has been appointed as a member and the chairman of the Corporate Governance Committee, the chairman of the Investment Committee, a member and the chairman of the Nomination Committee, and a member of Remuneration Committee of the Company with effect from the close of business on 5 May 2015.
- (2) Mr. David Kwok Kwei LO, Independent Non-executive Director, has been appointed as a member of the Audit Committee of the Company with effect from 8 July 2015.

(3) With effect from 8 July 2015, the Directors' fees of the Company have been adjusted to:

(i) Executive Directors

Basic fee	HK\$60,000 per annum
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(ii) Independent Non-executive Directors

Basic fee

Board member	HK\$150,000 per annum
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Board Committee

– chairman	HK\$50,000 per annum
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– other member	HK\$25,000 per annum
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Attendance fee

– Board meeting	HK\$8,000 per meeting
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– General meeting	HK\$5,000 per meeting
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– Committee meeting	HK\$5,000 per meeting
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(4) The monthly salary and allowance of Mr. Victor Yiu Keung CHIANG, Executive Director, has been increased to HK\$191,000.

(5) The monthly salary and allowance of Mr. Derek Wai Choi LEUNG, Executive Director, has been increased to HK\$112,000.

(6) The monthly salary and allowance of Mr. Wing Tung YEUNG, Executive Director, has been increased to HK\$219,500.

(7) Mr. Chi Keung WONG, Independent Non-executive Director, has been appointed as an independent non-executive director of Fortunet e-Commerce Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange, with effect from 25 March 2015.

REVIEW OF INTERIM REPORT

The interim report for the six months ended 30 June 2015 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. 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

Derek Wai Choi LEUNG

Executive Director

Hong Kong, 21 August 2015

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

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