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ENM HOLDINGS LIMITED

安寧控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 00128)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The Board of Directors (the “Board”) of ENM Holdings Limited (the “Company”) herein present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014 together with the unaudited comparative amounts for the corresponding period in 2013.

The condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee and the Company’s auditor.

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

	Note	Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
		<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue of the Group		138,452	167,127
Share of revenue of an associate from wholesale and retail of fashion wear and accessories		18,414	-
		156,866	167,127
Revenue of the Group		138,452	167,127
Cost of sales		(68,626)	(68,814)
Gross profit		69,826	98,313
Other income		2,386	1,324
Selling and distribution costs		(57,677)	(69,929)
Administrative expenses		(46,508)	(41,711)
Depreciation and amortisation		(10,036)	(10,163)
Other operating gains, net		10,471	12,137
Loss from operations		(31,538)	(10,029)
Fair value gains/(losses) on investment properties, net		(1,500)	2,000
Deficits write-back on revaluation of resort and recreational club properties		1,263	1,540
Finance costs	4	(375)	(327)
Share of losses of an associate		(98)	-
Loss before tax		(32,248)	(6,816)
Income tax expense	5	-	-
Loss for the period	6	(32,248)	(6,816)
Attributable to:			
Owners of the Company		(32,182)	(6,202)
Non-controlling interests		(66)	(614)
		(32,248)	(6,816)
		HK\$	HK\$
		<i>(unaudited)</i>	<i>(unaudited)</i>
Loss per share			
Basic	7(a)	(1.95 cents)	(0.38 cents)
Diluted	7(b)	N/A	N/A

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

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014**

	Note	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		93,736	100,769
Investment properties		30,000	29,000
Intangible assets		1,339	1,381
Interest in an associate		21,767	21,531
Financial assets at fair value through profit or loss	9	36,500	34,000
Available-for-sale equity investments		77,954	85,222
Available-for-sale debt investments - note receivables		95,641	79,501
Total non-current assets		356,937	351,404
Current assets			
Inventories		64,436	73,959
Trade receivables	10	5,338	4,654
Prepayments, deposits and other receivables		35,590	49,911
Financial assets at fair value through profit or loss	9	212,867	204,186
Pledged bank deposits		11,000	11,000
Time deposits		371,201	365,126
Cash and bank balances		46,455	83,967
		746,887	792,803
Assets attributable to disposal group held for sale		85,075	89,416
Total current assets		831,962	882,219
Current liabilities			
Trade and other payables	11	38,984	43,480
Interest-bearing bank borrowings		15,321	19,560
Current portion of debentures		285	624
		54,590	63,664
Liabilities attributable to disposal group held for sale		11,337	11,347
Total current liabilities		65,927	75,011
Net current assets		766,035	807,208
Total assets less current liabilities		1,122,972	1,158,612

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

	Note	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Total assets less current liabilities		<u>1,122,972</u>	<u>1,158,612</u>
Non-current liabilities			
Debentures		<u>1,741</u>	1,796
Deferred revenue		<u>20</u>	24
Total non-current liabilities		<u>1,761</u>	<u>1,820</u>
NET ASSETS		<u><u>1,121,211</u></u>	<u><u>1,156,792</u></u>
Capital and reserves			
Issued capital	12	<u>1,206,706</u>	16,507
Accumulated losses		<u>(971,913)</u>	(939,731)
Other reserves		<u>886,304</u>	2,079,812
Equity attributable to owners of the Company		<u>1,121,097</u>	1,156,588
Non-controlling interests		<u>114</u>	204
TOTAL EQUITY		<u><u>1,121,211</u></u>	<u><u>1,156,792</u></u>

Notes:

1. Basis of Preparation

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

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

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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

3. Segment Information

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

Six months ended 30 June

2014 HK\$'000 (<i>unaudited</i>)	2013 HK\$'000 (<i>unaudited</i>)
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Reconciliations of reportable segment profit or loss:

Total profit or loss of reportable segments	(29,415)	(8,112)
Unallocated corporate administrative expenses	(2,123)	(1,917)
Share of losses of an associate	(98)	-
Fair value gains/(losses) on investment properties, net	(1,500)	2,000
Deficits write-back on revaluation of resort and recreational club properties	1,263	1,540
Finance costs	<u>(375)</u>	<u>(327)</u>
Consolidated loss for the period	<u>(32,248)</u>	<u>(6,816)</u>

4. Finance Costs

Six months ended 30 June

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

5. Income Tax Expense

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

6. Loss for the Period

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

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

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

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

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

7. Loss Per Share

(a) Basic loss per share

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

(b) Diluted loss per share

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

8. Dividends

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

9. Financial Assets at Fair Value Through Profit or Loss

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

10. Trade Receivables

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

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

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

11. Trade and Other Payables

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

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

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

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

12. Share Capital

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

Notes:

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

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

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

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

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

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

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

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

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

Swank China

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

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

Cesare di Pino

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

Resort and Recreational Club Operations

Hong Kong Hilltop Country Club (“Hilltop”)

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

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

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

Shanghai Hilltop Resort Hotel Limited (“Shanghai Hilltop”)

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

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

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

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

Financial Instruments Investments

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

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

Other Investments

Genovate Biotechnology Company Limited (“Genovate”)

Genovate is a fully integrated specialty pharmaceutical company that focuses on new drug development, drug manufacturing, drug marketing and distribution in Taiwan and the region. The Group currently has 6.4% shareholdings in Genovate, which is listed in the Taiwan GreTai Securities Market (Open Market, Stock code: 4130).

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

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

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

PuraPharm Corporation Limited (“PuraPharm”)

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

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

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

CORPORATE STRATEGY

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

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

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

LIQUIDITY AND FINANCIAL POSITION

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

At 30 June 2014, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars, Renminbi and United States dollars and exchange differences were reflected in the unaudited financial statements. All bank borrowings of the Group are on a floating rate basis. All club debentures of Hilltop are interest free.

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

PLEDGE OF ASSETS

Pledges of the Group's fixed deposits of HK\$11,000,000 (31 December 2013: HK\$11,000,000) were given to banks to secure general banking facilities to the extent of HK\$31,000,000 as at 30 June 2014 (31 December 2013: HK\$31,000,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this announcement, the Group employed 284 staff. The Group's remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus and internal/external training support.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2014.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, save for the following:

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

BOARD OF DIRECTORS

At the date of this announcement, the Executive Directors are Mr. Joseph Wing Kong LEUNG (Chairman and Acting Chief Executive Officer), Mr. Raymond Siu Wing CHAN, Mr. Victor Yiu Keung CHIANG, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG, and the Independent Non-executive Directors are Dr. Jen CHEN, Mr. David Kwok Kwei LO, Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG.

By order of the Board
Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Hong Kong, 22 August 2014