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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 2016

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 2016 together with the unaudited comparative amounts for the corresponding period in 2015.

The financial information set out below in this announcement represents an extract from the condensed consolidated financial statements for the six months ended 30 June 2016, which 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 Hong Kong Institute of Certified Public Accountants (the “HKICPA”), whose unmodified review report is included in the interim report to be sent to shareholders. The condensed consolidated financial statements for the six months ended 30 June 2016 have also been reviewed by the Company’s audit committee.

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

	Note	Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	4	87,507	111,266
Cost of sales		<u>(34,111)</u>	<u>(53,926)</u>
Gross profit		53,396	57,340
Other income		1,265	1,464
Selling and distribution costs		(41,104)	(54,834)
Administrative expenses		(39,717)	(40,388)
Depreciation and amortisation		(2,548)	(6,016)
Other operating gains, net		<u>3,332</u>	<u>8,665</u>
Loss from operations		(25,376)	(33,769)
Fair value gains/(losses) on investment properties		(1,100)	2,400
Deficits write-back/(deficits) on revaluation of resort and recreational club properties		(548)	1,273
Finance costs	5	(249)	(280)
Share of profit/(loss) of an associate		<u>1,005</u>	<u>(488)</u>
Loss before tax		(26,268)	(30,864)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss for the period	7	<u>(26,268)</u>	<u>(30,864)</u>
Attributable to:			
Owners of the Company		(26,202)	(30,686)
Non-controlling interests		<u>(66)</u>	<u>(178)</u>
		<u>(26,268)</u>	<u>(30,864)</u>
		HK\$	HK\$
		<i>(unaudited)</i>	<i>(unaudited)</i>
Loss per share			
- basic	8(a)	<u>(1.59 cents)</u>	<u>(1.86 cents)</u>
- diluted	8(b)	<u>N/A</u>	<u>N/A</u>

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

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

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AT 30 JUNE 2016**

	Note	30 June <u>2016</u> HK\$'000 (<i>unaudited</i>)	31 December <u>2015</u> HK\$'000 (<i>audited</i>)
Non-current assets			
Property, plant and equipment		76,445	78,641
Investment properties		35,200	36,300
Intangible assets		1,169	1,211
Interest in an associate		17,033	15,297
Available-for-sale equity investments		44,610	101,658
Available-for-sale debt investments - notes receivables		140,546	132,459
Total non-current assets		315,003	365,566
Current assets			
Inventories		45,833	49,421
Trade receivables	10	856	2,022
Prepayments, deposits and other receivables		29,567	40,653
Financial assets at fair value through profit or loss	11	214,957	251,967
Available-for-sale debt investments - notes receivables		7,886	3,989
Pledged bank deposits		11,000	11,000
Time deposits		343,545	358,670
Cash and bank balances		73,123	41,582
Total current assets		726,767	759,304
Current liabilities			
Trade and other payables	12	21,274	28,814
Interest-bearing bank borrowings		8,066	8,949
Current portion of debentures		784	716
Total current liabilities		30,124	38,479
Net current assets		696,643	720,825
Total assets less current liabilities		1,011,646	1,086,391

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

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

Notes:

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

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

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

These condensed consolidated financial statements should be read in conjunction with the 2015 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2015.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated financial statements.

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 2016:				
Revenue from external customers	71,286	7,410	8,811	87,507
Segment profit/(loss)	(19,378)	(4,538)	1,000	(22,916)
As at 30 June 2016:				
Segment assets	85,799	76,271	862,667	1,024,737
Segment liabilities	(15,627)	(3,801)	(3,295)	(22,723)
Interest in an associate	17,033	-	-	17,033
6 months ended 30 June 2015:				
Revenue from external customers	94,793	6,538	9,935	111,266
Segment profit/(loss)	(32,827)	(4,177)	5,122	(31,882)
As at 31 December 2015:				
Segment assets, audited	93,546	78,583	937,444	1,109,573
Segment liabilities, audited	(23,543)	(4,385)	(2,752)	(30,680)
Interest in an associate, audited	15,297	-	-	15,297

Six months ended 30 June

<u>2016</u>	<u>2015</u>
HK\$'000	HK\$'000
(<i>unaudited</i>)	(<i>unaudited</i>)

Reconciliations of reportable segment profit or loss:

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

4. Revenue

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

	Six months ended 30 June	
	<u>2016</u> HK\$'000 (<i>unaudited</i>)	<u>2015</u> HK\$'000 (<i>unaudited</i>)
Wholesale and retail of fashion wear and accessories	71,286	94,793
Resort and recreational club operations	7,410	6,538
Dividend income from listed equity investments	2,174	1,353
Dividend income from an unlisted fund investment	84	105
Dividend income from available-for-sale equity investments	377	638
Interest income	6,176	7,839
	<u>87,507</u>	<u>111,266</u>

5. Finance Costs

	Six months ended 30 June	
	<u>2016</u> HK\$'000 (<i>unaudited</i>)	<u>2015</u> HK\$'000 (<i>unaudited</i>)
Interest on bank loans and overdrafts	244	275
Accretion of interest on debentures	5	5
	<u>249</u>	<u>280</u>

6. Income Tax Expense

No provision for Hong Kong Profits Tax and overseas income tax is required for the six months periods ended 30 June 2016 and 2015 since the Group has no assessable profit in Hong Kong and other countries in which the Group operates or has sufficient tax losses brought forward to set off against the assessable profits for both periods.

7. Loss for the Period

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

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

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

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

8. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$26,202,000 (30 June 2015: HK\$30,686,000) and the weighted average number of ordinary shares of 1,650,658,676 (30 June 2015: 1,650,658,676) in issue during the period.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the six months periods ended 30 June 2016 and 2015.

9. Dividends

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

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

	30 June <u>2016</u> HK\$'000 (<i>unaudited</i>)	31 December <u>2015</u> HK\$'000 (<i>audited</i>)
Within 1 month	791	1,553
2 to 3 months	65	123
Over 3 months	-	346
	<u>856</u>	<u>2,022</u>

11. Financial Assets at Fair Value Through Profit or Loss

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

12. Trade and Other Payables

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

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

FINANCIAL REVIEW

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

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

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

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

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

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

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

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

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

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

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

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

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

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

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

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

Swank China

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

Cesare di Pino

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

Brunello Cucinelli

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

Resort and Recreational Club Operations

Hilltop Country Club (“Hilltop”)

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

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

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

Investment in Financial Instruments

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

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

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

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

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

Available-for-sale equity investment

The Group's available-for-sale equity investment represents an interest in Genovate Biotechnology Company Limited ("Genovate"). Genovate is a fully integrated specialty pharmaceutical company that focuses on new drug development, drug manufacturing, drug marketing and distribution in Taiwan and the region. Genovate is listed on the Taipei Exchange in Taiwan (TPEX, stock code: 4130).

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

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

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

LIQUIDITY AND FINANCIAL POSITION

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

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

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

PLEDGE OF ASSETS

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

IMPORTANT EVENTS AFTER THE FINANCIAL PERIOD

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2016.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2016, save for the following:

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the period from 1 January 2016 to 22 March 2016, the positions of chairman and chief executive officer were vacant and the duties of chairman and chief executive officer were assumed by the then three Executive Directors, namely, Mr. Victor Yiu Keung CHIANG, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG. The Board believed that the balance of power and authority is ensured through supervision of the full Board and the Board committees. With effect from 23 March 2016, Mr. Derek Wai Choi LEUNG, Executive Director, has been appointed as the Acting Chief Executive Officer of the Company. During the period from 23 March 2016 to conclusion of the Company’s annual general meeting held on 3 June 2016 (the “2016 AGM”), the duties of chairman were assumed by the then two Executive Directors, namely, Mr. Victor Yiu Keung CHIANG and Mr. Wing Tung YEUNG. Since Mr. Victor Yiu Keung CHIANG has retired at conclusion of the 2016 AGM, the duties of chairman have been assumed by Mr. Wing Tung YEUNG, Executive Director. The Board shall nevertheless review this arrangement from time to time.

BOARD OF DIRECTORS

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

By order of the Board
ENM Holdings Limited
Derek Wai Choi LEUNG
Executive Director
and
Acting Chief Executive Officer

Hong Kong, 31 August 2016