

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2015**

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 2015. 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 2015 prepared for shareholders pursuant to the Hong Kong Companies Ordinance.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Revenue	4	215,537	275,385
Cost of sales		<u>(97,930)</u>	<u>(128,826)</u>
Gross profit		117,607	146,559
Other income		3,646	4,304
Selling and distribution costs		(104,832)	(112,911)
Administrative expenses		(80,859)	(95,497)
Depreciation and amortisation		(10,654)	(19,006)
Other operating gains/(losses), net	7	<u>(36,129)</u>	<u>81,349</u>
Profit/(loss) from operations		(111,221)	4,798
Fair value gains on investment properties, net		4,300	500
Deficits write-back on revaluation of resort and recreational club properties		1,537	2,633
Gain on disposal of disposal group held for sale		-	21,294
Finance costs	5	(657)	(861)
Share of profit/(loss) of an associate		<u>(1,076)</u>	<u>525</u>
Profit/(loss) before tax		(107,117)	28,889
Income tax expense	6	<u>-</u>	<u>-</u>
Profit/(loss) for the year	7	<u>(107,117)</u>	<u>28,889</u>
Attributable to:			
Owners of the Company		(106,896)	29,001
Non-controlling interests		<u>(221)</u>	<u>(112)</u>
		<u>(107,117)</u>	<u>28,889</u>
Earnings/(loss) per share		HK\$	HK\$
- basic	8(a)	<u>(6.48 cents)</u>	<u>1.76 cents</u>
- diluted	8(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 2015**

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Profit/(loss) for the year	<u>(107,117)</u>	<u>28,889</u>
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	895	(1,705)
Fair value changes of available-for-sale equity investments	(4,681)	40,469
Fair value changes of available-for-sale debt investments	2,590	(2,365)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments	-	(16,746)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	183	(911)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of disposal group held for sale	-	(11,052)
Other comprehensive income/(loss) for the year, net of tax	<u>(1,013)</u>	<u>7,690</u>
Total comprehensive income/(loss) for the year	<u>(108,130)</u>	<u>36,579</u>
Attributable to:		
Owners of the Company	(107,858)	36,719
Non-controlling interests	(272)	(140)
	<u>(108,130)</u>	<u>36,579</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015**

	Note	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Non-current assets			
Property, plant and equipment		78,641	85,871
Investment properties		36,300	32,000
Intangible assets		1,211	1,296
Interest in an associate		15,297	16,830
Financial assets at fair value through profit or loss	10	-	87,600
Available-for-sale equity investments		101,658	103,818
Available-for-sale debt investments - notes receivables		132,459	118,825
Total non-current assets		365,566	446,240
Current assets			
Inventories		49,421	66,404
Trade and other receivables	11	42,675	44,757
Financial assets at fair value through profit or loss	10	251,967	240,237
Available-for-sale debt investments - notes receivables		3,989	6,341
Pledged bank deposits		11,000	11,000
Time deposits		358,670	379,340
Cash and bank balances		41,582	48,802
Total current assets		759,304	796,881
Current liabilities			
Trade and other payables	12	28,814	35,483
Interest-bearing bank borrowings		8,949	12,281
Current portion of debentures		716	120
Total current liabilities		38,479	47,884
Net current assets		720,825	748,997
Total assets less current liabilities		1,086,391	1,195,237

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AT 31 DECEMBER 2015**

	Note	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Total assets less current liabilities		<u>1,086,391</u>	<u>1,195,237</u>
Non-current liabilities			
Debentures		1,144	1,850
Deferred revenue		<u>6</u>	<u>16</u>
Total non-current liabilities		<u>1,150</u>	<u>1,866</u>
NET ASSETS		<u>1,085,241</u>	<u>1,193,371</u>
Capital and reserves			
Issued capital	13	1,206,706	1,206,706
Accumulated losses		(1,017,626)	(910,730)
Other reserves		<u>896,369</u>	<u>897,331</u>
Equity attributable to owners of the Company		<u>1,085,449</u>	<u>1,193,307</u>
Non-controlling interests		<u>(208)</u>	<u>64</u>
TOTAL EQUITY		<u>1,085,241</u>	<u>1,193,371</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 (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with the requirements of the Hong Kong Companies Ordinance (Cap. 622).

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 2014.

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015:

- Amendment to HKAS 16 and HKAS 38 (Annual Improvements to HKFRSs 2010–2012 Cycle)
- Amendments to HKAS 19, Defined Benefit Plans: Employee Contributions
- Amendment to HKAS 24 (Annual Improvements to HKFRSs 2010–2012 Cycle)
- Amendment to HKAS 40 (Annual Improvements to HKFRSs 2011–2013 Cycle)
- Amendment to HKFRS 3 (Annual Improvements to HKFRSs 2011–2013 Cycle)
- Amendment to HKFRS 8 (Annual Improvements to HKFRSs 2010–2012 Cycle)
- Amendment to HKFRS 13 (Annual Improvements to HKFRSs 2011–2013 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 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group’s consolidated financial statements when they become effective. 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.

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards and Requirements (Cont'd)

The Stock Exchange in April 2015 released revised Appendix 16 of the Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

3. Segment Information

The Group has three reportable segments as follows:

<u>Segment</u>	<u>Activity</u>
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/(loss) of an associate;
- Fair value gains 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. Segment liabilities do not include interest-bearing bank borrowings.

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 2015:				
Revenue from external customers	182,134	13,609	19,794	215,537
Segment loss	(63,932)	(8,903)	(32,936)	(105,771)
<i>Segment loss includes:</i>				
Fair value losses on financial assets at fair value through profit or loss, net	-	-	(36,489)	(36,489)
Gain on disposal of financial assets at fair value through profit or loss, net	-	-	4,595	4,595
Loss on disposal of available-for-sale debt investments, net	-	-	(662)	(662)
Interest income from:				
- Financial assets at fair value through profit or loss	-	-	2,937	2,937
- Other financial assets	-	-	14,656	14,656
Depreciation and amortisation	7,160	3,343	151	10,654
Charge for inventories allowances	20,947	-	-	20,947
Impairment of trade receivables, net	-	30	-	30
<i>Other segment information:</i>				
Share of loss of an associate	(1,076)	-	-	(1,076)
Additions to property, plant and equipment	3,390	121	-	3,511
As at 31 December 2015:				
Segment assets	93,546	78,583	937,444	1,109,573
Segment liabilities	(23,543)	(4,385)	(2,752)	(30,680)
Interest in an associate	15,297	-	-	15,297

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)

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

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Profit or loss		
Total profit or loss of reportable segments	(105,771)	8,500
Unallocated corporate administrative expenses	(5,450)	(3,702)
Share of profit/(loss) of an associate	(1,076)	525
Fair value gains on investment properties, net	4,300	500
Gain on disposal of disposal group held for sale	-	21,294
Deficits write-back on revaluation of resort and recreational club properties	1,537	2,633
Finance costs	(657)	(861)
	<u>(107,117)</u>	<u>28,889</u>
Assets		
Total assets of reportable segments	1,109,573	1,226,291
Interest in an associate	15,297	16,830
	<u>1,124,870</u>	<u>1,243,121</u>
Liabilities		
Total liabilities of reportable segments	(30,680)	(37,469)
Interest-bearing bank borrowings	(8,949)	(12,281)
	<u>(39,629)</u>	<u>(49,750)</u>

Geographical information:

	Revenue		Non-current assets	
	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Hong Kong	200,234	248,244	130,923	131,412
Mainland China	11,088	22,248	-	4,022
Others	4,215	4,893	526	563
	<u>215,537</u>	<u>275,385</u>	<u>131,449</u>	<u>135,997</u>
Consolidated total	<u>215,537</u>	<u>275,385</u>	<u>131,449</u>	<u>135,997</u>

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

4. Revenue

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Wholesale and retail of fashion wear and accessories	182,134	239,749
Resort and recreational club operations	13,609	14,410
Dividend income from listed equity investments	4,283	5,346
Dividend income from an unlisted fund investment	217	398
Dividend income from available-for-sale equity investments	638	387
Interest income	14,656	15,095
	<u>215,537</u>	<u>275,385</u>

5. Finance Costs

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Interest on bank loans and overdrafts	646	848
Accretion of interest on debentures	11	13
	<u>657</u>	<u>861</u>

6. Income Tax Expense

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2015 (2014: 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.

7. Profit/(loss) for the year

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

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Cost of inventories sold [#]	97,738	128,634
Depreciation	10,569	18,921
Amortisation of intangible assets	85	85
Charge for inventories allowances	20,947	25,244
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	(2,937)	(2,657)
Fair value losses/(gains), net	28,233	(40,990)
Gains on disposal, net	(389)	(8,425)
	24,907	(52,072)
Designated as such upon initial recognition		
Fair value losses/(gains), net	8,256	(13,600)
Gain on disposal	(4,206)	-
	4,050	(13,600)
Fair value gains on investment properties, net	(4,300)	(500)
Losses/(gains) on disposal of available-for-sales debt investments, net*	662	(360)
Gain on disposal of available-for-sales equity investments*	-	(17,513)
Loss on disposal of property, plant and equipment*	1,453	358
Amortisation of deferred revenue	(11)	(13)
Foreign exchange losses, net*	5,057	1,838
Impairment of trade receivables, net	30	30
Deficits write-back on revaluation of resort and recreational club properties	(1,537)	(2,633)
Gain on disposal of disposal group held for sale	-	(21,294)

* These amounts are included in "Other operating gains/(losses), net".

Cost of inventories sold included charge of inventories allowances of HK\$20,947,000 (2014: HK\$25,244,000).

8. Earnings / (Loss) Per Share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the loss for the year attributable to owners of the Company of HK\$106,896,000 (2014: profit of HK\$29,001,000) and the weighted average number of ordinary shares of 1,650,658,676 (2014: 1,650,658,676) in issue during the year.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2015 and 2014.

9. Dividends

The directors do not recommend the payment of any dividend to shareholders for the year ended 31 December 2015 (2014: Nil).

10. Financial Assets at Fair Value Through Profit or Loss

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Listed investments, at fair value:		
Hong Kong	207,886	187,412
Outside Hong Kong	17,300	27,423
	<u>225,186</u>	<u>214,835</u>
Market value of listed investments		
	<u>225,186</u>	<u>214,835</u>
Unlisted investments, at fair value:		
Equity investment	-	87,600
Others	26,781	25,402
	<u>26,781</u>	<u>113,002</u>
	<u>251,967</u>	<u>327,837</u>
Analysed as:		
Current assets	251,967	240,237
Non-current assets	-	87,600
	<u>251,967</u>	<u>327,837</u>

11. 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>2015</u> HK\$'000	<u>2014</u> HK\$'000
Within 1 month	1,553	2,314
2 to 3 months	123	1,042
Over 3 months	346	7
	<u>2,022</u>	<u>3,363</u>

12. Trade and Other Payables

Included in the Group's trade and other payables as at 31 December 2015 are trade and bills payables of HK\$7,000,000 (2014: HK\$12,078,000). An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	<u>2015</u> HK\$'000	<u>2014</u> HK\$'000
Within 1 month	4,767	10,090
2 to 3 months	2,027	1,988
Over 3 months	206	-
	<u>7,000</u>	<u>12,078</u>

13. Share Capital

	<u>2015</u>		<u>2014</u>	
	Number of ordinary shares '000	Amount HK\$'000	Number of ordinary shares '000	Amount HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January	1,650,659	1,206,706	1,650,659	16,507
Transfer upon transition to no-par value regime on 3 March 2014 (<i>Note</i>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,190,199</u>
At 31 December	<u>1,650,659</u>	<u>1,206,706</u>	<u>1,650,659</u>	<u>1,206,706</u>

Note:

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.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

2015 continued to be a challenging and difficult year to the Group. High end luxury retail market of Hong Kong has not recovered since the Occupy Central Movement during the last quarter of 2014. Situation has further deteriorated as a result of the drop in tourism arrivals, especially those from Mainland China and the change in spending power/pattern from high end luxury products to affordable consumer goods including fashion and apparel by Mainland tourists and shoppers. Moreover, weak EURO relative to strong US dollar widens the gap of price difference between Europe and Asian regions particularly for Greater China and Hong Kong. This became a trend for Asian customers/shoppers to shop directly in European countries. Slack local demand and financial market volatility also impacted consumer sentiment. The fall in sales was significantly reflected in luxury products, including jewellery and watches, with no exception to top tier luxury fashion apparel. On the other hand, rental level in Hong Kong's prime shopping locations remains high relative to turnover even with sign of moderate relief in the near future.

Volatile stock market condition in Hong Kong during the second half of 2015 also has substantial negative impact to the performance of the Group's financial instrument investments.

FINANCIAL REVIEW

Net loss attributable to shareholders for the year ended 31 December 2015 amounted to HK\$106,896,000 as compared with net profit of HK\$29,001,000 for the last corresponding year. Loss per share was HK\$6.48 cents (2014: Earnings per share HK\$1.76 cents).

The Group recorded a consolidated turnover of HK\$215,537,000 for the year ended 31 December 2015, a decrease of 22% as compared with HK\$275,385,000 for the last corresponding year. Such decline was mainly attributable to the decrease in sales of fashion apparel in both Hong Kong and the PRC. Gross profit decreased by 20% to HK\$117,607,000 from HK\$146,559,000 which was in line with the decrease in turnover.

Selling and distribution expenses only dropped by 7% (as compared to 20% decrease in gross profit) from HK\$112,911,000 to HK\$104,832,000 which was mainly due to the high rental and staff costs.

Administrative expenses decreased by 15% which was considered to be reasonable and was in line with the decrease in gross profit after taking into account of general inflation for the year.

Depreciation and amortisation expenses decreased by 44% which was due to the close down of shops with poor performance both in Hong Kong and China.

Loss for the year amounted to HK\$107,117,000 as compared to profit of HK\$28,889,000 last year. Major reasons for the substantial losses incurred during the year were (i) fashion and accessories retailing business and recreational club operation continued to operate at losses (ii) the turnaround effect of unrealised fair value loss of approximately HK\$36,489,000 from financial assets at fair value through profit or loss during 2015 as compared to a fair value

gain of approximately HK\$54,590,000 in 2014, an unfavorable variance of over HK\$91,079,000 year on year, (iii) no further available-for-sale equity investment (Genovate) was sold in 2015 whereas gain on such disposal in 2014 amounted to HK\$17,513,000; and (iv) gain on disposal of Shanghai Hilltop and Shanghai Landis in 2014 amounted to HK\$21,294,000 was one-off and non-recurring.

Share of loss of an associate for the year ended 31 December 2015 represents the joint Venture business with Brunello Cucinelli S.p.a. which contributed a loss of HK\$1,076,000 (2014: Profit of HK\$525,000) due to a drop in turnover and the high operating costs.

During the year, the Group converted all of its RMB bank deposits kept in Hong Kong into US Dollar and Hong Kong Dollar to avoid further exchange loss as a result of depreciation of the RMB. The exchange loss realised during the year was approximately HK\$4,600,000 and has been included in “other operating gains /(losses), net”.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

Overall turnover for the year decreased by 21% to HK\$171,099,000 versus last year, while gross profit fell by 19% to HK\$90,531,000 and the gross margin was maintained for the same period as a result of strict control pricing guidelines for second half of 2015. Operating loss (exclude our share of the associate’s result) of the year 2015 was HK\$39,387,000 compared to HK\$24,749,000 in 2014. The decline in turnover can be attributed to the uncertain and tough macro-environment which created a slow and inactive local economy plus a falling stock market together with a persistent decline of inbound tourism from mainland China and a significantly lower retail spending on luxury goods. Other contributing factors include the depreciation of Euro and other Asian currencies against Renminbi and the US Dollar, causing an increased outflow of Asian tourists to shop overseas, particularly in Europe. Another contributing factors to lower turnover and gross profit include changing the merchandising mix to include more contemporary collections plus the Landlord’s forced lease termination of “Paule Ka” shop located at Pacific Place in November 2015, due to the mall’s revamp of tenant mix. “Just Cavalli” shop located at Festival Walk was also closed in May 2015.

Hong Kong’s rental levels and conditions for prime shopping district remained quite high, but with signs of decline, as there was success in negotiating for rental reduction for a short-term lease renewal of one of our key mono-brand store.

Faced with diminishing gross profit, austerity measures were taken to reduce overall expenditure in terms of labor and operational costs. Furthermore, administrative and operational procedures were also reviewed to improve productivity and efficiency.

Strategic action was taken to scale-down existing portfolio of brands while at the same time, effort was focused on developing new brands with potential to project a more luxurious and sophisticated image for improving both productivity and profitability targeting second half of 2016.

Swank China

In 2015, the Group closed down three shops with unsatisfactory results in China, namely, the Xian shop, Hangzhou shop and Beijing outlet and was planning to close the last one in Beijing Jinbao Place in the near future. Owing to the close down of China operations, the sales decreased by 49% to HK\$8,760,000 for the year 2015 from HK\$17,175,000 in 2014. Operating loss of the year 2015 was HK\$20,963,000 compared to HK\$22,368,000 in 2014.

Cesare di Pino

In 2015, shops in Hangzhou, Beijing Lafayette department store and Beijing Jinbao Place have been closed down and the management was negotiating with the landlord of the last Beijing shop to early terminate the lease in the near future. With the closure of shops, sales for the year 2015 was recorded at HK\$2,276,000, a decrease of 54% from 2014 and the operating loss also reduced from HK\$15,129,000 in the year 2014 to HK\$3,582,000 in 2015.

Brunello Cucinelli

The Group's 49% joint venture partnership with Brunello Cucinelli S.p.a. suffered some set-back, however, not as severe as many other International Fashion brands. Total retail turnover of the abovesaid joint venture decreased by 10% to HK\$72,096,000 and gross profit decreased by 11% to HK\$44,227,000 versus last year. Faced with lower consumer spending, turnover decrease is unavoidable, but significant reduction in overall operating costs contributed to the nominal decrease in profitability. The Group's share of losses of this joint venture was HK\$1,076,000 for the year 2015 compared to profit of HK\$525,000 in 2014.

Resort and Recreational Club Operations

Hong Kong 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.

Due to slack members' spending, the sales in 2015 recorded a 6% drop to HK\$13,609,000 from HK\$14,410,000 in 2014 and the operating loss for the year amounted to HK\$8,903,000 (2014: Loss HK\$7,565,000). In the coming year, the Club management will focus on the banquet and conference business for corporate members so as to increase the revenue.

Financial instruments investments

For the year ended 31 December 2015, the investment portfolio of financial instruments held for trading and available-for-sales debt investments (excluding the investment in shares of Genovate and PuraPharm) recorded a net loss of HK\$13,558,000 (2014: Gain HK\$64,730,000), in which a loss of HK\$17,013,000 was resulted from a single listed share held for trading (2014: Gain HK\$50,927,000 from the same listed share). As of 31 December 2015, total carrying value of the Group's investment portfolio of financial instruments held for trading and available-for-sales debt investments (excluding the investment in shares of Genovate and PuraPharm) was HK\$344,111,000 (2014 : HK\$365,403,000).

The financial markets were highly volatile in 2015. The collapse of A shares market in PRC started in June and the devaluation of RMB announced by PBOC in August had severe adverse impact on both equity and fixed income investments. In addition, US started the interest rate increase cycle in December causing the strengthening of US dollars have brought further volatilities to the global economic environment and financial markets. Under the more complex and difficult investment environment, 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

The Group has invested in two Pharmaceutical companies under its investment profile. Both investments were Pre-IPO investments and the two companies were successfully listed in Taiwan GreTai Securities Market in January 2012 and the Stock Exchange of Hong Kong in July 2015, respectively.

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. It is listed in the Taiwan GreTai Securities Market (Open Market, stock code: 4130). As of 31 December 2015, the Group held 6.3% shareholding in Genovate with an investment cost of HK\$16,377,000.

The revenue of Genovate for the year of 2015 was relatively stable with an amount of TWD477,597,000 when compared to TWD475,450,000 in 2014 but the net profit in 2015 decreased by 36% to TWD46,493,000 (2014: TWD72,533,000) . The drop in profit in 2015 compared to last year was due to the decrease of gross margin caused by reduction of the price of prescription drugs sold in Taiwan medical system in early part of 2015 by the Taiwan Government and increase of research and development expenses.

The most notable product development of Genovate in 2015 was the TFDA new drug approval of a third generation bowel cleansing agent for colonoscopy named BOWKLEAN. It is developed through their collaboration with JING-ANN, a marketing company that successfully completed a 600 subjects study to demonstrate the better efficacy and compliance in comparison with current marketed product.

To expand their product portfolio, Genovate made a very important investment in Medeor Therapeutic which is developing a groundbreaking cellular immunotherapy to minimize or eliminate the need for chronic anti-rejection drug therapy in organ transplant recipients. Medeor’s core technologies were spun out of Stanford University and Genovate is jointly exploring the market feasibility in Asia.

PuraPharm Corporation Limited (“PuraPharm”)

PuraPharm is a leading Hong Kong-based Chinese medicine company engaged in the research and development, production, marketing and sale of Concentrated Chinese Medicine Granules ("CCMG") products which PuraPharm markets under its brand "Nong's (農本方)". Beside CCMG products business, PuraPharm is also expanding its network of Nong’s clinic, which uses traditional Chinese herbal medicine (CCMG) for curing diseases, in Hong Kong to strengthen its distribution channels of CCMG products.

The Group has totally invested HK\$67,424,000 in PuraPharm for 10.13% shareholdings. PuraPharm (stock code: 1498) has been listed on the Main Board of the Stock Exchange on 8 July 2015 and the Group has sold 40% of its investment in PuraPharm during PuraPharm's IPO and realised a net profit of HK\$12,277,000 after deduction of underwriting expenses of which approximately HK\$8,070,000 has been recognised as fair value gain through valuation in prior years. The net investment return of the 40% shares sold in IPO was 45.5% during the whole investment period from June 2013 to July 2015.

The overall profit and loss contribution from our investment in PuraPharm was net losses of HK\$4,050,000 for 2015 with gain of approximately HK\$20,176,000 in aggregate has been recognised as fair value gain through valuation in prior years. The Group is currently holding approximately 4.56% shareholdings in PuraPharm after its listing.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

The Group had no material acquisition and disposal of investments during the year ended 31 December 2015.

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2015, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$400,252,000 (2014: HK\$428,142,000). At 31 December 2015, total borrowings amounted to HK\$10,809,000 (2014: HK\$14,251,000) with HK\$9,665,000 (2014: HK\$12,401,000) 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% at the year end date (2014: 1.2%). The current ratio at 31 December 2015 was 19.7 times (2014: 16.6 times).

At 31 December 2015, 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 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

At 31 December 2015, pledge of the Group's fixed deposits of HK\$11,000,000 (2014: HK\$11,000,000) was given to banks to secure general banking facilities to the extent of HK\$31,000,000 (2014: HK\$31,000,000).

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

There have been no important events affecting the Group that have occurred since the end of the financial year.

FUTURE OUTLOOKS AND STRATEGIES

Swank Hong Kong

The outlook for first half 2016 appears to be more challenging with forecasts for a continued downward trend in overall retail performance coupled with intimidating macro and micro issues, in particular, Hong Kong's political development and stock market fluctuation, extending the negative effect of this past year's unrest on local consumer sentiment.

With the significant retail price differential between Europe and Greater China, there is difficulty in overcoming this issue especially in the near future as well-heeled and affluent consumers will continue to shop directly in various European countries either personally or via personal shoppers. New strategies will be formulated to capture and strengthen customer loyalty which may include enhanced marketing communications via digital format/media plus achieving a higher level of unique shopping experiences and VIP customer services.

Following austerity measures implemented in 2015, prudent and realistic actions are scheduled to be taken in order to further reduce/minimize expenditure as well as other pertinent action to stem further financial losses including close down of shops with unsatisfactory results and low efficiency.

Additional Outlet venue is being considered as an option to improve stock turnover via clearance of past season merchandise which targets budget conscious local and tourist consumers.

Significant changes is scheduled for our Men's store located at Landmark, at Landlord's request for their major renovation works as well as a redesign and relocation of our Men's store tentatively scheduled for second half of 2016. Furthermore, our Corneliani mono shop is scheduled to be relocated in near future.

With regards to our JV with "Brunello Cucinelli", 2016 will be a year of consolidation, however, given a possible downturn in rental rates at key locations, there is a possibility to capitalize on the situation for an increase in number of shops to improve brand awareness and market coverage and/or a relocation to a more favorable location with greater shop exposure and customer traffic flow.

Cesare Di Pino

For Cesare di Pino, brand building within Hong Kong continues via selecting superior quality merchandise at reasonable costs. Merchandise also continues to be presented and retailed within our Swank boutiques. Expansions and developments will be on-hold for 2016 to minimize expenditure until overall market conditions turn favorable in the foreseeable future.

China Operation

With the closure of all Swank and Cesare di Pino shops in 2016, the loss for Swank's fashion retail business in China will be minimized and the management will consolidate the Swank group and turn it into a more competitive operation in Hong Kong.

Investment

The financial market is expected to be extremely volatile in the coming year. The investment environment will be more complicated and difficult. In order to reduce investment risk, the Group will increase the proportion of fixed income investment to maintain a stable income from financial instruments investments portfolio. Also, the Group is looking for other potential investment opportunities in private equities to diversify its investment portfolio.

Hilltop

In order to explore the potential of Hilltop, the Group has appointed a professional club consultant company to conduct a feasibility study and strategic review (“Hilltop Study”) on the operation and positioning of Hilltop. Currently, management is reviewing the consultant report on possible revamp of the existing club facilities and going to come up with a renovation plan upon further in-depth study in the near future.

City Club

According to the Hilltop Study’s result, the addition of a city club located at the central business district of Hong Kong as an additional feature would add value to the Group’s club business. On 19 February 2016, a subsidiary of the Company accepted the offer letter for the lease of a 3 floors of an office building at Central for the operation of a membership city club. It is expected that the city club can also serve as a stand-alone business to enhance the revenue of the Group.

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 ended 31 December 2015.

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 2015, save for the following:

- (1) 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 assumed the roles of the Chairman and the Acting Chief Executive Officer from 1 January 2015 until his resignation from the positions of the Chairman and Acting Chief Executive Officer on the close of business on 5 May 2015. During the period from the close of business on 5 May 2015 to 22 March 2016, the positions of the chairman and chief executive officer were vacant and the duties of chairman and chief executive officer were assumed by 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 has been appointed as the Acting Chief Executive Officer of the Company and the duties of chairman have been assumed by two Executive Directors, namely, Mr. Victor Yiu Keung CHIANG and Mr. Wing Tung YEUNG. The Board shall nevertheless review this arrangement from time to time.

- (2) Under Code Provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Mr. Joseph Wing Kong LEUNG, the ex-chairman did not hold any meeting with the Independent Non-executive Directors without the presence of the Executive Directors during the period from 1 January 2015 to his resignation from the positions of the Chairman and Acting Chief Executive Officer on the close of business on 5 May 2015. Since then, the position of the chairman has been vacant. During the year, the Board held eight physical board meetings to provide more opportunities for the face to face communication between the Executive Directors and the Independent Non-executive Directors.
- (3) Under Code Provision A.5.1 of the CG Code, the chairman of the Nomination Committee of the Company should be the chairman of the board or an independent non-executive director. The chairman of the Nomination Committee was taken by Mr. Joseph Wing Kong LEUNG, ex-chairman from 1 January 2015 until his resignation from the positions of the Chairman and Acting Chief Executive Officer on the close of business on 5 May 2015. Since then, the position of the chairman has been vacant. During the period from the close of business on 5 May 2015 to 29 October 2015, the chairman of the Nomination Committee of the Company was Mr. Derek Wai Choi LEUNG, Executive Director of the Company, but no meeting was held nor any resolutions were approved by the Nomination Committee. The Board has appointed Mr. Chi Keung WONG, Independent Non-executive Director, as the chairman of the Nomination Committee with effect from 30 October 2015 and the Company has complied with Code Provision A.5.1 of the CG Code from 30 October 2015 onwards.

REVIEW BY AUDIT COMMITTEE

The Company's consolidated results for the year ended 31 December 2015 have been reviewed by the Audit Committee of the Company.

BOARD OF DIRECTORS

At the date of this announcement, the Executive Directors are Mr. Derek Wai Choi LEUNG (Acting Chief Executive Officer), Mr. Victor Yiu Keung CHIANG 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
Derek Wai Choi LEUNG
Executive Director
and
Acting Chief Executive Officer

Hong Kong, 23 March 2016