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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

The Board of Directors (the “Board”) of ENM Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2014. The financial information set out in this announcement below does not constitute the statutory annual consolidated financial statements of the Company for the year ended 31 December 2014 prepared for shareholders pursuant to the Hong Kong Companies Ordinance.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Revenue of the Group		275,385	331,399
Revenue of an associate from wholesale and retail of fashion wear and accessories attributable to the Group accounted for under equity method		<u>39,766</u>	<u>13,256</u>
		<u>315,151</u>	<u>344,655</u>
Revenue of the Group		275,385	331,399
Cost of sales		<u>(128,826)</u>	<u>(133,546)</u>
Gross profit		146,559	197,853
Other income		4,304	2,632
Selling and distribution costs		(112,911)	(132,871)
Administrative expenses		(95,497)	(87,585)
Depreciation and amortisation		(19,006)	(20,173)
Other operating gains, net	6	<u>81,349</u>	<u>61,797</u>
Profit from operations		4,798	21,653
Fair value gains/(losses) on investment properties, net		500	(500)
Deficits write-back on revaluation of resort and recreational club properties		2,633	1,063
Gain on disposal of disposal group held for sale		21,294	-
Finance costs	4	(861)	(821)
Share of profit of an associate		<u>525</u>	<u>2,109</u>
Profit before tax		28,889	23,504
Income tax expense	5	<u>-</u>	<u>-</u>
Profit for the year	6	<u>28,889</u>	<u>23,504</u>
Attributable to:			
Owners of the Company		29,001	24,217
Non-controlling interests		<u>(112)</u>	<u>(713)</u>
		<u>28,889</u>	<u>23,504</u>
Earnings per share		HK\$	HK\$
- basic	7(a)	<u>1.76 cents</u>	<u>1.47 cents</u>
- diluted	7(b)	<u>N/A</u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Profit for the year	<u>28,889</u>	<u>23,504</u>
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(1,705)	3,385
Fair value changes of available-for-sale equity investments	40,469	(32,233)
Fair value changes of available-for-sale debt investments	(2,365)	(1,955)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments	(16,746)	(30,063)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	(911)	(722)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of disposal group held for sale	<u>(11,052)</u>	<u>-</u>
Other comprehensive income/(loss) for the year, net of tax	<u>7,690</u>	<u>(61,588)</u>
Total comprehensive income/(loss) for the year	<u>36,579</u>	<u>(38,084)</u>
Attributable to:		
Owners of the Company	36,719	(37,422)
Non-controlling interests	<u>(140)</u>	<u>(662)</u>
	<u>36,579</u>	<u>(38,084)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014**

	Note	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Non-current assets			
Property, plant and equipment		85,871	100,769
Investment properties		32,000	29,000
Intangible assets		1,296	1,381
Interest in an associate		16,830	21,531
Financial assets at fair value through profit or loss	9	87,600	34,000
Available-for-sale equity investments		103,818	85,222
Available-for-sale debt investments - notes receivables		118,825	79,501
Total non-current assets		446,240	351,404
Current assets			
Inventories		66,404	73,959
Trade and other receivables	10	44,757	54,565
Financial assets at fair value through profit or loss	9	240,237	204,186
Available-for-sale debt investments - notes receivables		6,341	-
Pledged bank deposits		11,000	11,000
Time deposits		379,340	365,126
Cash and bank balances		48,802	83,967
Assets attributable to disposal group held for sale		796,881	792,803
		-	89,416
Total current assets		796,881	882,219
Current liabilities			
Trade and other payables	11	35,483	43,480
Interest-bearing bank borrowings		12,281	19,560
Current portion of debentures		120	624
Liabilities attributable to disposal group held for sale		47,884	63,664
		-	11,347
Total current liabilities		47,884	75,011
Net current assets		748,997	807,208
Total assets less current liabilities		1,195,237	1,158,612

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AT 31 DECEMBER 2014**

	Note	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Total assets less current liabilities		<u>1,195,237</u>	<u>1,158,612</u>
Non-current liabilities			
Debtures		1,850	1,796
Deferred revenue		<u>16</u>	<u>24</u>
Total non-current liabilities		<u>1,866</u>	<u>1,820</u>
NET ASSETS		<u><u>1,193,371</u></u>	<u><u>1,156,792</u></u>
Capital and reserves			
Issued capital	12	1,206,706	16,507
Accumulated losses		(910,730)	(939,731)
Other reserves		<u>897,331</u>	<u>2,079,812</u>
Equity attributable to owners of the Company		<u>1,193,307</u>	<u>1,156,588</u>
Non-controlling interests		<u>64</u>	<u>204</u>
TOTAL EQUITY		<u><u>1,193,371</u></u>	<u><u>1,156,792</u></u>

Notes:

1. Basis of Preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and methods of computation used in the preparation of these consolidated 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 and Requirement

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants 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 following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2014:

- Amendment to HKAS 32, Offsetting financial assets and financial liabilities
- Amendment to HKAS 36, Recoverable amount disclosures for non-financial assets
- Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting
- HK(IFRIC) 21, Levies
- Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010-2012 Cycle)
- Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2010-2012 Cycle)
- Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2014. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

In addition, the new Hong Kong Companies Ordinance (Cap. 622) abolished the concept of “par value” or nominal value” of shares and “authorised share capital” for all Hong Kong incorporated companies with effect from 3 March 2014 and this change has reflected in note 12 to this announcement.

3. 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 and treasury	Treasury operations and 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;
- Share of profit of an associate;
- Fair value gains/(losses) on investment properties, net;
- Deficits write-back on revaluation of resort and recreational properties;
- Gain on disposal of disposal group held for sale;
- Finance costs; and
- Income tax expense.

Segment assets do not include interest in an associate and assets attributable to disposal group held for sale. Segment liabilities do not include interest-bearing bank borrowings and liabilities attributable to disposal group held for sale.

3. Segment Information (Cont'd)

Information about reportable segment profit or loss, assets and liabilities:

	Wholesale and retail of fashion wear and accessories	Resort and recreational club operations	Investments and treasury	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2014:				
Revenue from external customers	239,749	14,410	21,226	275,385
Segment profit/(loss)	(62,246)	(7,565)	78,311	8,500
<i>Segment profit/(loss) includes:</i>				
Fair value gains on financial assets at fair value through profit or loss, net	-	-	54,590	54,590
Gain on disposal of financial assets at fair value through profit or loss, net	-	-	8,425	8,425
Gain on disposal of available-for-sale debt investments, net	-	-	360	360
Gain on disposal of available-for-sale equity investments	-	-	17,513	17,513
Gain on disposal of disposal group held for sale	-	-	21,294	21,294
Interest income from:				
- Financial assets at fair value through profit or loss	-	-	2,657	2,657
- Other financial assets	-	-	15,095	15,095
Depreciation and amortisation	15,243	3,485	278	19,006
Charge for inventories allowances	25,244	-	-	25,244
Impairment of trade receivables, net	-	30	-	30
<i>Other segment information:</i>				
Share of profit of an associate	525	-	-	525
Additions to property, plant and equipment	1,937	140	-	2,077
As at 31 December 2014:				
Segment assets	130,584	80,708	1,014,999	1,226,291
Segment liabilities	(27,444)	(4,525)	(5,500)	(37,469)
Interest in an associate	16,830	-	-	16,830

3. Segment Information (Cont'd)

Information about reportable segment profit or loss, assets and liabilities:

	Wholesale and retail of fashion wear and accessories	Resort and recreational club operations	Investments and treasury	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2013:				
Revenue from external customers	298,136	14,956	18,307	331,399
Segment profit/(loss)	(17,697)	(8,377)	51,783	25,709
<i>Segment profit/(loss) includes:</i>				
Fair value gains on financial assets at fair value through profit or loss, net	-	-	6,844	6,844
Losses on disposal/redemption of financial assets at fair value through profit or loss, net	-	-	(2,751)	(2,751)
Gain on disposal of available-for-sale debt investments	-	-	1,043	1,043
Gain on disposal of available-for-sale equity investments	-	-	35,315	35,315
Gain on disposal of a business	1,723	-	-	1,723
Interest income from:				
- Financial assets at fair value through profit or loss	-	-	11,730	11,730
- Other financial assets	-	-	11,594	11,594
Write-back of accrued payables	1,778	-	-	1,778
Depreciation and amortisation	15,485	4,357	331	20,173
Charge for inventories allowances	15,071	-	-	15,071
Impairment of trade receivables, net	-	30	-	30
<i>Other segment information:</i>				
Share of profit of an associate	2,109	-	-	2,109
Additions to property, plant and equipment	17,507	655	3	18,165
As at 31 December 2013:				
Segment assets	163,039	80,850	878,787	1,122,676
Segment liabilities	(31,875)	(6,112)	(7,937)	(45,924)
Interest in an associate	21,531	-	-	21,531

3. Segment Information (Cont'd)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Profit or loss		
Total profit or loss of reportable segments	8,500	25,709
Unallocated corporate administrative expenses	(3,702)	(4,056)
Share of profit of an associate	525	2,109
Fair value gains/(losses) on investment properties, net	500	(500)
Gain on disposal of disposal group held for sale	21,294	-
Deficits write-back on revaluation of resort and recreational club properties	2,633	1,063
Finance costs	(861)	(821)
Consolidated profit for the year	<u>28,889</u>	<u>23,504</u>
Assets		
Total assets of reportable segments	1,226,291	1,122,676
Assets attributable to disposal group held for sale	-	89,416
Interest in an associate	16,830	21,531
Consolidated total assets	<u>1,243,121</u>	<u>1,233,623</u>
Liabilities		
Total liabilities of reportable segments	(37,469)	(45,924)
Interest-bearing bank borrowings	(12,281)	(19,560)
Liabilities attributable to disposal group held for sale	-	(11,347)
Consolidated total liabilities	<u>(49,750)</u>	<u>(76,831)</u>

Geographical information:

	Revenue		Non-current assets	
	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Hong Kong	248,244	308,998	131,412	140,443
Mainland China	22,248	17,200	4,022	11,637
Other Asia Pacific regions	4,469	4,715	563	601
Others	424	486	-	-
Consolidated total	<u>275,385</u>	<u>331,399</u>	<u>135,997</u>	<u>152,681</u>

In presenting the geographical information, revenue is based on the locations of the customers; non-current assets exclude financial assets and deferred tax assets and are based on the locations of the assets.

4. Finance Costs

	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Interest on bank loans and overdrafts	848	783
Accretion of interest on debentures	<u>13</u>	<u>38</u>
	<u>861</u>	<u>821</u>

5. Income Tax Expense

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2014 (2013: Nil) as the Company and its subsidiaries either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

6. Profit for the Year

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

	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Cost of inventories sold [#]	128,634	133,325
Dividend income [^]	(6,131)	(6,713)
Depreciation	18,921	20,088
Amortisation of intangible assets	85	85
Charge for inventories allowances	25,244	15,071
Gains from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	(2,657)	(2,285)
Fair value gains, net	(40,990)	(268)
Gains on disposal, net	(8,425)	(2,007)
	(52,072)	(4,560)
Designated as such upon initial recognition		
Interest income	-	(9,445)
Fair value gains, net	(13,600)	(6,576)
Loss on redemption	-	4,758
	(13,600)	(11,263)
Interest income from other financial assets [^]	(15,095)	(11,594)
Fair value losses/(gains) on investment properties, net	(500)	500
Gain on disposal of available-for-sales debt investments, net*	(360)	(1,043)
Gain on disposal of available-for-sales equity investments*	(17,513)	(35,315)
Loss on disposal of property, plant and equipment*	358	3
Amortisation of deferred revenue [^]	(13)	(37)
Write-back of accrued payables*	-	(1,778)
Foreign exchange losses/(gains), net*	1,838	(6,118)
Impairment of trade receivables, net	30	30
Deficits write-back on revaluation of resort and recreational club properties	(2,633)	(1,063)
Gain on disposal of a business*	-	(1,723)
Gain on disposal of disposal group held for sale	(21,294)	-

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

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

[#] Cost of inventories sold included charge of inventories allowances of HK\$25,244,000 (2013: HK\$15,071,000).

7. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK\$29,001,000 (2013: HK\$24,217,000) and the weighted average number of ordinary shares of 1,650,658,676 (2013: 1,650,658,676) in issue during the year.

(b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2014 and 2013.

8. Dividends

The directors do not recommend the payment of any dividend to shareholders for the year ended 31 December 2014 (2013: Nil).

9. Financial Assets at Fair Value Through Profit or Loss

	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Listed investments, at fair value:		
Hong Kong	187,412	162,996
Outside Hong Kong	<u>27,423</u>	<u>19,620</u>
Market value of listed investments	<u>214,835</u>	<u>182,616</u>
Unlisted investments, at fair value:		
Equity investment	87,600	34,000
Others	<u>25,402</u>	<u>21,570</u>
	<u>113,002</u>	<u>55,570</u>
	<u>327,837</u>	<u>238,186</u>
Analysed as:		
Current assets	240,237	204,186
Non-current assets	<u>87,600</u>	<u>34,000</u>
	<u>327,837</u>	<u>238,186</u>

10. Trade and Other 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:

	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Within 1 month	2,314	3,530
2 to 3 months	1,042	1,110
Over 3 months	7	14
	<u>3,363</u>	<u>4,654</u>

11. Trade and Other Payables

Included in the Group's trade and other payables as at 31 December 2014 are trade and bills payables of HK\$12,078,000 (2013: HK\$14,162,000). An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	<u>2014</u> HK\$'000	<u>2013</u> HK\$'000
Within 1 month	10,090	11,857
2 to 3 months	1,988	1,884
Over 3 months	-	421
	<u>12,078</u>	<u>14,162</u>

12. Share Capital

	Note	<u>2014</u>		<u>2013</u>	
		Number of ordinary shares '000	Amount HK\$'000	Number of ordinary shares '000	Amount HK\$'000
Authorised:	(b)				
100,000,000,000 ordinary shares of HK\$0.01 each	(c)	<u>N/A</u>	<u>N/A</u>	<u>100,000,000</u>	<u>1,000,000</u>
Ordinary shares, 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 on 3 March 2014	(d)	<u>-</u>	<u>1,190,199</u>	<u>-</u>	<u>-</u>
At 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 concept of authorised share capital was abolished.
- (c) In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the concept of par (or nominal) value for all shares in Hong Kong incorporated companies was abolished. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.
- (d) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the balances of the share premium account and capital redemption reserve amounting to HK\$1,189,721,000 and HK\$478,000 respectively have been transferred to the issued capital.

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of the Group for the year ended 31 December 2014.

FINANCIAL RESULTS

The Group recorded a consolidated turnover of HK\$275,385,000 for the year ended 31 December 2014, a decrease of 17% as compared with HK\$331,399,000 for the last corresponding year.

Operating results recorded a consolidated net profit attributable to equity holders of the Company amounted to HK\$29,001,000 for the year as compared to a profit of HK\$24,217,000, an increase of 19.8% over the previous year. Despite the double digit growth in profit, 2014 was indeed a challenging time for the Group. Retail operation of the Group suffered a substantial operating loss mainly attributable to a general contraction in customer spending momentum on high end luxury products in particular. PRC government's anti-corruption has also curbed the luxury sector due to lesser lavish gift-giving practice. On the other hand, upsurge in operating costs particularly the rental and staff cost contributed to the deterioration in the profitability of our retail operation. The Hong Kong retail market has further been affected as a result of the Occupy Central Movement which brought noticeable negative impact to the Group during the last quarter of the year.

Although the US economic activity is showing signs of stabilization towards mid 2014, the pacing and magnitude of global economic recovery is much far away. Nevertheless, the performance of financial instrument investment activities during the 2nd half of the year was satisfactory and exceeded expectation. A profit of approximately HK\$64,730,000 was registered for these activities during the year. The Group also disposed of certain strategic investments during the 1st half of the year to generate a profit of approximately HK\$17,513,000. Upon completion of the two disposal transactions in relation to Shanghai Hilltop and Shanghai Landis, another non-recurring profit of HK\$21,294,000 was contributed to the bottom line of the Group. During the year, a fair value gain of approximately HK\$13,600,000 was recorded through valuation on the fair value of the strategic investment in PuraPharm, the concentrated Chinese medicine granules developer and manufacturer.

As a result, the substantial operating loss from the retail operation was fully offset by the profit generated and contributed by other operating units/investments and the Group reported a net consolidated profit of HK\$29,001,000, a 19.8% increase over 2013.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

Swank Hong Kong, the core retail business of the Group, reported a 23% and 9% decline in turnover and gross margin, respectively as compared to last corresponding year. Adverse macro-economic environment continued to impact the high end apparel retail market in Hong Kong. Operating results registered a loss of approximately HK\$24,224,000, a substantial decline from a profitable position as compared to last corresponding year. Although there was turnover growth in our multi label shops during the first half of the year, the whole year

figure was pulled down by the unsatisfactory performance in the second half. Overall profitability was seriously deteriorated due to the decline in contributions from the mono label shops as well. Prolonged weak customer sentiment, general decline in spending momentum and fierce competition that led to more discount offered together with escalating rental and staff cost were the major reasons for the substantial loss incurred during the year.

Contribution from Brunello Cucinelli, the joint venture established in last quarter of 2013 also declined. The share of profit became minimal for the whole year under review while this brand used to be a main profit contributor to the Group. Major reason was that the well performed shops were offset by the below expectation performance of the flagship store situated in Queen's Road Central.

Moreover, the unexpected Occupy Central Movement during late September 2014 to early December 2014 also brought noticeable negative impact to local retail market which resulted in lower travel flow and consumer spending in major shops of Swank located in Central and Admiralty.

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

Swank China

The strengthening anti-graft and austerity measures are taking its toll across 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 year ended 31 December 2014 further suffered with operating loss increased to HK\$22,368,000 from HK\$15,451,000 for last corresponding year.

With unsatisfactory and below expectation performance, the Swank Shanghai Takashimaya shop was closed in early August 2014. The Swank Shop in Hangzhou Tower, will also be closed down in the second quarter of 2015 due to lower than expected performance. The management will concentrate its effort on the revamp of our retail stores situated in Beijing and Xian and 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 year amounted to HK\$15,129,000 (2013: Loss HK\$11,861,000). With all the unfavorable reasons stated above, there was a significant downturn in customer spending in China luxury retail market and that have material adverse effects to our infant stage of development. The poor-performing shop in Hangzhou will also be closed down in the second quarter of 2015. Operating expenses and office overheads will reduce substantially in 2015. Management will take all cautious and prudent measures to consolidate and revamp the present situation with an aim to uphold its market presence in both mainland China and Hong Kong 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.

The operating performance of Hilltop for 2014 was similar to last year and not able to contribute profit to the Group. Operating loss of Hilltop for the year amounted to HK\$7,565,000 (2013: Loss HK\$7,943,000). While the revenue from banquets and events has decreased, the Club has introduced certain new dining memberships to increase the revenue from catering. To re-gain long term growth, the management has identified certain new elements for club rejuvenation. Several interested parties have submitted design & investment proposals for the club rejuvenation project. The management is studying these proposals and exploring the best option to the Club.

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 at the Company’s Shareholders Extraordinary General Meeting held on 24 September 2012.

In November 2014, the Group fully received the remittance of the sales proceeds after profit tax from two disposal transactions amounting to RMB44,900,000 and RMB22,437,000, respectively according to the agreement terms. The Group recorded a total profit of HK\$21,294,000 from the completion of these two disposal transactions for the year ended 31 December 2014.

Financial instruments investments

For the year ended 31 December 2014, the financial instruments held for trading and available-for-sales debt investments (excluding the investment in shares of Genovate and PuraPharm) recorded net gains of HK\$57,817,000, in which HK\$50,927,000 from a single listed share held for trading, and HK\$6,913,000 respectively to the Group. As of 31 December 2014, total carrying value of the Group’s investment portfolio of financial instruments held for trading and available-for-sales debt investments was HK\$365,403,000.

While the soar of China A shares market in the fourth quarter 2014 contributed certain gains to our equity investment portfolio, the negative news on certain Chinese property developers and the falling oil price had adverse impacts on the investments portfolio as well. The Group will continue to manage the financial instruments investments portfolio prudently and maintain a balance portfolio of bonds and equities in order to limit the investment risk and maintain stable income.

Other Investments

PuraPharm Corporation Limited (“PuraPharm”)

The Group through its wholly owned subsidiary, Cosy Good Limited (“Cosy Good”), originally holds 5% equity interest of PuraPharm. In view of the potential of concentrated Chinese medicine granules (“CCMG”) development in both Hong Kong and PRC market, the Group made an additional investment in PuraPharm to increase its shareholdings in PuraPharm to 10.13% on 31 December 2014.

For the year ended 31 December 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 in 2013 also brought significant growth of the OTC products revenue in the Hong Kong market. With better cost control, 2014 full year operating result of PuraPharm was satisfactory. In 2015, PuraPharm targets to open more dispensaries in PRC and Chinese medicine clinics in Hong Kong. The Group’s investment in PuraPharm has contributed a fair value gain of HK\$13,600,000 to the Group’s 2014 results through valuation on the fair value of the investment.

Genovate Biotechnology Company Limited (“Genovate”)

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

In December 2014, Genovate announced a fund raising exercise in the amount of approximately TWD465,600,000 by ways of rights issue and convertible bonds to finance future development needs. The Group has subscribed for its allocated share of the Rights Issue. After the completion of Rights Issue in January 2015, the Group holds 6.3% of the enlarged share capital of Genovate.

Drug development for 2014 has progressed according to plan. Notable milestones include the once-a-day PMR (Generic drug name Cilostazol) for patients with Intermittent Claudication has entered into Phase III clinical study in Taiwan; and another new drug SND 13 by SyneuRx (Genovate is strategic investor) for negative symptoms of Schizophrenia (new indication, first in new class) has got approval for combined Phase II/III clinical study in the U.S.

During 2014 and before the Rights Issue, the Group sold 2,296,000 shares in Genovate with a realised profit of approximately HK\$17,513,000.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

On 31 December 2014, Cosy Good made further investment in PuraPharm by entering into the Share Purchase Agreement (the “PuraPharm Agreement”) in relation to (i) the acquisition of 12,557 fully paid-up ordinary shares of par value of USD1.00 per share of PuraPharm from the key shareholder of PuraPharm, for a total consideration of HK\$10,000,000; and (ii) the subscription of 37,672 fully paid-up ordinary shares of par value of USD1.00 per share of PuraPharm, for a total consideration of HK\$30,000,000 (collectively the “PuraPharm Acquisition”). Immediately following the completion of the PuraPharm Acquisition, Cosy Good holds an aggregate of 95,475 ordinary shares of par value of USD1.00 per share of PuraPharm, representing approximately 10.13% of the then entire issued share capital of PuraPharm. Each of (i) the PuraPharm Acquisition and the previous acquisitions in aggregate and (ii) certain repurchase options as defined in the PuraPharm Agreement in aggregate, constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company’s announcement dated 31 December 2014. The PuraPharm Acquisition was completed on 31 December 2014.

Save as disclosed above, the Group had no other material acquisition and disposal of investments during the year ended 31 December 2014.

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2014, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$428,142,000 (2013: HK\$449,093,000). At 31 December 2014, total borrowings amounted to HK\$14,251,000 (2013: HK\$21,980,000) with HK\$12,401,000 (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 1.2% at the year end date (2013: 1.9%). The current ratio at 31 December 2014 was 16.6 times (2013: 11.8 times).

At 31 December 2014, the Group’s borrowings and bank balances were primarily denominated in Hong Kong dollars, Renminbi and United States dollars and exchange difference were reflected in the audited 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

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

EMPLOYEE AND REMUNERATION POLICIES

At the date of this announcement, the Group employed 255 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.

APPRECIATION

Mr. Raymond Siu Wing CHAN has resigned as an Executive Director of the Company with effect from 1 January 2015. I would like to take this opportunity to express my sincere gratitude to Mr. Chan for his valuable contribution to the Company during his tenure of service.

I would like to take this opportunity to express my appreciation to the management team and staff for their dedication and contribution to the Group. I would also like to thank all our shareholders, business partners and customers for all their ongoing trust and 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 year.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 year ended 31 December 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.

REVIEW BY AUDIT COMMITTEE

The Company's consolidated results for the year ended 31 December 2014 have been reviewed by the Audit Committee of the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the Executive Directors are Mr. Joseph Wing Kong LEUNG (Chairman and Acting Chief Executive Officer), 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
ENM Holdings Limited
Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Hong Kong, 20 March 2015