2018

INTERIM REPORT

安寧控股有限公司

ENM Holdings Limited

Stock Code: 00128

CONTENTS

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

The results reported today show the underlying business units of the Group moving in different directions, and for quite different reasons. The volatility of global bond, equity and currency markets increased. Overall financial market conditions remained difficult to predict. On the other hand, consumer demand in Hong Kong, including for luxury fashion improved.

The positive developments for the period ended 30 June 2018 in the retail fashion business, treasury returns, and the revaluation of our investment property and resort and recreational club properties were offset by the losses incurred by the investment portfolio and other long-held equities investments.

FINANCIAL REVIEW

Net loss attributable to shareholders for the period ended 30 June 2018 amounted to HK$18,153,000 as compared with a net loss of HK$750,000 for the last corresponding period. The net loss mainly included the combination of a loss (excluding our share of the associate's result in 2017) from the retail fashion business of HK$910,000 (2017: HK$13,533,000), a loss from recreational club operations of HK$6,890,000 (2017: HK$4,585,000), a segment loss of HK$13,840,000 (2017: a segment profit of HK$13,209,000) contributed by the investments division. Loss from operations of HK$26,590,000 (2017: HK$8,216,000) was partly offset by the fair value gain of HK$2,100,000 (2017: HK$3,200,000) on revaluation of the Group's investment properties and deficit write-back of HK$5,335,000 (2017: HK$5,274,000) on revaluation of the Group's resort and recreational club properties. Loss per share attributable to owners of the Company was HK$1.10 cents (2017: Loss per share: HK$0.05 cents).

This significant increase in loss HK$17,320,000 was mainly attributable to the following factors:

(1) before general and administrative expenses, net realised and unrealised losses of HK$7,977,000 (including interest and dividend income of HK$5,018,000, net losses on disposal of HK$2,190,000 and net unrealised fair value losses of HK$10,805,000) contributed by the losses incurred within the investment portfolio and other equities investments for the period ended 30 June 2018 as compared to net realised and unrealised gains of HK$21,352,000 (including interest and dividend income of HK$5,315,000, net gain on disposal of HK$11,441,000 and net unrealised fair value gains of HK$4,596,000) for the corresponding period in 2017. The decrease in return from the disposal of financial instruments was as a result of the fact that in the same period in 2017, the Group was able to record a HK$7,677,000 gain on the disposal of certain shares in Genovate Biotechnology Company, Limited ("Genovate"). However, as at 31 December 2017, the Group had disposed of all of its shares in Genovate. The significant increase in unrealised fair value losses was mainly caused by volatile market conditions and the fact that all financial assets are now classified as "financial assets at fair value through profit or loss" since the adoption this year of the new Hong Kong Financial Reporting Standard 9 ("HKFRS 9"). The decrease in returns by HK$29,329,000 from investment in financial instruments was offset to some degree by improvement in treasury returns of bank interest income due to higher interest rates;

(2) a drop in losses of HK$12,623,000 from the retail fashion business (excluding the share of an associate's result in 2017) and producing a positive EBITDA for the first time in some years, was mainly due to substantially increased same store sales, the closure of an under-performing shop in Hong Kong in this period, continuing overhead and other cost reductions, together with a decrease in the net charge for inventories allowances because of the continuous clearance of aged-stock and substantial reduction of the inventories level;

(3) an increase in losses of HK$2,305,000 from recreational club operations was attributable to a decrease in sales;

(4) a decrease in fair value gain of HK$1,100,000 from the revaluation of the Group's investment property;

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

(6) in the last corresponding period in 2017, the Group recorded a share of loss from an associate of HK$952,000. The Group disposed its investment in this associate in September 2017.

The Group's consolidated turnover for the period ended 30 June 2018 declined by 8% to HK$71,764,000 (2017: HK$77,732,000) which was mainly attributable to the overall drop in sales of retail fashion products as a result of fewer points of sale. However, the Group's gross profit sustained at HK$46,974,000, a slight increase of HK$771,000 as compared to that of last period. This was mainly due to the decrease in the net charge for inventories allowances (included in cost of inventories sold), which resulted in an increase in the gross profit margin from the retail fashion business. The Group's gross profit margin for the period ended 30 June 2018 was 65% as compared to 59% in 2017.

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

The Group's selling and distribution expenses dropped by 32% to HK$22,012,000 (2017: HK$32,376,000) and depreciation and amortization expenses decreased by 15% to HK$3,270,000 (2017: HK$3,828,000). The decreases in selling and distribution expenses and depreciation and amortization expenses were primarily attributable to the closure of the under-performing shop in Hong Kong at the end of February 2018.

The Group's administrative expenses sustained at HK$36,268,000, similar to that of last period. These expenses included legal costs associated with our successful Court of Final Appeal case, most, if not all, of which should ultimately be recovered, and fees for the consultants who are working with us on the rezoning application for the Hilltop Club site in Tsuen Wan.

The Group's "other operating gains/(losses), net" mainly comprised net realised and unrealised fair value losses of HK$12,995,000 from investment in financial instruments (before interest and dividend income) by the investments division for the period ended 30 June 2018 as compared to net realised and unrealised fair value gains of HK$16,037,000 on investment in financial instruments by the investments division for the corresponding period in 2017.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

The first half of 2018 saw an overall decline in turnover of 7% to HK$57,545,000 (2017: HK$62,197,000) due to the closure of the underperforming store mentioned above. However the remaining stores were able to capture a significant percentage of the sales of the closed stores without incurring the same occupancy costs, with all of them recording double-digit percentage increases in turnover during the four months following the closure. Swank was close to profit for the half year and in fact recorded a small positive EBITDA of HK$761,000 for the first time since 2013. Continuous sales of aged inventory provided additional momentum to the sales, and together with write-backs in already-provided-for inventory meant that, the overall Gross Profit improved by 5% from HK$31,917,000 in same period 2017 to HK$33,497,000 in this half, notwithstanding the overall decline in sales caused by fewer points of sale; and the GP% improved from 51% in first half 2017 to 58% in this period.

Improvements in management and in cost control which have been implemented before and during this period also played their role in producing this much better result for the retail fashion business, as did careful mix of buying and displaying products and the mix of inventory sold in the outlet store meant that its turnover also increased substantially.

For the second half of 2018 and into 2019, work is continuing to improve brand and product selection, marketing activities, sales staff incentive programmes and the discounting of products at our outlet store and at bazaars that will be held. Additionally, now that with positive EBITDA, Swank has shown that it can be self-sustaining, we are beginning the process of planning for the future based on our better ratio of costs to sales and an expected continuing trend of rising sales in at our mono-brand and our multi-brand stores.

Resort and Recreational Club Operations

Hill Top Country Club ("Hilltop" or "the Club")

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

Due to the gradual aging of the facilities and previous limitations on long term bookings for banquet, residential conferences and weddings to maximize flexibility on the future operation mode of the club, the sales for the six months period ended 30 June 2018 decreased by 35% to HK$4,532,000 from HK$6,972,000 when compared with the same period in 2017. Unfortunately, the fixed operation costs remained at around the same level as for the last period, and an operation loss of HK$6,890,000 for the period was recorded (2017: Loss: HK$4,585,000). In order to retain members and improve sales, Hilltop is re-decorating its conference facilities during the 3rd quarter of 2018 and the management expects better banquet and conference sales performance after the re-decoration.

On 19 January 2018, the Company submitted a plan amendment application (the "Rezoning Application") under Section 12A of the Town Planning Ordinance (Chapter 131, Laws of Hong Kong) to the Town Planning Board to rezone Lot Nos. 360, 360 Ext. and Ext. to 360 & Ext. thereto in D.D. 454, Lo Wai, Tsuen Wan, New Territories, Hong Kong, where Hilltop is situated, from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 6". The Rezoning Application is currently in process which is expected to take a few years to have the final outcome of the application from the government. We have recently been notified of a tentative date for a meeting of the Metro Planning Committee, which is one of the Planning Committees of the Town Planning Board on the matter for 2 November 2018.

Investment in Financial Instruments

The Group's investment in financial instruments mainly includes 3 categories; (A) securities listed on major stock exchanges, and unitized open-end equity, fixed income and money market funds (previously collectively classified as financial assets at fair value through profit or loss); (B) listed USD-denominated corporate bonds mainly with fixed tenor (previously classified as available-for-sale debt investments); and (C) a private equity fund and a senior loan fund with fixed terms (previously collectively classified as available-for-sale equity and fund investments).

The purpose of Investment in Financial Instruments, which are managed on a fair value basis, is for earning distributions, yield enhancement, capital appreciation and liquidity. Since the Group has adopted the HKFRS 9 effective for annual periods beginning since 1 January 2018, all the Group's investments in financial instruments are classified as Financial Assets at Fair Value through Profit or Loss ("FVPL"). As of 30 June 2018, the total carrying value of the Group's investment portfolio in financial instruments was HK$329,666,000 (31 December 2017: HK$372,528,000), representing approximately 33% (31 December 2017: 36%) of the carrying value of the Group's total assets.

As predicted in our Annual Report for 2017, during the first half year of 2018, the global investment market, including currencies, and both equities and fixed income investments was extremely volatile caused by factors such as increases in US interest rates, the strengthening of the US dollar against most major currencies, the Sino-US trade war conflict, the devaluation of the RMB and the PRC government's deleveraging policy in the financial sector. Furthermore, with the Group having adopted the HKFRS 9 to record the unrealized gain or loss of corporate bond investments through profit and loss account (previously through other comprehensive income), and the lack of disposal gain from the Genovate shares as in 2017, the investment in financial instruments recorded a net loss of HK$7,977,000 (2017: a net gain of HK$21,352,000) to the Group for the six months ended 30 June 2018 before general and administrative expenses.

A. **Listed securities, and unitized equity, fixed income and money market funds investment *(currently and previously classified as financial assets at fair value through profit or loss)***

The total carrying value of the Group's investment in listed securities, and unitized equity, fixed income and money market funds investment was HK$150,939,000 (31 December 2017: HK$151,227,000) as of 30 June 2018, representing approximately 15% of the carrying value of the Group's total assets and recorded a net loss of HK$5,806,000 (2017: net gain of HK$8,710,000) for the six months ended 30 June 2018. Within this category, the carrying value of unitized equity, fixed income and money market funds investments was HK$79,889,000 as of 30 June 2018, accounting for approximately 53% of the total carrying value. China Motor Bus Company Limited ("CMB") and PuraPharm Corporation Limited ("PuraPharm") were the two major listed equity investments in this category, accounting for approximately 35% of the total carrying value of this category and recorded a net loss of HK$4,674,000 (mainly unrealized) to the Group for the six months ended 30 June 2018.

The Group has had for many years an investment in the shares of CMB. As reported in the 2016 Annual Report and in our related announcement of 28 December 2016, the Group took advantage of an offer from a fund specialized in extracting value from underperforming assets to reduce substantially, and at a substantial profit, our illiquid stake in this Hong Kong listed company which is now mainly a property developer. The Group believes that CMB's share price trades at a substantial discount to both its stated and its potential net asset value, and accordingly kept a small portion of its securities in order to benefit from the potential upside. It is the intention of the Group to retain this stock until a further profit opportunity arises. In the meantime, we obtain a moderate but reasonable dividend income from the holding.

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

B. **Listed USD corporate bond investments mainly with fixed tenor *(previously classified as Available-for-sale debt investment)***

Although the Group still maintained a stable effective interest income from the corporate bond investments, with the adoption of HKFRS 9 to record all the fair value changes (includes mark-to-market and unrealized gain or loss) in profit and loss, corporate bond investments recorded a net loss of HK$6,531,000 (2017: a net gain of HK$4,826,000 to profit or loss and unrealized fair value net gain of HK$1,566,000 to other comprehensive income) for the six months ended 30 June 2018, which mainly resulted from the decline of bond prices caused by the interest rate increase in US, the deleveraging of the Chinese economy and other above-noted factors. With the Group's intention to reduce investments in individual bonds, the total carrying value of the Group's investment in corporate bonds had reduced to HK$135,075,000 as of 30 June 2018 (31 December 2017: HK$184,247,000).

C. **ASEAN China Investment Fund III L.P. ("ACIF III") and Invesco US Senior Loans 2021, L.P. Fund *(Previously collectively classified as Available-for-sale equity and fund investments)***

The total carrying value of the Group's investment in this category was HK$43,652,000 (31 December 2017: HK$37,054,000) as of 30 June 2018 and it recorded a net gain of HK$4,360,000 (2017: a net gain of HK$7,816,000 to profit or loss and unrealized fair value net gain of HK$4,728,000 to other comprehensive income) for the six months ended 30 June 2018. The decrease of return in 2018 compared in 2017 was mainly caused by the lack of disposal gain from the Genovate shares which was grouped under this category in last year.

ACIF III

The Group made an investment commitment of USD4 million (equivalent to HK$31,120,000) in ACIF III for a 1.532% shareholding. ACIF III, is managed out of Singapore by UOB Venture Management Private Limited and targets investments in growth oriented companies operating in East and South East Asia and China. As of 30 June 2018, the Group has a total invested HK$27,108,000 in this fund and its capital value was HK$39,779,000 based on the management accounts provided by the fund. This fund contributed a gain of HK$4,294,000 to the Group for the six months ended 30 June 2018. The Group is very happy with the performance of this long-term investment which helps us to manage our risk by giving us an exposure to a wide and diverse range of potentially profitable private equity investments managed by a tried and tested Manager. Based on the briefings provided by the manager to the Limited Partners in the fund of which we are one, we have confidence in both its performance and its prospects.

Invesco US Senior Loans 2021, L.P. Fund

This fund mainly invests in adjustable rate senior loans in the United States and Canada. The term of this fund will end on 1 February 2021, but may be extended for up to two consecutive one-year periods at the discretion of the General Partner. The fund currently provides monthly distribution to investors. The carrying value of the Group's investment in this fund was HK$3,873,000 as at 30 June 2018. The Group currently intends to maintain its investment in this fund as the focus ensures that benefits from increasing US-interest rates ultimately flow through into this fund. However the investment will be kept under review as with all other investments. Effectively by an exposure to this fund we take advantage of the trend of rising interest rates whereas our fixed income portfolio tends to suffer in capital value, although not in yield terms, from it in the short-term. However as either we, or funds we invest in, purchase higher yielding fixed income products, this trend will also improve the yields we receive.

As stated above, although we anticipated in our last report some of the external factors that would impact upon the performance of our investment portfolio, nevertheless in view of the volatile and uncertain investment environment, in order to improve performance and to better manage risk, the importance to shareholders of the potential returns and the increasing requirement for increasingly specialized and skilled investment management, the Group intends to minimize its investments in individual listed stocks and corporate bonds and increase substantially the proportion of its investment mainly in unitized equity and fixed income funds managed by professional and substantial asset managers. This changed approach to investment will also apply to a proportion of our other liquid funds as outlined below. Also, the Group will allocate a certain portion of its investment to a discretionary portfolio management portfolio, still under the control of the Group but managed by an investment bank in Hong Kong.

Investment Portfolio

The purpose of Investment in Financial Instruments, which are managed on a fair value basis, is for earning distributions, yield enhancement, capital appreciation and liquidity. In view of the volatile and uncertain investment environment, in order to improve performance and to better manage risk, the importance to shareholders of the potential returns and the increasing requirement for increasingly specialized and skilled investment management, the Group intends to minimize its investments in individual listed stocks and corporate bonds and increase substantially the proportion of its investment mainly in unitized equity and fixed income funds managed by professional and substantial asset managers. Also, the Group will allocate a certain portion of its investment to a discretionary portfolio management portfolio, still under the control of the Group but managed by an investment bank in Hong Kong.

Although with rising interest rates, the returns in terms of bank interest income on the Group's cash investments have improved, the former method of investment still did not ensure that a substantial proportion of the Group's balance sheet worked as hard as it could for the benefit of all shareholders. Thus, the Group intends to combine a proportion of the cash and non-pledged deposit holdings in the treasury portfolio with the aforementioned investment portfolio and invest these funds in external equity and debt-related investment funds, under the control of the Group.

The details of the purpose, performance and business risks of investments, strategy for future investments and the prospects of investments are set out in other parts of the Chief Executive Officer's statement.

The Group's investment portfolio as at 30 June 2018 was as follows:

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 30 June 2018	Note	Percentage of shareholding as at 30 June 2018	For the period ended 30 June 2018					Fair value as at 30 June 2018	Percentage to the Group's total assets as at 30 June 2018
						Fair value gain/(loss)	Gain/(loss) on disposal	Interest income	Dividend income	Total		
			'000		*%*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*%*
Financial Assets at fair value through profit or loss												
– Non-current assets												
Fund investments, at fair value												
Unlisted investments												
N/A	ASEAN China Investment Fund III L.P.	Private Equity Fund	3,484	1	1.532%	4,294	–	–	–	4,294	39,779	4.0%
	Others					(8)	–	–	74	66	3,873	0.4%
						4,286	–	–	74	4,360	43,652	4.4%
– Current assets												
Equity investments, at fair value												
Listed Hong Kong and Overseas												
26	China Motor Bus Company Limited	Property Development and Investment	292		0.64%	(846)	–	–	321	(525)	28,577	2.8%
1498	PuraPharm Corporation Limited	Chinese medicine company	9,221		3.72%	(4,149)	–	–	–	(4,149)	23,789	2.4%
	Others	Mainly Technology & Internet, Consumer consumption and Insurance		2		(1,038)	750	–	192	(96)	18,684	1.9%
						(6,033)	750	–	513	(4,770)	71,050	7.1%
Fund investments, at fair value												
Listed Overseas and unlisted												
PGIPSIA LX	Principal Global Investors Funds - Preferred Securities Fund	Bond fund	92		N/A	(487)	–	–	–	(487)	15,281	1.5%
MSUSQAC LX	Morgan Stanley USD Liquidity Fund	Money market fund	18	6	N/A	11	–	–	–	11	14,453	1.4%
UBSCHOA	UBS (CAY) China A Opportunity Fund	Equity fund	4		N/A	(154)	–	–	–	(154)	9,823	1.0%
LU0258954014	Invesco Zodiac Funds	Senior Loan fund	6		N/A	143	–	–	–	143	8,120	0.8%
CSFMIAU	Credit Suisse Nova (Lux) Fixed Maturity Bond Fund 2019	Bond fund	1		N/A	(136)	–	–	116	(20)	7,659	0.8%
	Others	Equity fund and Bond fund		3		(566)	37	–	–	(529)	24,553	2.4%
						(1,189)	37	–	116	(1,036)	79,889	7.9%

Stock code/ ISIN code/ Bloomberg code	Company Name	Principal businesses	Number of shares/units held as at 30 June 2018	Note	Percentage of shareholding as at 30 June 2018	For the period ended 30 June 2018					Fair value as at 30 June 2018	Percentage to the Group's total assets as at 30 June 2018
						Fair value gain/(loss)	Gain/(loss) on disposal	Interest income	Dividend income	Total		
			'000		*%*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*%*
Debt investments, at fair value												
Listed Hong Kong and Overseas and unlisted												
5438	Chinalco Capital Holdings Limited	USD bond with fixed tenor	1,000	4	N/A	(379)	–	165	–	(214)	7,420	0.7%
5323	Guangzhou Silk Road Investment Limited	USD bond with fixed tenor	1,000	4	N/A	(243)	–	150	–	(93)	7,512	0.7%
XS1485578535	Country Garden Holdings Company Limited	USD bond with fixed tenor	880	4	N/A	(547)	–	163	–	(384)	6,258	0.6%
	Others mainly listed in Hong Kong and overseas	Mainly USD bond with fixed tenor	15,425	4, 5	N/A	(6,700)	(2,977)	3,837	–	(5,840)	113,885	11.4%
						(7,869)	(2,977)	4,315	–	(6,531)	135,075	13.4%
	Total					(10,805)	(2,190)	4,315	703	(7,977)	329,666	32.8%

Notes:

1) It represents the Partners' capital paid-up amount in Thousand US Dollars which the Group paid as at 30 June 2018.

2) Others represent the Group's 20 investments in listed securities in and outside Hong Kong. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 30 June 2018.

3) Others represent the Group's 6 investments in unlisted bond and equity fund. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 30 June 2018.

4) It represents the principal amount of USD bonds with fixed tenor/USD perpetual bonds in Thousand US Dollars which the Group held as at 30 June 2018.

5) Others represent the Group's 31 investments in USD bonds mainly with fixed tenor which are listed as selectively marketed securities on The Stock Exchange of Hong Kong Limited, The Singapore Exchange Securities Trading Limited and other overseas stock exchanges. The carrying value of each of these investments represents less than 0.5% of the total assets of the Group as at 30 June 2018.

6) The fund investments are traded over the counter and held as alternative liquidity option other than bank balances and are classified as cash equivalent for the purpose of statement of cash flows.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2018.

LIQUIDITY AND FINANCIAL POSITION

At 30 June 2018, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK$483,409,000 (31 December 2017: HK$475,945,000). At 30 June 2018, total borrowings amounted to HK$2,166,000 (31 December 2017: HK$5,734,000) with HK$2,166,000 (31 December 2017: HK$5,734,000) repayment falling due within one year. Although with rising interest rates, the returns in terms of bank interest income of HK$4,668,000 (2017: HK$2,791,000) on the Group's cash investments have improved compared to 2017, the method of investment still does not ensure that a substantial proportion of the Group's balance sheet works as hard as it can for the benefit of all shareholders. Thus, the Group intends to combine a proportion of the cash and non-pledged deposit holdings in the treasury portfolio amounting to about HK$350,000,000 with the aforementioned investment portfolio and invest these funds in external equity and debt-related investment funds, under the control of the Group. The Group will retain more than enough cash deposits for its daily activities in the treasury portfolio, and has chosen a high proportion of the funds including the money market funds as an alternative liquidity option classified as cash equivalent in which it will invest to ensure that there is more than adequate liquidity to deal with any likely eventuality as though the funds had been retained as cash. The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 0.2% at the interim period date (31 December 2017: 0.6%). The current ratio at 30 June 2018 was 30.8 times (31 December 2017: 20.2 times).

At 30 June 2018, the Group's bank balance and borrowings were primarily denominated in United States dollars, Hong Kong dollars and Euro and exchange differences were reflected in the unaudited condensed consolidated financial statements. All borrowings of the Group are on a floating rate basis.

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

PLEDGE OF ASSETS

At 30 June 2018, pledges of the Group's fixed deposits of HK$12,334,000 (31 December 2017: HK$12,334,000) and listed equity investments of HK$1,245,000 (31 December 2017: HK$1,251,000) were given to banks to secure trade banking facilities to the extent of HK$30,000,000 (31 December 2017: HK$30,000,000), a bank loan of HK$1,164,000 (31 December 2017: HK$1,207,000) and foreign exchange facilities.

IMPORTANT EVENTS AFTER THE FINANCIAL PERIOD

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

CONTINGENT LIABILITIES

The Group's significant contingent liabilities as at 30 June 2018 are set out in note 18 to the condensed consolidated financial statements.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 135 staff, including Executive Directors compared with 169 as at 30 June 2017. Total employee costs (including Directors' emoluments) were approximately HK$26,532,000 (2017: HK$29,470,000) for the six months ended 30 June 2018, a reduction of HK$2,938,000 or just under 10% for the period. Employees' remuneration is determined with reference to individual duties, responsibilities and performance. The Group provides employee benefits such as staff medical and other insurance schemes, provident and pension funds, sales commissions, discretionary performance bonuses and internal/external training support. The Group has also introduced and adopted a Code of Conduct to be adhered to by all Group employees (including Executive Directors).

David Charles PARKER
Executive Director and Chief Executive Officer

Hong Kong, 29 August 2018

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 12 to 38 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2018 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 inquires, 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

29 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Revenue	5	**71,764**	77,732
Cost of sales		**(24,790)**	(31,529)
Gross profit		**46,974**	46,203
Other income		**738**	1,322
Selling and distribution costs		**(22,012)**	(32,376)
Administrative expenses		**(36,268)**	(36,047)
Depreciation and amortisation		**(3,270)**	(3,828)
Other operating gains/(losses), net		**(12,752)**	16,510
Loss from operations		**(26,590)**	(8,216)
Fair value gains on investment properties		**2,100**	3,200
Deficits write-back on revaluation of resort and recreational club properties		**5,335**	5,274
Finance costs	6	**(107)**	(175)
Share of loss of an associate		**–**	(952)
Gain on liquidation of subsidiaries	16	**1,073**	–
Loss before tax		**(18,189)**	(869)
Income tax expense	7	**–**	–
Loss for the period	8	**(18,189)**	(869)
Attributable to:			
Owners of the Company		**(18,153)**	(750)
Non-controlling interests		**(36)**	(119)
		(18,189)	(869)
		HK$ *(unaudited)*	HK$ *(unaudited)*
Loss per share			
– basic	9(a)	**(1.10 cents)**	(0.05 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 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	*(unaudited)*
Loss for the period	**(18,189)**	(869)
Other comprehensive loss:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(42)**	271
Exchange differences reclassified to profit or loss on liquidation of subsidiaries	**(1,073)**	—
Fair value changes of available-for-sale equity and fund investments	**—**	4,728
Fair value changes of available-for-sale debt investments	**—**	1,566
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments	**—**	(7,726)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	**—**	(1)
Other comprehensive loss for the period, net of tax	**(1,115)**	(1,162)
Total comprehensive loss for the period	**(19,304)**	(2,031)
Attributable to:		
Owners of the Company	**(19,257)**	(1,927)
Non-controlling interests	**(47)**	(104)
	(19,304)	(2,031)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	30 June 2018 HK$'000 *(unaudited)*	31 December 2017 HK$'000 *(audited)*
Non-current assets			
Property, plant and equipment	11	**83,555**	81,286
Investment properties		**46,000**	43,900
Intangible assets		**999**	1,041
Financial assets at fair value through profit or loss	12	**43,652**	—
Available-for-sale fund investments	12	**—**	37,054
Available-for-sale debt investments - notes receivables	12	**—**	163,890
Total non-current assets		**174,206**	327,171
Current assets			
Inventories		**27,865**	27,916
Trade receivables	13	**657**	1,048
Prepayments, deposits and other receivables		**21,400**	17,190
Financial assets at fair value through profit or loss	12	**286,014**	151,227
Available-for-sale debt investments - notes receivables	12	**—**	20,357
Pledged bank deposits		**12,334**	12,334
Time deposits		**456,899**	425,421
Cash and bank balances		**26,510**	50,524
Total current assets		**831,679**	706,017
Current liabilities			
Trade and other payables	14	**24,859**	29,290
Interest-bearing bank borrowings		**2,166**	5,734
Total current liabilities		**27,025**	35,024
Net current assets		**804,654**	670,993
NET ASSETS		**978,860**	998,164
Capital and reserves			
Issued capital	15	**1,206,706**	1,206,706
Accumulated losses		**(1,037,519)**	(1,028,066)
Other reserves		**810,212**	820,016
Equity attributable to owners of the Company		**979,399**	998,656
Non-controlling interests		**(539)**	(492)
TOTAL EQUITY		**978,860**	998,164

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	(Unaudited)							
	Attributable to owners of the Company							
	Issued capital	Special reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2017	1,206,706	808,822	17,660	1,872	(1,021,561)	1,013,499	(405)	1,013,094
Total comprehensive loss and changes in equity for the period	–	–	(1,433)	256	(750)	(1,927)	(104)	(2,031)
At 30 June 2017	1,206,706	808,822	16,227	2,128	(1,022,311)	1,011,572	(509)	1,011,063
At 31 December 2017	1,206,706	808,822	8,700	2,494	(1,028,066)	998,656	(492)	998,164
Adjustments on initial application of HKFRS 9 (Note 2)	**–**	**–**	**(8,700)**	**–**	**8,700**	**–**	**–**	**–**
Restated balance at 1 January 2018	**1,206,706**	**808,822**	**–**	**2,494**	**(1,019,366)**	**998,656**	**(492)**	**998,164**
Total comprehensive loss and changes in equity for the period	**–**	**–**	**–**	**(1,104)**	**(18,153)**	**(19,257)**	**(47)**	**(19,304)**
At 30 June 2018	**1,206,706**	**808,822**	**–**	**1,390**	**(1,037,519)**	**979,399**	**(539)**	**978,860**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	*(unaudited)*
Net cash used in operating activities	**(7,374)**	(19,109)
Net cash generated from/(used in) investing activities	**(48,341)**	27,772
Net cash generated from/(used in) financing activities	**(3,654)**	408
Net increase/(decrease) in cash and cash equivalents	**(59,369)**	9,071
Cash and cash equivalents at beginning of period	**466,028**	375,755
Effect of foreign exchange rate changes, net	**(220)**	552
Cash and cash equivalents at end of period	**406,439**	385,378
Analysis of balances of cash and cash equivalents		
Non-pledged time deposits	**456,899**	443,268
Less: Non-pledged time deposits with original maturity of over three months when acquired	**(91,423)**	(101,214)
Non-pledged time deposits with original maturity of less than three months when acquired	**365,476**	342,054
Financial assets at fair value through profit or loss – money market funds	**14,453**	—
Cash and bank balances	**26,510**	43,324
	406,439	385,378

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 2017 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2018 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 2017 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 2017 annual consolidated financial statements ("2017 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 2017 except for the adoption of new and reviewed Hong Kong Financial Reporting Standards as described in note 2.

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 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

The Group has initially adopted HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

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

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

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

HKFRS 9 Financial Instruments (Cont'd)

(a) Classification and measurement

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

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

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

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

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

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

Debt instruments

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

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

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

HKFRS 9 Financial Instruments (Cont'd)

(a) Classification and measurement (Cont'd)

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

Equity and fund instruments

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

Changes in the fair value of financial assets at FVPL are recognised in "other operating gains/(losses), net" in the statement of profit or loss as applicable.

(b) Impairment

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

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

HKFRS 9 Financial Instruments (Cont'd)

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

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

Notes:

(a) Fund and debt investments that were previously classified as available-for-sale investments measured at fair value under HKAS 39 are now classified as financial assets at FVPL under HKFRS 9. The Group intends to hold and manage these assets on a fair value basis and/or these financial assets do not meet the criteria to be classified either at FVOCI or at amortised cost which results these investments to be measured at FVPL. As a result, assets with a fair value of HK$221,301,000 were reclassified from available-for-sale investments measured at fair value to financial assets at FVPL and accumulated fair value gains of HK$8,700,000 were reclassified from the available-for-sale reserve to accumulated losses on 1 January 2018. Losses arising from change in fair value of these fund and debt investments amounting to HK$3,464,000 was recognised through profit or loss under HKFRS 9 instead of other comprehensive income as previously accounted for under HKAS 39. (six months period ended 30 June 2017: gains of HK$6,294,000 was recognised through other comprehensive income).

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

3. FAIR VALUE MEASUREMENTS

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

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

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

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

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Fair value measurements as at 30 June 2018 using:			
	Level 1 HK$'000 *(unaudited)*	Level 2 HK$'000 *(unaudited)*	Level 3 HK$'000 *(unaudited)*	Total HK$'000 *(unaudited)*
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	71,050	–	–	71,050
– Listed debt and fund investments	–	141,171	–	141,171
– Unlisted debt and fund investments	–	77,666	39,779	117,445
	71,050	218,837	39,779	329,666
Investment properties:				
– Industrial property situated in Hong Kong	–	46,000	–	46,000
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	–	–	78,000	78,000
Total recurring fair value measurements	71,050	264,837	117,779	453,666

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 2017 using:			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
	(audited)	*(audited)*	*(audited)*	*(audited)*
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	78,146	—	—	78,146
– Listed debt and fund investments	—	11,789	—	11,789
– Unlisted debt and fund investments	—	61,292	—	61,292
	78,146	73,081	—	151,227
Available-for-sale financial assets:				
– Listed debt investments	—	184,247	—	184,247
– Unlisted fund investment	—	3,882	33,172	37,054
	—	188,129	33,172	221,301
Investment properties:				
– Industrial property situated in Hong Kong	—	43,900	—	43,900
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	—	—	73,900	73,900
Total recurring fair value measurements	78,146	305,110	107,072	490,328

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

	Property, plant and equipment	Financial assets at fair value through profit or loss/ Available-for-sale fund investments	
Description	Resort and recreational club properties HK$'000 *(unaudited)*	Unlisted fund investment (Note) HK$'000 *(unaudited)*	2018 Total HK$'000 *(unaudited)*
At 1 January 2018	73,900	33,172	107,072
Additions	33	2,313	2,346
Total fair value gain recognised in profit or loss *	5,335	4,294	9,629
Depreciation charged to profit or loss	(1,268)	—	(1,268)
At 30 June 2018	78,000	39,779	117,779
* Include gains or losses for assets held at end of reporting period	5,335	4,294	9,629

Note: The unlisted fund investment was classified as available for sale fund investments as at 31 December 2017 and reclassified to financial assets at fair value through profit or loss as at 1 January 2018 upon the adoption of HKFRS9.

3. FAIR VALUE MEASUREMENTS (CONT'D)

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

	Property, plant and equipment	Available-for-sale fund investments	
Description	**Resort and recreational club properties HK$'000** *(unaudited)*	**Unlisted fund investment HK$'000** *(unaudited)*	**2017 Total HK$'000** *(unaudited)*
At 1 January 2017	73,900	18,289	92,189
Additions	64	3,138	3,202
Total fair value gain or loss recognised in:			
– profit or loss *	5,274	—	5,274
– other comprehensive income	—	4,480	4,480
Depreciation charged to profit or loss	(1,238)	—	(1,238)
At 30 June 2017	78,000	25,907	103,907
* Include gains or losses for assets held at end of reporting period	5,274	—	5,274

The total fair value gains or losses recognised in profit or loss including those for assets held at end of reporting period arising from property, plant and equipment and financial assets at fair value thought profit or loss are presented in "Deficits write-back on revaluation of resort and recreational club properties" and "other operating gains/(losses), net" in the condensed consolidated statement of profit or loss respectively.

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.

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 2018 and 31 December 2017:

The Group's senior management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. In respect of level 3 fair value measurements, the Group normally engages external valuation experts with relevant recognised qualifications and experience to perform the valuations. The senior management reviews the fair value measurements twice a year, which is in line with the Group's reporting dates. The directors also exercise their judgment that the method of valuation of the resort and recreational club properties and investment properties is reflective of the current market conditions.

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

Description	Valuation technique and key inputs
Level 2:	
Listed 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
Level 3:	
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 fund investment	Net asset value provided by the administrator of the fund

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 2018	31 December 2017	
Resort and recreational club properties situated in Hong Kong	Discount rate	**11.0%**	8.4%	Decrease
Unlisted fund investment	Net asset value	**N/A**	N/A	N/A

There were no changes in the valuation techniques used in fair value measurement at 30 June 2018 and 31 December 2017.

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 2018 and 31 December 2017: (Cont'd)

The value of the Group's resort and recreational club properties was referred to the valuation reports at 30 June 2018 by independent professionally qualified valuers, Ernst & Young Transactions Limited (31 December 2017: Cushman & Wakefield Limited), based on open market and existing use basis with the use of discounted cash flow.

The Group's investment properties were revalued at 30 June 2018 by independent professionally qualified valuers, Ernst & Young Transactions Limited (31 December 2017: Cushman & Wakefield Limited). Valuation of industrial property was based on direct comparison method.

4. SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

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

Segment profits or losses do not include the following:

- Unallocated corporate administrative expenses;
- Gain on liquidation of subsidiaries;
- Share of loss of an associate;
- Fair value gains on investment properties, net;
- Deficits write-back on revaluation of resort and recreational properties;
- Finance costs; and
- Income tax expense.

Segment liabilities do not include interest-bearing bank borrowings.

4. SEGMENT INFORMATION (CONT'D)

	Wholesale and retail of fashion wear and accessories	Resort and recreational club operations	Investments	Total
	HK$'000 *(unaudited)*	HK$'000 *(unaudited)*	HK$'000 *(unaudited)*	HK$'000 *(unaudited)*
6 months ended 30 June 2018:				
Revenue from external customers	**57,545**	**4,532**	**9,687**	**71,764**
Segment loss	**(910)**	**(6,890)**	**(13,840)**	**(21,640)**
As at 30 June 2018:				
Segment assets	**62,614**	**81,514**	**861,757**	**1,005,885**
Segment liabilities	**(16,670)**	**(2,225)**	**(5,964)**	**(24,859)**
6 months ended 30 June 2017:				
Revenue from external customers	62,557	6,972	8,203	77,732
Segment profit/(loss)	(13,533)	(4,585)	13,209	(4,909)
As at 31 December 2017:				
Segment assets, audited	69,954	76,675	886,559	1,033,188
Segment liabilities, audited	(17,105)	(2,831)	(9,354)	(29,290)

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	*(unaudited)*
Reconciliations of reportable segment profit or loss:		
Total profit or loss of reportable segments	**(21,640)**	(4,909)
Unallocated corporate administrative expenses	**(4,950)**	(3,307)
Gain on liquidation of subsidiaries	**1,073**	—
Share of loss of an associate	**—**	(952)
Fair value gains on investment properties	**2,100**	3,200
Deficits write-back on revaluation of resort and recreational club properties	**5,335**	5,274
Finance costs	**(107)**	(175)
Consolidated loss for the period	**(18,189)**	(869)

5. REVENUE

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

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	*(unaudited)*
Wholesale and retail of fashion wear and accessories	**57,545**	62,557
Resort and recreational club operations	**4,532**	6,972
Dividend income arising from financial assets at fair value through profit or loss:		
— listed equity and fund investments	**629**	728
— unlisted fund investment	**74**	—
Dividend income arising from available-for-sale equity and fund investments	**—**	139
Interest income	**8,984**	7,336
	71,764	77,732

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	*(unaudited)*
Interest on bank loans	**107**	172
Accretion of interest on debentures	**—**	3
	107	175

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and overseas income tax has been made for the six months periods ended 30 June 2018 and 2017 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	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	*(unaudited)*
Cost of inventories sold^	**24,778**	31,514
Depreciation	**3,227**	3,785
Amortisation of intangible assets	**43**	43
Charge/(write back) for inventories allowances	**(1,586)**	7,364
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Interest income	**—**	(164)
Fair value losses/(gains), net	**10,805**	(4,596)
Losses/(gains) on disposal, net	**2,106**	(3,222)
	12,911	(7,982)
Fair value gains on investment properties	**(2,100)**	(3,200)
Gain on liquidation of subsidiaries	**(1,073)**	—
Gains on disposal of available-for-sales debt investments, net*	**—**	(542)
Gain on disposal of available-for-sales equity investments*	**—**	(7,677)
Loss on disposal of property, plant and equipment, net*	**2**	—
Foreign exchange gains, net*	**(161)**	(274)
Reversal of provisions*	**—**	(35)
Deficits write-back on revaluation of resort and recreational club properties	**(5,335)**	(5,274)

^ Cost of inventories sold included write back for inventories allowances of HK$1,586,000 (30 June 2017: charge for inventories allowances of HK$7,364,000).

* These amounts are included in "Other operating gains/(losses), 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$18,153,000 (30 June 2017: HK$750,000) and the weighted average number of ordinary shares of 1,650,658,676 (30 June 2017: 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 2018 and 2017.

10. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2018 and 2017.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of approximately HK$163,000 (30 June 2017: HK$962,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE FUND INVESTMENTS/AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTES RECEIVABLES

	30 June 2018 HK$'000 *(unaudited)*	31 December 2017 HK$'000 *(audited)*
Financial assets at fair value through profit or loss:		
Equity investments, at fair value (note a):		
— Listed in Hong Kong	**60,983**	67,330
— Listed outside Hong Kong	**10,067**	10,816
	71,050	78,146
Fund investments, at fair value (note b and note c):		
— Listed outside Hong Kong	**7,659**	7,795
— Unlisted investments	**115,882**	59,680
	123,541	67,475
Debt investments, at fair value (note d and note e):		
— Listed in Hong Kong*	**70,281**	3,994
— Listed outside Hong Kong*	**63,231**	—
— Unlisted investments	**1,563**	1,612
	135,075	5,606
Available-for-sales investments:		
Unlisted fund investments, at fair value (note c)	**—**	37,054
Listed debt investments*, at fair value (note e)	**—**	184,247
	—	221,301
	329,666	372,528

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

As at 30 June 2018, the carrying amount of listed investments at fair value amounting to HK$1,245,000 (31 December 2017: HK$1,251,000) was pledged as security for the Group's bank borrowings.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE FUND INVESTMENTS/AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTES RECEIVABLES (CONT'D)

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

	30 June 2018 HK$'000 ***(unaudited)***	31 December 2017 HK$'000 *(audited)*
Current assets – Financial assets at fair value through profit or loss		
— Listed equity investments (note a)	**71,050**	78,146
— Listed and unlisted fund investments (note b)	**79,889**	67,475
— Listed and unlisted debt investments (note d and note e)	**135,075**	5,606
	286,014	151,227
Current assets – Available-for-sales investments		
— Listed debt investments (note e)	**–**	20,357
	–	20,357
Non-current assets – Financial assets at fair value through profit or loss		
— Unlisted fund investments (note c)	**43,652**	–
	43,652	–
Non-current assets – Available-for-sales investments		
— Unlisted fund investments (note c)	**–**	37,054
— Listed debt investments (note e)	**–**	163,890
	–	200,944
	329,666	372,528

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE FUND INVESTMENTS/AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTES RECEIVABLES (CONT'D)

Notes:

(a) Listed equity investments, at fair value

(i) Listed equity investments as at 30 June 2018 amounted to HK$47,261,000 (31 December 2017: HK$50,208,000) were classified as held for trading. The fair values of the listed investments are based on quoted market prices. The listed investments offer the Group the opportunity for return through dividend income and fair value gains.

(ii) Listed equity investment as at 30 June 2018 amounted to HK$23,789,000 (31 December 2017: HK$27,938,000) represented investment in PuraPharm Corporation Limited. The fair values of the listed investment are based on quoted market prices.

(b) The fund investments as at 30 June 2018 amounted to HK$79,889,000 (31 December 2017: HK$67,475,000) included fund investments listed in overseas exchanges or traded over-the-counter and were classified as held for trading. The fair values of the fund 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.

Included in the fund investments, money market funds as at 30 June 2018 of HK$14,453,000 (2017: Nil) are traded over the counter and held as alternative liquidity option other than bank balances. The directors considered that the Money Market Fund is classified as cash equivalent for the purpose of statement of cash flows.

(c) Unlisted fund investments, at fair value

(i) ASEAN China Investment Fund III L.P.

As at 30 June 2018, carrying amount of unlisted fund investments included an investment in a fund, ASEAN China Investment Fund III L.P. ("ACIF III"), amounted to HK$39,779,000 (2017: HK$33,172,000) which is not quoted in an active market. The fair value of the investment in ACIF III is stated with reference to the net asset value provided by the administrator of the fund at the reporting date. The directors believe that the estimated fair value provided by the administrator of the fund is reasonable, and that is the most appropriate value at the end of the reporting period.

The Group has committed to contribute a total of US$4,000,000 (equivalent to approximately HK$31,120,000)) to ACIF III and the unfunded commitment as at 30 June 2018 amounted to US$543,000 (equivalent to approximately HK$4,225,000). Contributions will be made when capital call is issued by the general partner of the fund.

The carrying amount of the investment in ACIF III is denominated in US dollar.

The investment was classified as available-for-sale fund investments as at 31 December 2017.

(ii) Invesco US Senior Loans 2021, L.P.

As at 30 June 2018, carrying amount of unlisted fund investment included an investment in a fund, Invesco US Senior Loans 2021, L.P. ("Invesco") amounted to HK$3,873,000 (2017: HK$3,882,000). The fair value of the investment in Invesco is stated with reference to quoted price provided by counterparty financial institutions. The directors believe that the estimated fair value quoted by the counterparty financial institutions is reasonable, and that it is the most appropriate value at the end of the reporting period.

The carrying amount of the investment in Invesco is denominated in US dollar.

The investment was classified as available-for-sale fund investments as at 31 December 2017.

(d) The debt investments as at 30 June 2018 amounted to HK$5,488,000 (2017: HK$5,606,000) included investments in perpetual bond trade over the counter and were classified as held for trading. The fair values of the debt investments are based on the price quoted by the issuer/bank. The directors believe that the estimated fair value quoted by the issuer/bank is reasonable, and that it is the most appropriate value at the end of the reporting period.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE FUND INVESTMENTS/AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTES RECEIVABLES (CONT'D)

Notes: (cont'd)

(e) At 30 June 2018, the Group held listed senior notes with an aggregate principal amount of US$17,605,000 (equivalent to HK$136,967,000) (2017:US$23,581,000 (equivalent to HK$183,460,000)), which were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited/overseas stock exchanges. The fair value of the listed senior notes is based on quoted market prices.

The senior notes have maturity dates ranging from 3 September 2019 to 14 September 2077 (2017: 18 January 2018 to 14 September 2077), except for the investments in perpetual bonds with an aggregate principal amount of US$1,400,000 (equivalent to HK$10,892,000) (2017: US$1,100,000) (equivalent to HK$8,558,000) has no maturity date. Interest income from the listed senior notes is recognised based on coupon interest rate ranging from 3.25% to 6.75% (2017: effective interest rate ranging from 3.28% to 8.45%).

The investments were classified as available-for-sale debt investments as at 31 December 2017.

13. 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 2018 HK$'000 *(unaudited)*	31 December 2017 HK$'000 *(audited)*
Within 1 month	**648**	1,005
2 to 3 months	**9**	43
Over 3 months	**—**	—
	657	1,048

14. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2018 are trade and bills payables of HK$6,582,000 (31 December 2017: HK$6,194,000).

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

	30 June 2018 HK$'000 *(unaudited)*	31 December 2017 HK$'000 *(audited)*
Within 1 month	**4,864**	4,021
2 to 3 months	**1,673**	1,607
Over 3 months	**45**	566
	6,582	6,194

15. ISSUED CAPITAL

	30 June 2018 HK$'000 *(unaudited)*	31 December 2017 HK$'000 *(audited)*
Issued and fully paid:		
1,650,658,676 (31 December 2017: 1,650,658,676) ordinary shares	**1,206,706**	1,206,706

16. LIQUIDATION OF SUBSIDIARIES

Two wholly-owned subsidiaries of the Company, Cesare di Pino (Beijing) Limited and The Swank Shop (Beijing) Limited which were incorporated in the PRC were liquidated during the six months ended 30 June 2018. No cash was received by the Group upon the liquidation. A gain on liquidation of subsidiaries of HK$1,073,000 (2017: Nil) was recognised during the six months ended 30 June 2018 resulting from reclassification of relating exchange fluctuation reserve upon the liquidation of the subsidiaries.

17. RELATED PARTY TRANSACTIONS

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

	Note	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Rental expenses, building management fees and air-conditioning charges paid to related companies	(i)		
— office		**2,066**	2,061
— retail shop/outlet		**—**	383
Secondment fees charged by a related company		**294**	229
Management fee and other service fees received/receivable from an associate		**—**	595
Loan interest received/receivable from an associate		**—**	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 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Short term employee benefits	**5,918**	6,307
Pension scheme contributions	**54**	54
Total compensation paid to key management personnel	**5,972**	6,361

18. CONTINGENT LIABILITIES

At 30 June 2018, the Group had the following significant contingent liabilities:

On 17 September 2013, the Group successfully appealed against the building orders ("Orders") previously imposed by the Hong Kong Building Authority ("the Building Authority"), which involve the remedial/maintenance responsibility with respect to certain slope features arising in the vicinity of the Group's resort and recreational club properties from the legal interpretation of the terms and conditions of a grant of land by the government to the Group in 1976 (the "New Grant"). By the decision made by the Appeal Tribunal (Buildings) (the "Appeal Tribunal Decision"), the remedial/maintenance obligation of the Group was limited to only certain parts of the slope features which had been the subject of the Orders.

On 9 January 2014, High Court granted leave to the Building Authority for a Judicial Review against the Appeal Tribunal Decision. Based on the judgment from the Judicial Review on 27 October 2016 (the "Judicial Review Judgment"), the judge quashed the Appeal Tribunal Decision and remitted the matter back to the Appeal Tribunal (Buildings) for reconsideration in accordance with the High Court's interpretation of certain special conditions of the New Grant.

18. CONTINGENT LIABILITIES (CONT'D)

On 24 November 2016, the Group appealed the Judicial Review Judgment in that the judge erred in quashing the Appeal Tribunal Decision.

The Appeal Hearing was heard on 21 July 2017 and the judgment from the Court of Appeal was handed down on 11 August 2017 ("Appeal Judgment"). Pursuant to the Appeal Judgment, the Court of Appeal allowed the Group's appeal in relation to the interpretation of one of the special conditions of the New Grant ("First Special Condition") and has set aside that part of the Judicial Review Judgment and made consequential orders. With respect to the obligation under another special condition to the New Grant, the Court of Appeal dismissed the Group's Appeal meaning that the Judicial Review Judgment on that special condition should stand, and the matter shall be remitted to the Appeal Tribunal (Buildings) for reconsideration in terms of the Judicial Review Judgment.

Notice of Intended Application for Leave to Appeal was filed by the Department of Justice ('DOJ") acting for the Building Authority on 29 August 2017. Judgment was handed down on 1 December 2017, granting conditional leave to the Building Authority to appeal to the Court of Final Appeal in relation to the interpretation of the First Special Condition of the New Grant. The Court of Final Appeal ("CFA") hearing took place on 25 April 2018 and the judgment of the CFA was handed down on 9 May 2018 ("the CFA judgment'). Pursuant to the CFA judgment, the First Special Condition of the New Grant does not impose any maintenance duty on the slope features which had been the subject of the Orders. Further, save and except for certain slope features with respect to which the maintenance responsibility is yet to be determined under another special condition of the New Grant, the Group is not responsible for the maintenance of any features outside the built Hilltop Road.

The Court of Final Appeal has made a costs order in favour of the Group. The Group may recover the legal costs and disbursements incurred in the CFA and some of the lower court proceedings from the DOJ, the amount being recovered subject to taxation and negotiation with the DOJ and it is difficult to determine the amount at this stage.

With respect to the obligation on certain slope features under another special condition of the New Grant, the management, after taking legal advice, considers that it is premature to assess the probability of a favorable or unfavorable outcome of any potential further decision from the Appeal Tribunal (Buildings) referred back as a result of the Appeal Judgment, and the outcome of relevant maintenance responsibility is uncertain. Except for a provision of HK$2,100,000 which has been made for the estimated cost of remedial/maintenance obligation for the relevant parts of the subject slope features with reference to the Appeal Tribunal Decision in 2013, no other provision has been made for the costs of remedial/maintenance works arising from the proceedings. Legal costs of the Group are expensed, as they are incurred and recognized in the profit or loss account.

19. CAPITAL COMMITMENTS

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

	30 June 2018 HK$'000 *(unaudited)*	31 December 2017 HK$'000 *(audited)*
Contracted, but not provided for:		
Capital contribution to an unlisted fund (Note 12(c)(i))	**4,225**	6,543
Property, plant and equipment	**3,069**	—
	7,294	6,543

20. NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Group has not early adopted these new or amended standards in preparing the condensed consolidated financial statements.

The Group is continuing to assess the implications of the adoption of these standards. Based on preliminary assessment, the Group has provided details below about the standards issued but not yet effective and applied by the Group.

HKFRS 16 Leases

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

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group is considering to apply the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption. The Group currently plans to adopt this new standard when it becomes mandatory on 1 January 2019.

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

At the end of the reporting period, the Group's future minimum lease payments under non-cancellable operating leases for its office property, retail shops and warehouse amounted to HK$19,099,000 as at 30 June 2018 (31 December 2017: HK$26,388,000). The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

21. APPROVAL OF FINANCIAL STATEMENTS

The interim report was approved and authorised for issue by the Board of Directors on 29 August 2018.

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 2018.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2018, 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 2018, 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (CONT'D)

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 2018 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 2018.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2018.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information since the date of the Company's 2017 Annual Report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

(1) With effect from 1 April 2018, the remuneration of Non-executive Directors (including Independent Non-executive Directors) for their service on the Board and, where applicable, on certain Board Committees has been revised as follows:

	HK$
Fee per annum	
Board	
— Non-executive Director	160,000
— Independent Non-executive Director	160,000
Board Committees	
— Chairman	53,000
— Member	27,000
Non-executive Chairman	160,000
Attendance fee per meeting	
— Board meeting	8,500
— Committee meeting	5,500
— General meeting	5,500

(2) At the Company's annual general meeting held on 7 June 2018, all Independent Non-executive Directors, namely Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O'DONNELL, were re-elected as Directors for a term of approximately two years expiring at the conclusion of the Company's annual general meeting to be held in 2020.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 30 June 2018 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 page 11 of this interim report. The condensed consolidated financial statements for the six months ended 30 June 2018 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. David Charles PARKER (Chief Executive Officer) and Mr. Wing Tung YEUNG, the Non-executive Director is Mr. Derek Wai Choi LEUNG (Non-executive Chairman), and the Independent Non-executive Directors are Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O'DONNELL.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

David Charles PARKER *(Chief Executive Officer)*
Wing Tung YEUNG

NON-EXECUTIVE DIRECTOR

Derek Wai Choi LEUNG *(Non-executive Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kin Wing CHEUNG
Kiu Sang Baldwin LEE
Ted Tak Tai LEE
Sarah Young O'DONNELL

COMPANY SECRETARY

Pui Man CHENG

AUDITOR

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