



安寧控股有限公司
ENM Holdings Limited

Stock Code: 00128



INTERIM REPORT
2016

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MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

First half of 2016 continued to be challenging for the Group. Fashion retail business of the Group continued to suffer an operating loss due to general decline in customer spending in the high end luxury retail market both in Hong Kong and China. With the closure of all Swank and Cesare di Pino shops in China in the first half of 2016, the operating loss of fashion retail business in China was substantially reduced.

Volatile global financial market condition during the first half of 2016 also adversely affected the performance of the Group's investment in financial instruments generally.

FINANCIAL REVIEW

Net loss attributable to shareholders for the six months ended 30 June 2016 amounted to HK\$26,202,000 as compared with a net loss of HK\$30,686,000 for the same period in 2015. The net loss was mainly attributable to a loss from fashion retail business of HK\$19,378,000 (2015: HK\$32,827,000) and a loss from recreational club operation of HK\$4,538,000 (2015: HK\$4,177,000). The decrease in net loss attributable to shareholders was mainly attributable to the drop in operating losses from fashion retail business (excluded the share of an associate's result) of HK\$13,449,000 mainly due to the close down of China operations. However, such decrease was partly offset by (i) the decline in contribution from investments and treasury segment of HK\$4,122,000 and (ii) the fair value loss of HK\$1,100,000 on revaluation of the Group's investment properties as compared to a fair value gain of HK\$2,400,000 for the same period in 2015.

The Group principally derived its revenue from the retail of fashion wear in Hong Kong. For the six months ended 30 June 2016, the Group recorded consolidated revenue of HK\$87,507,000, a decrease of 21% as compared with HK\$111,266,000 for the same period in 2015. The decrease was mainly attributable to a drop in revenue of fashion retail business. Prolonged weak consumer market continued to put downward pressure on the fashion retail market. The Group's gross profit decreased by 7% to HK\$53,396,000 (2015: HK\$57,340,000). The Group's gross profit margin for the six months ended 30 June 2016 was 61% as compared to 52% for the same period in 2015. A comparatively lower gross profit margin in 2015 Interim was mainly due to an additional stock provision made with a view to close down of fashion retail business in China.

The Group's other income mainly comprised (i) rental income from the Group's investment properties situated in Hong Kong and (ii) management fees received from an associate. The decrease in other income by 14% to HK\$1,265,000 (2015: HK\$1,464,000) was mainly due to smaller income generated from the provision of management services to an associate.

The Group's selling and distribution expenses dropped by 25% to HK\$41,104,000 (2015: HK\$54,834,000) and depreciation and amortization expenses decreased by 58% to HK\$2,548,000 (2015: HK\$6,016,000). The decreases were primarily attributable to the close down of non-performing shops both in Hong Kong and China.

The Group's administrative expenses decreased slightly by 2% to HK\$39,717,000 (2015: HK\$40,388,000) for the six months ended 30 June 2016.

The Group's "Other operating gains, net" mainly comprised realised and unrealised fair value gains/(losses) on financial instruments investment, write-back of accrued payables and exchange gains/(losses). The decrease in "other operating gains, net" was mainly attributable to exchange losses of HK\$447,000 for the six months ended 30 June 2016 as compared to exchange gains of HK\$4,686,000 for the same period in 2015.

Share of profit of an associate for the six months ended 30 June 2016 amounted to HK\$1,005,000 (2015: Loss HK\$488,000), which represented the share of result of the joint venture business with Brunello Cucinelli SpA. This turnaround was contributed mainly from the higher gross profit margin as a result of stringent control pricing guideline and the success in negotiation for rental reduction in the renewal of the lease of one store.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

For the six months ended 30 June 2016, overall turnover decreased by 20% to HK\$69,729,000 (2015: HK\$87,588,000). The decline in turnover was attributable to an uncertain and tough macro-environment which created a slow and inactive local economy. Gross profit margin for the six months ended 30 June 2016 dropped slightly by 1% to 54% due to higher stock provision for past season inventory. Operating loss for the six months ended 30 June 2016 amounted to HK\$16,297,000 (2015: Loss HK\$15,901,000).

With a persistent decline of inbound tourism from mainland China during the first half of 2016, there is a significant decrease in overall retail spending on luxury goods.

With a negative outlook for 2016, austerity measures were promptly taken to reduce overall expenditure in terms of labour and operational costs. Significantly, overall labour cost reduced via streamlining of manpower, administratively and on a retail level. Closure of three non-performing stores contributed to the reduction of both labour and operational expenses. Furthermore, administrative and operational procedures were also reviewed to improve productivity and efficiency.

In the first half of 2016, Hong Kong's rental levels and conditions for prime shopping malls remained quite high, but dramatic decline was seen for street level shops in prime shopping districts.

During the first half of 2016, action was taken for shop relocation and renovation plus new shop opening, in particular, relocation and renovation of "The Swank" shop and the new "The Swank Outlet". Additionally, there have been on-going efforts in exploring new potential venues for increasing point of sales.

2016 continues to be challenging with volatile International conditions, not only politically but socially and economically too. The forecast for the second half of 2016 is for a continued downward trend in overall Hong Kong retail performance.

In the second half of 2016, Swank Hong Kong will continue focusing on achieving breakeven profit and loss performance and to maximize operational efficiency and productivity. Discussions and negotiations will continue with landlords for more favourable rental terms and locations and any success will be reflected later this year.

Strategic action will also continue in reviewing and scaling-down existing portfolio of brands to improve productivity and profitability as well as to develop new brands to project a more luxurious and sophisticated image.

Swank China

In the reporting period, the Group closed down the last shop in Beijing Jinbao Place. Owing to the close down of China operations, the sales for the six months ended 30 June 2016 decreased by HK\$4,375,000 to HK\$1,367,000. Significant reduction in stock provision made during this period contributed to the decrease in operating loss. Operating loss for the six months ended 30 June 2016 amounted to HK\$1,599,000 (2015: Loss HK\$15,124,000).

Cesare di Pino

In the reporting period, the last Beijing shop was closed down. With the closure of shop, sales and operating losses for the six months ended 30 June 2016 were recorded at HK\$190,000 and HK\$1,482,000 respectively.

Brunello Cucinelli

In the first half of 2016, the joint venture with Brunello Cucinelli SpA suffered some set-backs against budget, however, not as severe as many other international fashion brands. Contribution to the Group for the six months ended 30 June 2016 was HK\$1,005,000 as compared to a negative contribution of HK\$488,000 for the same period of 2015. The significant rental reduction previously secured also contributed to the overall profitability.

Resort and Recreational Club Operations

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.

For the six months ended 30 June 2016, Hilltop's total sales increased by 13% to HK\$7,410,000 from HK\$6,538,000 for the same period in 2015. This increase was mainly attributable to the improvement in corporate members' event business. However, Hilltop's operating loss for the period increased by 8.6% to HK\$4,538,000 (2015: Loss HK\$4,177,000), which was primarily due to the statutory minimum wage effect on new staff replacement and casual labour recruited.

In the second half of 2016, Hilltop's management will focus on corporate members' event business and tailored made individual members' promotion program to increase the revenue.

Investment in Financial Instruments

Other than Retail Fashion and Resort and Recreation Club business, the Group diversified its investment in financial instruments which include financial assets at fair value through profit or loss, available-for-sale equity investments and available-for-sale debt investments. As of 30 June 2016, the total carrying value of the Group's investment portfolio in financial instruments was HK\$407,999,000 (31 December 2015: HK\$490,073,000). Before the general and administrative expenses, the investment in financial instruments totally contributed a gain of HK\$9,575,000 (2015: HK\$9,744,000) to the Group for the six months ended 30 June 2016.

Financial assets at fair value through profit or loss and Available-for-sale debt investments

The Group's existing financial assets at fair value through profit or loss mainly include listed equities, funds and non-USD bonds investment. As of 30 June 2016, the total carrying value of the Group's investment portfolio in financial assets at fair value through profit or loss was HK\$214,957,000 (31 December 2015: HK\$251,967,000). As of 30 June 2016, two major listed equities, namely PuraPharm Corporation Limited ("PuraPharm") and China Motor Bus Co., Ltd., shared approximately 70% of the total carrying value in this category. PuraPharm, the Group's pre-IPO investment, has been re-classified as current assets after its successful listing in July 2015 and now is available for trading. For the six months ended 30 June 2016, the financial assets at fair value through profit or loss recorded net losses of HK\$13,943,000 (2015: net gain HK\$6,580,000). The decrease in investment return was mainly attributable to the significant price decrease of PuraPharm share which dropped down almost 46% as of 30 June 2016 closing price from its IPO listing price on 8 July 2015.

Available-for-sale debt investments mainly include listed USD bond investments for yield enhancement. For the six months ended 30 June 2016, available-for-sale debt investments contributed a net gain of HK\$4,037,000 (2015: net gain HK\$2,526,000), and its carrying value as of 30 June 2016 was HK\$148,432,000 (31 December 2015: HK\$136,448,000).

During the first half of 2016, black swans continued affecting the global financial market. With the global economy slowdown and the decrease in commodity prices, Hang Seng Index plunged significantly in January 2016 and early February 2016. The A-share market in China had no encouraging news. Global financial markets have become more and more volatile before and after the Brexit referendum in late June 2016. All these factors lead the Group to take a more prudent approach on its investment strategy by reducing investment in equity market and maintaining a higher percentage in bond investment in order to limit the investment risk and maintain stable income.

Available-for-sale equity investment

The Group's available-for-sale equity investment represents an interest in 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 on the Taipei Exchange in Taiwan (TPEx, stock code: 4130).

The Group has disposed its Genovate shareholdings gradually to realise the investment return. During the six months ended 30 June 2016, a total of 2,270,000 Genovate shares (or 2.25% of Genovate's total outstanding shares) was sold with a realised profit of HK\$19,103,000. As of 30 June 2016, the Group held 4.08% shareholdings in Genovate.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of investments during the six months ended 30 June 2016.

LIQUIDITY AND FINANCIAL POSITION

As at 30 June 2016, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$416,668,000 (31 December 2015: HK\$400,252,000). As at 30 June 2016, total borrowings amounted to HK\$9,512,000 (31 December 2015: HK\$10,809,000) with HK\$8,850,000 (31 December 2015: HK\$9,665,000) 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 0.9% at the interim period date (31 December 2015: 1%). The current ratio as at 30 June 2016 was 24.1 times (31 December 2015: 19.7 times).

As at 30 June 2016, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars and United States dollars and exchange difference were reflected in the unaudited condensed consolidated financial statements. All borrowings of the Group are on a floating rate basis. All club debentures of Hilltop are interest free.

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

PLEDGE OF ASSETS

As at 30 June 2016, pledge of the Group's fixed deposits of HK\$11,000,000 (31 December 2015: HK\$11,000,000) was given to banks to secure general banking facilities to the extent of HK\$31,000,000 (31 December 2015: HK\$31,000,000).

CONTINGENT LIABILITIES

The Group's significant contingent liabilities as at 30 June 2016 are set out in note 20 to the condensed consolidated financial statements.

IMPORTANT EVENTS AFTER THE FINANCIAL PERIOD

There have been no important events affecting the Group that have occurred since the end of the financial period ended 30 June 2016.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2016, the Group had 188 staff, including Executive Directors. Total staff costs (including Directors' emoluments) were approximately HK\$32,593,000 for the six months ended 30 June 2016. 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.

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 9 to 30 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2016 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 Hong Kong

Certified Public Accountants

Hong Kong

31 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	Six months ended 30 June	
		2016 HK\$'000 (<i>unaudited</i>)	2015 HK\$'000 (<i>unaudited</i>)
Revenue	5	87,507	111,266
Cost of sales		(34,111)	(53,926)
Gross profit		53,396	57,340
Other income		1,265	1,464
Selling and distribution costs		(41,104)	(54,834)
Administrative expenses		(39,717)	(40,388)
Depreciation and amortisation		(2,548)	(6,016)
Other operating gains, net		3,332	8,665
Loss from operations		(25,376)	(33,769)
Fair value gains/(losses) on investment properties		(1,100)	2,400
Deficits write-back/(deficits) on revaluation of resort and recreational club properties		(548)	1,273
Finance costs	6	(249)	(280)
Share of profit/(loss) of an associate		1,005	(488)
Loss before tax		(26,268)	(30,864)
Income tax expense	7	—	—
Loss for the period	8	(26,268)	(30,864)
Attributable to:			
Owners of the Company		(26,202)	(30,686)
Non-controlling interests		(66)	(178)
		(26,268)	(30,864)
		HK\$	HK\$
		(<i>unaudited</i>)	(<i>unaudited</i>)
Loss per share			
– basic	9(a)	(1.59 cents)	(1.86 cents)
– diluted	9(b)	N/A	N/A

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Loss for the period	(26,268)	(30,864)
Other comprehensive loss:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	591	(85)
Fair value changes of available-for-sale equity investments	(30,169)	(33,025)
Fair value changes of available-for-sale debt investments	2,710	2,890
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments	(21,060)	—
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	(64)	320
Other comprehensive loss for the period, net of tax	(47,992)	(29,900)
Total comprehensive loss for the period	(74,260)	(60,764)
Attributable to:		
Owners of the Company	(74,180)	(60,590)
Non-controlling interests	(80)	(174)
	(74,260)	(60,764)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	Note	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	76,445	78,641
Investment properties		35,200	36,300
Intangible assets		1,169	1,211
Interest in an associate		17,033	15,297
Available-for-sale equity investments	13	44,610	101,658
Available-for-sale debt investments - notes receivables	14	140,546	132,459
Total non-current assets		315,003	365,566
Current assets			
Inventories		45,833	49,421
Trade receivables	15	856	2,022
Prepayments, deposits and other receivables		29,567	40,653
Financial assets at fair value through profit or loss	12	214,957	251,967
Available-for-sale debt investments - notes receivables	14	7,886	3,989
Pledged bank deposits		11,000	11,000
Time deposits		343,545	358,670
Cash and bank balances		73,123	41,582
Total current assets		726,767	759,304
Current liabilities			
Trade and other payables	16	21,274	28,814
Interest-bearing bank borrowings		8,066	8,949
Current portion of debentures	17	784	716
Total current liabilities		30,124	38,479
Net current assets		696,643	720,825
Total assets less current liabilities		1,011,646	1,086,391

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
AT 30 JUNE 2016

	Note	30 June 2016 HK\$'000 (<i>unaudited</i>)	31 December 2015 HK\$'000 (<i>audited</i>)
Total assets less current liabilities		1,011,646	1,086,391
Non-current liabilities			
Debentures	17	662	1,144
Deferred revenue		3	6
Total non-current liabilities		665	1,150
NET ASSETS		1,010,981	1,085,241
Capital and reserves			
Issued capital	18	1,206,706	1,206,706
Accumulated losses		(1,043,828)	(1,017,626)
Other reserves		848,391	896,369
Equity attributable to owners of the Company		1,011,269	1,085,449
Non-controlling interests		(288)	(208)
TOTAL EQUITY		1,010,981	1,085,241

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

(Unaudited)

	Attributable to owners of the Company							Total equity HK\$'000
	Issued capital 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	
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>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>
At 1 January 2016	<u>1,206,706</u>	<u>808,822</u>	<u>85,070</u>	<u>2,477</u>	<u>(1,017,626)</u>	<u>1,085,449</u>	<u>(208)</u>	<u>1,085,241</u>
Total comprehensive loss and changes in equity for the period	—	—	(48,583)	605	(26,202)	(74,180)	(80)	(74,260)
At 30 June 2016	<u>1,206,706</u>	<u>808,822</u>	<u>36,487</u>	<u>3,082</u>	<u>(1,043,828)</u>	<u>1,011,269</u>	<u>(288)</u>	<u>1,010,981</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net cash used in operating activities	(2,542)	(42,570)
Net cash used in investing activities	(92,087)	(102,354)
Net cash generated from/(used in) financing activities	(1,547)	1,238
Net decrease in cash and cash equivalents	(96,176)	(143,686)
Cash and cash equivalents at beginning of period	355,355	214,562
Effect of foreign exchange rate changes, net	(96)	631
Cash and cash equivalents at end of period	259,083	71,507
Analysis of balances of cash and cash equivalents		
Non-pledged time deposits	343,545	360,269
Less: Non-pledged time deposits with original maturity of over three months when acquired	(157,585)	(327,305)
Non-pledged time deposits with original maturity of less than three months when acquired	185,960	32,964
Cash and bank balances	73,123	38,543
	259,083	71,507

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

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”).

The financial information relating to the year ended 31 December 2015 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2016 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

These condensed consolidated financial statements should be read in conjunction with the 2015 annual consolidated financial statements (“2015 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 consolidated financial statements for the year ended 31 December 2015.

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 2016. 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 have any significant effect on the condensed consolidated financial statements.

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.

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.

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 2016 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	173,791	—	—	173,791
– Listed debt and fund investments	—	11,823	—	11,823
– Unlisted debt and fund investments	—	29,343	—	29,343
	<u>173,791</u>	<u>41,166</u>	<u>—</u>	<u>214,957</u>
Available-for-sale financial assets:				
– Listed debt investments	—	148,432	—	148,432
– Listed equity investment	44,610	—	—	44,610
	<u>44,610</u>	<u>148,432</u>	<u>—</u>	<u>193,042</u>
Investment properties:				
– Industrial property situated in Hong Kong	—	35,200	—	35,200
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	—	—	73,900	73,900
Total recurring fair value measurements	<u>218,401</u>	<u>224,798</u>	<u>73,900</u>	<u>517,099</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 2015 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	190,620	—	—	190,620
– Listed debt and fund investments	—	34,566	—	34,566
– Unlisted debt and fund investments	—	26,781	—	26,781
	<u>190,620</u>	<u>61,347</u>	<u>—</u>	<u>251,967</u>
Available-for-sale financial assets:				
– Listed debt investments	—	136,448	—	136,448
– Listed equity investment	101,658	—	—	101,658
	<u>101,658</u>	<u>136,448</u>	<u>—</u>	<u>238,106</u>
Investment properties:				
– Industrial property situated in Hong Kong	—	36,300	—	36,300
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	—	—	75,900	75,900
Total recurring fair value measurements	<u>292,278</u>	<u>234,095</u>	<u>75,900</u>	<u>602,273</u>

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	2016 Property, plant and equipment <hr/> Resort and recreational club properties HK\$'000 (<i>unaudited</i>)
At 1 January 2016	75,900
Total fair value loss recognised in profit or loss *	(548)
Depreciation charged to profit or loss	(1,452)
At 30 June 2016	73,900
	(548)

* Include gains or losses for assets held at end of reporting period

Description	Property, plant and equipment	Financial assets at fair value through profit or loss	2015 Total
	Resort and recreational club properties HK\$'000 (<i>unaudited</i>)	Unlisted equity investment HK\$'000 (<i>unaudited</i>)	HK\$'000 (<i>unaudited</i>)
At 1 January 2015	77,300	87,600	164,900
Total fair value gain 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 financial assets measured at fair value based on level 3: (Cont'd)

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", and "Deficits write-back/(deficits) 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 loss are presented in the corresponding line item in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2016 and 31 December 2015:

The Group's senior management is responsible for the fair value measurements of financial assets and financial 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 made 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

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 2016 and 31 December 2015: (Cont'd)

During the reporting period of 30 June 2016 and 31 December 2015, 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 2016	31 December 2015	
Resort and recreational club properties situated in Hong Kong	Discount rate	7.9%	8.5%	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 2016:				
Revenue from external customers	71,286	7,410	8,811	87,507
Segment profit/(loss)	(19,378)	(4,538)	1,000	(22,916)
As at 30 June 2016:				
Segment assets	85,799	76,271	862,667	1,024,737
Segment liabilities	(15,627)	(3,801)	(3,295)	(22,723)
Interest in an associate	17,033	—	—	17,033
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 31 December 2015:				
Segment assets, audited	93,546	78,583	937,444	1,109,573
Segment liabilities, audited	(23,543)	(4,385)	(2,752)	(30,680)
Interest in an associate, audited	15,297	—	—	15,297

4. SEGMENT INFORMATION (CONT'D)

Reconciliations of reportable segment profit or loss:

Total profit or loss of reportable segments	(22,916)	(31,882)
Unallocated corporate administrative expenses	(2,460)	(1,887)
Share of profit/(loss) of an associate	1,005	(488)
Fair value gains/(losses) on investment properties	(1,100)	2,400
Deficits write-back/(deficits) on revaluation of resort and recreational club properties	(548)	1,273
Finance costs	(249)	(280)
Consolidated loss for the period	(26,268)	(30,864)

Six months ended 30 June

2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
(22,916)	(31,882)
(2,460)	(1,887)
1,005	(488)
(1,100)	2,400
(548)	1,273
(249)	(280)
(26,268)	(30,864)

5. REVENUE

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

Wholesale and retail of fashion wear and accessories	71,286	94,793
Resort and recreational club operations	7,410	6,538
Dividend income from listed equity investments	2,174	1,353
Dividend income from an unlisted fund investment	84	105
Dividend income from available-for-sale equity investments	377	638
Interest income	6,176	7,839
	87,507	111,266

Six months ended 30 June

2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
71,286	94,793
7,410	6,538
2,174	1,353
84	105
377	638
6,176	7,839
87,507	111,266

6. FINANCE COSTS

Interest on bank loans and overdrafts	244	275
Accretion of interest on debentures	5	5
	249	280

Six months ended 30 June

2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
244	275
5	5
249	280

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and overseas income tax is required for the six months periods ended 30 June 2016 and 2015 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.

8. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of inventories sold [^]	34,068	53,871
Depreciation	2,506	5,974
Amortisation of intangible assets	42	42
Foreign exchange losses/(gains), net*	447	(4,686)
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	(641)	(1,719)
Fair value losses, net	4,786	2,539
Losses/(gains) on disposal, net	671	(940)
	4,816	(120)
Designated as such upon initial recognition		
Fair value losses/(gains)	11,384	(5,002)
Loss on disposal of available-for-sales debt investments*	157	1,153
Gain on disposal of available-for-sales equity investments*	(19,103)	—
Loss/(gain) on disposal of property, plant and equipment*	11	(10)
Write-back of accrued payables*	(1,044)	—
Fair value losses/(gains) on investment properties	1,100	(2,400)
Charge for inventories allowances	4,793	12,307

[^] Cost of inventories sold included charge for inventories allowances of HK\$4,793,000 (30 June 2015: HK\$12,307,000).

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

9. 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\$26,202,000 (30 June 2015: HK\$30,686,000) and the weighted average number of ordinary shares of 1,650,658,676 (30 June 2015: 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 2016 and 2015.

10. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2016 and 2015.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment of approximately HK\$870,000 (30 June 2015: HK\$1,012,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Listed investments, at fair value (<i>note a and note b</i>):		
Hong Kong	183,079	207,886
Outside Hong Kong	2,535	17,300
Market value of listed investments	185,614	225,186
Unlisted investments, at fair value:		
Others (<i>note c</i>)	29,343	26,781
	214,957	251,967

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

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Held for trading (<i>note a</i>)	182,037	207,663
Designated as at fair value through profit or loss on initial recognition (<i>note b</i>)	32,920	44,304
	214,957	251,967

Notes:

- (a) The listed investments at 30 June 2016 and 31 December 2015 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.
- (b) In prior years, the Group acquired equity interest in PuraPharm Corporation Limited (BVI) ("PuraPharm BVI") and the investment was designated as financial assets at fair value through profit or loss. In 2015, the Group agreed to exchange the shares held on hand in PuraPharm BVI into the shares in PuraPharm Corporation Limited (Cayman) ("PuraPharm Cayman"). In the same year, the shares of PuraPharm Cayman have successfully listed on the Main Board of the Stock Exchange.

PuraPharm Cayman 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.

As at 30 June 2016 and 31 December 2015, the investment represents equity investment in PuraPharm Cayman and the fair value was based on quoted market prices and included in the above listed investment.

- (c) Other unlisted investments at 30 June 2016 and 31 December 2015 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.

13. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Equity investment listed outside Hong Kong, at fair value	44,610	101,658

The listed equity investment as at 30 June 2016 and 31 December 2015 represents an investment in Genovate Biotechnology Company Limited ("Genovate"), which is a fully integrated specialty pharmaceutical company that focuses on new drug development, drug manufacturing, drug marketing and distribution in Taiwan and the region.

The fair value of the investment in Genovate as at 30 June 2016 and 31 December 2015 was based on quoted market price. The carrying amount of the Group's available-for-sale equity investment is denominated in New Taiwan dollar.

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Listed senior notes*, at fair value:		
Market value of listed senior notes		
– Current assets	7,886	3,989
– Non-current assets	140,546	132,459
	148,432	136,448

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

At 30 June 2016, the Group held listed senior notes with an aggregate principal amount of US\$18,831,000 (equivalent to HK\$146,505,000) (31 December 2015: US\$17,570,000 (equivalent to HK\$136,695,000)), which were mainly issued/guaranteed by listed companies or their group companies with sound financial background or good credit standing. 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 22 June 2026 (31 December 2015: 29 April 2016 to 31 January 2023).

Interest income from the listed senior notes is recognised based on effective interest rate ranging from 2.76% to 8.7% (31 December 2015: 3.30% to 10%).

15. 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 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 1 month	791	1,553
2 to 3 months	65	123
Over 3 months	—	346
	856	2,022

16. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2016 are trade and bills payables of HK\$3,406,000 (31 December 2015: HK\$7,000,000).

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within 1 month	2,220	4,767
2 to 3 months	1,057	2,027
Over 3 months	129	206
	3,406	7,000

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 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within one year classified as current liabilities	784	716
In the second year classified as non-current liabilities	662	1,144
	1,446	1,860

18. SHARE CAPITAL

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Issued and fully paid: 1,650,658,676 (31 December 2015: 1,650,658,676) ordinary shares	1,206,706	1,206,706

19. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	Note	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Rental expenses, building management fees and air-conditioning charges paid to related companies	(i)	2,417	2,420
Purchase of fashion wear and accessories from an associate		—	5
Management fee received/receivable from an associate		555	687
Loan interest received/receivable from an associate		262	261

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.

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

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Short term employee benefits	7,069	7,409
Pension scheme contributions	47	59
Total compensation paid to key management personnel	7,116	7,468

20. CONTINGENT LIABILITIES

At 30 June 2016, 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 consolidated 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

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Contracted, but not provided for: Renovation of leased properties	4,762	—

22. APPROVAL OF FINANCIAL STATEMENTS

The interim report were approved and authorised for issue by the Board of Directors on 31 August 2016.

OTHER INFORMATION

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 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry of all Directors, all Directors complied with the required standards set out in the Model Code throughout the six months ended 30 June 2016.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2016, 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 2016, persons 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 (i)	34.59%
Mr. CHAN, Wai Tong Christopher	Trustee	730,974,145 Notes (ii) & (iii)	44.28%
Mr. JONG, Yat Kit	Trustee	730,974,145 Notes (ii) & (iii)	44.28%
Mr. WONG, Tak Wai	Trustee	730,974,145 Notes (ii) & (iii)	44.28%

Notes:

- (i) 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).
- (ii) 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.
- (iii) 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 who had interests or short positions in the shares or underlying shares of the Company as at 30 June 2016 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 2016.

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 2016, 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. During the period from 1 January 2016 to 22 March 2016, the positions of chairman and chief executive officer were vacant and the duties of chairman and chief executive officer were assumed by the then three Executive Directors, namely, Mr. Victor Yiu Keung CHIANG, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG. The Board believed that the balance of power and authority is ensured through supervision of the full Board and the Board committees. With effect from 23 March 2016, Mr. Derek Wai Choi LEUNG, Executive Director, has been appointed as the Acting Chief Executive Officer of the Company. During the period from 23 March 2016 to conclusion of the Company's annual general meeting held on 3 June 2016 (the "2016 AGM"), the duties of chairman were assumed by the then two Executive Directors, namely, Mr. Victor Yiu Keung CHIANG and Mr. Wing Tung YEUNG. Since Mr. Victor Yiu Keung CHIANG's retirement at conclusion of the 2016 AGM, the duties of chairman have been assumed by Mr. Wing Tung YEUNG, Executive Director. The Board shall nevertheless review this arrangement from time to time.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information subsequent to the date of the 2015 Annual Report of the Company or the date of election of new Directors of the Company are set out below:

- (1) Dr. Jen CHEN, Independent Non-executive Director, has been appointed as a member of the Corporate Governance Committee of the Company with effect from conclusion of the 2016 AGM.
- (2) Mr. Chi Keung WONG, Independent Non-executive Director, has been appointed as a member of the Investment Committee of the Company with effect from conclusion of the 2016 AGM.
- (3) The monthly salary and allowance of Mr. Wing Tung YEUNG, Executive Director, has been adjusted to HK\$193,200.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2016 are unaudited, but have been reviewed by the Company's external auditor, RSM Hong Kong, 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, whose unmodified review report is set out on pages 7 and 8 of this interim report. The condensed consolidated financial statements for the six months ended 30 June 2016 have also been reviewed by the Company's audit committee.

BOARD OF DIRECTORS

As at the date of this report, the Executive Directors are Mr. Derek Wai Choi LEUNG (Acting Chief Executive Officer) and Mr. Wing Tung YEUNG, and the Independent Non-executive Directors are Dr. Jen CHEN, Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE and Mr. Chi Keung WONG.

By order of the Board

Derek Wai Choi LEUNG

Executive Director and Acting Chief Executive Officer

Hong Kong, 31 August 2016

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Derek Wai Choi LEUNG (*Acting Chief Executive Officer*)
Wing Tung YEUNG

INDEPENDENT NON-EXECUTIVE DIRECTORS

Jen CHEN
Kin Wing CHEUNG
Kiu Sang Baldwin LEE
Chi Keung WONG

CHIEF FINANCIAL OFFICER

Siu Mei LEE

COMPANY SECRETARY

Pui Man CHENG

AUDITOR

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

SHARE REGISTRARS

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

REGISTERED OFFICE

Suites 3301-3303A, 33rd Floor, Tower 2
Nina Tower, 8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong

WEBSITE

www.enmholdings.com

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00128

CONTACT US

Address: Suites 3301-3303A, 33rd Floor
Tower 2, Nina Tower
8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong

Tel: (852) 2594 0600

Fax: (852) 2827 1491

Email: comsec@enmholdings.com