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 2017

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 2017, together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017** **HK$'000**	2016 HK$'000
Revenue	5	**159,450**	167,119
Cost of sales		**(61,349)**	(68,327)
Gross profit		**98,101**	98,792
Other income		**2,417**	2,999
Selling and distribution costs		**(61,787)**	(72,509)
Administrative expenses		**(72,444)**	(78,984)
Depreciation and amortisation		**(7,187)**	(5,473)
Other operating gains, net	8	**24,986**	47,394
Loss from operations		**(15,914)**	(7,781)
Fair value gains on investment properties, net		**7,100**	500
Deficits write-back on revaluation of resort and recreational club properties		**2,490**	705
Gain on disposal of interest in an associate		**2,584**	-
Finance costs	6	**(328)**	(441)
Share of profit/(loss) of an associate		**(2,584)**	2,926
Loss before tax		**(6,652)**	(4,091)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017** **HK$'000**	2016 HK$'000
Loss before tax		**(6,652)**	(4,091)
Income tax expense	7	**-**	-
Loss for the year	8	**(6,652)**	(4,091)
Attributable to:			
Owners of the Company		**(6,505)**	(3,935)
Non-controlling interests		**(147)**	(156)
		(6,652)	(4,091)
Loss per share		**HK$**	HK$
- basic	9(a)	**(0.39 cents)**	(0.24 cents)
- diluted	9(b)	**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	HK$'000	HK$'000
Loss for the year	**(6,652)**	(4,091)
Other comprehensive loss:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**682**	(646)
Fair value changes of available-for-sale equity and fund investments	**7,516**	(33,160)
Fair value changes of available-for-sale debt investments	**934**	233
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments	**(17,346)**	(33,923)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	**(64)**	(560)
Other comprehensive loss for the year, net of tax	**(8,278)**	(68,056)
Total comprehensive loss for the year	**(14,930)**	(72,147)
Attributable to:		
Owners of the Company	**(14,843)**	(71,950)
Non-controlling interests	**(87)**	(197)
	(14,930)	(72,147)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Note	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Property, plant and equipment		**81,286**	83,330
Investment properties		**43,900**	36,800
Intangible assets		**1,041**	1,126
Interest in an associate		**-**	19,116
Available-for-sale equity and fund investments		**37,054**	43,056
Available-for-sale debt investments - notes receivables		**163,890**	148,338
Total non-current assets		**327,171**	331,766
Current assets			
Inventories		**27,916**	41,991
Trade and other receivables	12	**18,238**	24,299
Financial assets at fair value through profit or loss	11	**151,227**	110,178
Available-for-sale debt investments - notes receivables		**20,357**	20,306
Pledged bank deposits		**12,334**	12,334
Time deposits		**425,421**	459,942
Cash and bank balances		**50,524**	51,326
Total current assets		**706,017**	720,376
Current liabilities			
Trade and other payables	13	**29,290**	30,128
Interest-bearing bank borrowings		**5,734**	7,769
Debentures		**-**	1,151
Total current liabilities		**35,024**	39,048
Net current assets		**670,993**	681,328
NET ASSETS		**998,164**	1,013,094

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
AT 31 DECEMBER 2017

	2017 **HK$'000**	2016 HK$'000
Capital and reserves		
Issued capital	**1,206,706**	1,206,706
Accumulated losses	**(1,028,066)**	(1,021,561)
Other reserves	**820,016**	828,354
Equity attributable to owners of the Company	**998,656**	1,013,499
Non-controlling interests	**(492)**	(405)
TOTAL EQUITY	**998,164**	1,013,094

Notes:

1. Financial Information

The financial information relating to the years ended 31 December 2017 and 2016 included in this announcement does not constitute the Company's statutory consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2017 in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Company's external auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and consequently no assurance has been expressed by RSM Hong Kong on this announcement.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by 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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 2016.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) New and revised HKFRSs in issue but not yet effective

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 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKAS 40 Investment Property: Transfers of investment property	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is continuing to assess the implication of adoption of these standards. The following assessment on HKFRS 9, 15 and 16 have been carried out and discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

The Group does not expect the other new and revised HKFRSs that have been issued but are not yet effective that would have a material impact on the Group's consolidated financial statements upon their initial application.

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

(b) **New and revised HKFRSs in issue but not yet effective (cont'd)**

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets. HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the Group has substantially assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVPL") and (3) fair value through other comprehensive income ("FVOCI") as follows:

- The standard introduces new classification and measurement requirements for financial assets on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at FVOCI. All other debt instruments are measured at FVPL.

- Equity instruments are generally measured at FVPL. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at FVOCI.

The Group has substantially assessed that its financial assets currently classified as financial assets at fair value through profit or loss and loans and receivables which measured at FVPL and at amortised cost respectively under HKAS 39. These financial assets will continue with their respective classification and measurements upon the adoption of HKFRS 9.

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

(b) **New and revised HKFRSs in issue but not yet effective (cont'd)**

HKFRS 9 Financial Instruments (cont'd)

(a) Classification and measurement (cont'd)

The Group's financial assets currently classified as "available-for-sale" measured at fair value under HKAS 39 are investments in certain fund investments and debt instruments. The Group expects these financial assets will be classified as financial assets at FVPL on transition to HKFRS 9 as the Group manages these financial assets on fair value basis and / or these financial assets do not meet the criteria to be classified either as at FVOCI or at amortised cost. This will give rise to a change in accounting policy as currently the Group recognise the fair value changes of available for sale investments in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss in accordance with the Group's accounting policies. This change in accounting policy will have no impact on the Group's net assets and total comprehensive income but will impact on reported performance amounts such as profit or loss for the year and earning or loss per share. Upon the initial adoption of HKFRS 9, fair value gains of HK$8,700,000 related to the available-for-sale investments will be transferred from the available-for-sale investment revaluation reserve to accumulated losses at 1 January 2018.

The Group does not expect that there will be any impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group currently does not have any such liabilities.

(b) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group will apply the simplified approach and record lifetime expected losses on loans and receivables currently measured at amortised cost. Based on the preliminary assessment, the Group does not expect these changes will have a significant impact.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The changes in HKFRS 9 relating to hedge accounting will have no impact as the Group does not currently apply hedge accounting.

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

(b) **New and revised HKFRSs in issue but not yet effective (cont'd)**

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in accumulated losses as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment substantially completed to date, the Group identified the timing of revenue recognition is the area expected to be affected.

Currently, revenue arising from the provision of resort and club facilities, catering and other services is recognised at the time when the good are delivered or services are rendered, whereas revenue from the sale of fashion wear and accessories is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from the provision of resort and club facilities, catering and other services.

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

(b) **New and revised HKFRSs in issue but not yet effective (cont'd)**

HKFRS 15 Revenue from Contracts with Customers (cont'd)

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

HKFRS 16 Leases

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

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

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

Group's future minimum lease payments under non-cancellable operating leases for its office properties and retail shops amounted to HK$26,388,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

4. Segment Information

The Group has three reportable segments as follows:

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

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

Segment profits or losses do not include the following:
- Unallocated corporate administrative expenses;
- Fair value gains on investment properties, net;
- Deficits write-back on revaluation of resort and recreational properties;
- Gain on disposal of interest in an associate;
- Finance costs;
- Share of profit/(loss) of an associate; and
- Income tax expense.

Segment assets do not include interest in an associate. Segment liabilities do not include interest-bearing bank borrowings.

4. 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	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2017:				
Revenue from external customers	**127,425**	**15,358**	**16,667**	**159,450**
Segment gain/(loss)	**(19,045)**	**(8,749)**	**19,621**	**(8,173)**
Segment gain/(loss) includes:				
Fair value gains on financial assets at fair value through profit or loss, net	**-**	**-**	**3,622**	**3,622**
Gain on disposal of financial assets at fair value through profit or loss, net	**428**	**-**	**2,650**	**3,078**
Gain on disposal of available-for-sale debt investments, net	**-**	**-**	**669**	**669**
Gains on disposal of available-for-sale equity investments	**-**	**-**	**17,501**	**17,501**
Interest income from:				
- Financial assets at fair value through profit or loss	**-**	**-**	**329**	**329**
- Other financial assets	**-**	**-**	**14,893**	**14,893**
Reversal of provisions	**37**	**-**	**-**	**37**
Depreciation and amortisation	**4,163**	**2,908**	**116**	**7,187**
Charge for inventories allowances	**9,178**	**-**	**-**	**9,178**
Impairment of trade receivables, net	**-**	**30**	**-**	**30**
Other segment information:				
Gain on disposal of interest in an associate	**2,584**	**-**	**-**	**2,584**
Share of loss of an associate	**(2,584)**	**-**	**-**	**(2,584)**
Additions to property, plant and equipment	**1,419**	**1,113**	**36**	**2,568**
As at 31 December 2017:				
Segment assets	**69,954**	**76,675**	**886,559**	**1,033,188**
Segment liabilities	**(17,105)**	**(2,831)**	**(9,354)**	**(29,290)**

4. **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	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2016:				
Revenue from external customers	131,935	17,173	18,011	167,119
Segment gain/(loss)	(34,730)	(8,550)	44,787	1,507
Segment gain/(loss) includes:				
Fair value losses on financial assets at fair value through profit or loss, net	-	-	(1,589)	(1,589)
Gain on disposal of financial assets at fair value through profit or loss, net	-	-	12,428	12,428
Gain on disposal of available-for-sale debt investments, net	-	-	790	790
Gains on disposal of available-for-sale equity investments	-	-	33,489	33,489
Interest income from:				
- Financial assets at fair value through profit or loss	-	-	985	985
- Other financial assets	-	-	12,371	12,371
Reversal of provisions	1,659	-	2	1,661
Depreciation and amortization	2,137	3,113	223	5,473
Charge for inventories allowances	16,817	-	-	16,817
Impairment of trade receivables, net	-	67	-	67
Other segment information:				
Share of profit of an associate	2,926	-	-	2,926
Additions to property, plant and equipment	8,313	475	606	9,394
As at 31 December 2016:				
Segment assets	76,227	76,803	879,996	1,033,026
Segment liabilities	(20,086)	(4,328)	(6,865)	(31,279)
Interest in an associate	19,116	-	-	19,116

4. Segment Information (Cont'd)

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

	2017 **HK$'000**	2016 HK$'000
Profit or loss		
Total profit or loss of reportable segments	**(8,173)**	1,507
Unallocated corporate administrative expenses	**(7,741)**	(9,288)
Fair value gains on investment properties, net	**7,100**	500
Deficits write-back on revaluation of resort and recreational club properties	**2,490**	705
Gain on disposal of interest in an associate	**2,584**	-
Finance costs	**(328)**	(441)
Share of profit/(loss) of an associate	**(2,584)**	2,926
Consolidated loss for the year	**(6,652)**	(4,091)
Assets		
Total assets of reportable segments	**1,033,188**	1,033,026
Interest in an associate	**-**	19,116
Consolidated total assets	**1,033,188**	1,052,142
Liabilities		
Total liabilities of reportable segments	**(29,290)**	(31,279)
Interest-bearing bank borrowings	**(5,734)**	(7,769)
Consolidated total liabilities	**(35,024)**	(39,048)

Geographical information:

	Revenue		**Non-current assets**	
	2017 **HK$'000**	2016 HK$'000	**2017** **HK$'000**	2016 HK$'000
Hong Kong	**155,023**	161,260	**125,775**	139,883
Mainland China	**462**	1,819	**-**	-
Others	**3,965**	4,040	**452**	489
Consolidated total	**159,450**	167,119	**126,227**	140,372

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.

5. Revenue

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

	2017 **HK$'000**	2016 HK$'000
Wholesale and retail of fashion wear and accessories	**127,425**	131,935
Resort and recreational club operations	**15,358**	17,173
Dividend income arising from financial assets at fair value through profit or loss:		
- listed equity and fund investments	**1,572**	5,020
- unlisted fund investments	**-**	242
Dividend income arising from available-for-sale investments:		
- listed equity investments	**108**	378
- unlisted fund investments	**94**	-
Interest income	**14,893**	12,371
	159,450	167,119

6. Finance Costs

	2017 **HK$'000**	2016 HK$'000
Interest on bank loans	**322**	431
Accretion of interest on debentures	**6**	10
	328	441

7. Income Tax Expense

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2017 (2016: 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.

8. Loss for the year

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

	2017	2016
	HK$'000	HK$'000
Cost of inventories sold#	**61,123**	68,142
Depreciation	**7,102**	5,388
Amortisation of intangible assets	**85**	85
Charge for inventories allowances	**9,178**	16,817
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	**(329)**	(985)
Fair value gains, net	**(12,197)**	(1,960)
Gains on disposal, net	**(2,931)**	(12,492)
	(15,457)	(15,437)
Designated as such upon initial recognition		
Fair value losses, net	**8,575**	3,549
Loss/(gain) on disposal	**(147)**	64
	8,428	3,613
Fair value gains on investment properties, net	**(7,100)**	(500)
Gains on disposal of available-for-sales debt investments, net*	**(669)**	(790)
Gain on disposal of available-for-sales equity investments*	**(17,501)**	(33,489)
Gain on disposal of property, plant and equipment*	**(18)**	(313)
Amortisation of deferred revenue	**(6)**	(10)
Foreign exchange losses, net*	**268**	683
Impairment of trade receivables, net	**30**	67
Reversal of provisions*	**(37)**	(1,661)
Deficits write-back on revaluation of resort and recreational club properties	**(2,490)**	(705)

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

\# Cost of inventories sold included charge of inventories allowances of HK$9,178,000 (2016: HK$16,817,000).

9. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$6,505,000 (2016: HK$3,935,000) and the weighted average number of ordinary shares of 1,650,658,676 (2016: 1,650,658,676) in issue during the year.

(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 two years ended 31 December 2017 and 2016.

10. Dividends

The directors do not recommend the payment of any dividend to shareholders for the years ended 31 December 2017 and 2016.

11. Financial Assets at Fair Value Through Profit or Loss

	2017 **HK$'000**	2016 HK$'000
Listed investments, at fair value		
Hong Kong	**71,324**	83,114
Outside Hong Kong	**18,611**	8,839
Market value of listed investments	**89,935**	91,953
Unlisted investments, at fair value	**61,292**	18,225
	151,227	110,178

12. 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:

	2017	2016
	HK$'000	HK$'000
Within 1 month	**1,005**	833
2 to 3 months	**43**	133
Over 3 months	**-**	3
	1,048	969

13. Trade and Other Payables

Included in the Group's trade and other payables as at 31 December 2017 are trade and bills payables of HK$6,194,000 (2016: HK$5,915,000). An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	2017	2016
	HK$'000	HK$'000
Within 1 month	**4,021**	5,368
2 to 3 months	**1,607**	431
Over 3 months	**566**	116
	6,194	5,915

CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

The Group continued to implement its strategy of a diversified portfolio of investments and businesses. In 2017, the Group managed to stabilize the overall business performance compared with 2016 and maintain a strong financial position although the operating environment remained challenging.

The positive developments for the year ended 31 December 2017 in retail fashion business, investment in most of the listed equities and equity funds and in investment grade bonds, and revaluation of investment properties were to some extent offset by a decrease compared to 2016 in the level of gain on disposal of shares in Genovate Biotechnology Company, Limited ("Genovate") and China Motor Bus Company, Limited ("China Motor").

FINANCIAL REVIEW

Net loss attributable to shareholders for the year ended 31 December 2017 amounted to HK$6,505,000 as compared with a net loss of HK$3,935,000 for the last corresponding year. The net loss mainly included the combination of a loss (excluding our share of the associate's result) from the retail fashion business of HK$19,045,000 (2016: HK$34,730,000), a loss from recreational club operations of HK$8,749,000 (2016: HK$8,550,000), netted off against a segment profit of HK$19,621,000 (2016: HK$44,787,000) contributed by the investments division. Such total segment loss was further offset by the fair value gain of HK$7,100,000 (2016: HK$500,000) on revaluation of the Group's investment properties and deficit write-back of HK$2,490,000 (2016: HK$705,000) on revaluation the Group's resort and recreational club properties. Loss per share attributable to owners of the Company was HK$0.39 cents (2016: Loss per share: HK$0.24 cents).

The slight increase in loss HK$2,561,000 was mainly attributable to the following factors:

(1) before general and administrative expenses, net realised and unrealised gains of HK$35,219,000 contributed by the investments in financial instruments for year ended 31 December 2017 as compared with HK$60,054,000 in 2016. These net realised and unrealised gains for the year ended 31 December 2017 mainly comprised the gain on disposal of entire shares in Genovate which amounted to HK$17,501,000 (2016: HK$33,489,000), an unrealized fair value gain of HK$3,412,000 (2016: an unrealized fair value gain of HK$3,266,000 and realized gain on disposal of HK$12,757,000) from the Group's shares in China Motor and also a net gain of HK$9,343,000 (2016: HK$9,101,000) contributed by available-for-sale debt investments.

(2) a drop in losses of HK$15,685,000 from the retail fashion business (excluding the share of an associate's result) mainly due to the closure of under-performing shops in Hong Kong and China operations in the last year together with a decrease in net charge for inventories allowances because of the continuous clearance of aged-stock and substantial reduction of the inventories level; and

(3) an increase in fair value gain of HK$6,600,000 from the revaluation of the Group's investment properties

The Group's consolidated turnover for the year ended 31 December 2017 declined by 5% to HK$159,450,000 which was mainly attributable to the drop in sales of retail fashion products as a result of fewer points of sale. However, the Group's gross profit sustained at HK$98,101,000, similar to that of last year. This was mainly due to the decrease in net charge for inventories allowances (included in cost of inventories sold), which resulted in increase in gross profit margin from the retail fashion business. The Group's gross profit margin for the year ended 31 December 2017 was 62% as compared to 59% in 2016.

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, which income stream ended in April 2017.

The Group's selling and distribution expenses dropped by 15% to HK$61,787,000 (2016: HK$72,509,000) and depreciation and amortization expenses increased by 31% to HK$7,187,000 (2016: HK$5,473,000). The decreases in selling and distribution expenses were primarily attributable to the closure of non-performing shops in both Hong Kong and China and reduction in occupancy cost as a result of a lease renegotiation. The increase in depreciation and amortization was mainly due to the full year amortization of the cost of the move and fit-out of an existing shop which took place in the second half of 2016.

The Group's administrative expenses decreased by 8% to HK$72,444,000 (2016: HK$78,984,000). The decrease was mainly attributable to the closure of the retail fashion business in China and the containment of labour costs for that business in Hong Kong.

The Group's "other operating gains, net" mainly comprised realised and unrealised fair value gains on investment in financial instruments. "Other operating gains, net" for the year ended 31 December 2017 amounted to HK$24,986,000 as compared to HK$47,394,000 in 2016. The decrease in "other operating gains, net" was mainly due to the decrease in gain on disposal (net) of investment in financial instruments by HK$25,459,000 for the year ended 31 December 2017.

The loss result of an associate in 2017, which represented the share of result of the joint venture business with Brunello Cucinelli S.p.A. up to the date of disposal, amounted to a loss of HK$2,584,000 which was mainly due to an additional stock provision made according to Brunello Cucinelli S.p.A. group stock provision policy (2016: Profit: HK$2,926,000). The Group recognised a gain from the disposal of the entire equity interest in an associate of HK$2,584,000 for this reporting year.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

Swank's performance, whilst still not acceptable, was substantially better in 2017 than in 2016, resulting in a reduction of the losses from 2016 HK$32,322,000 to 2017 HK$18,515,000 representing a drop in losses of more than HK$13 million or 43%. This was as a result of the closure of non-performing shops in Hong Kong in the previous year together with substantial effort being made to clear outstanding inventories which resulted in a decrease in the net charge for inventories allowance, and in an increase in the gross profit of our retail fashion business. Occupancy costs also reduced as a result of a renegotiation of rental in a substantial shop, and improvements were made in labour and overall overhead costs, the full impact of which will be felt within 2018.

As a result of greater control over new stock purchases, we improved substantially our sell-through performance and also reduced our past-seasons' inventory by a substantial 46% which enabled a reduction in provisioning costs compared to the previous years.

These improvements were offset in part by the full-year effect of the amortization of the cost of the move and fit-out of the Landmark Men's shop which was finalised in 2016 and thus only taken into account for a part of that year. Total sales (including inventory sales) were only slightly less than 2016 even with the fewer shops; however the gross profit was larger and the shops made a positive contribution to the overhead of the company in 2017, compared with a negative contribution in 2016.

Swank China

In 2016, the Group closed down the last mainland shop in Beijing Jinbao Place. Sales for the year ended 31 December 2017 were recorded at HK$360,000 (2016: HK$1,622,000). Owing to the closure of the China operations, the operating loss for year ended 31 December 2017 reduced by HK$725,000.

Cesare di Pino

The last Beijing shop was closed down in 2016. With the closure of that shop, the operating losses for the year ended 31 December 2017 reduced by HK$1,153,000. Cesare de Pino products continue to be sold in the Swank Hong Kong's stores.

Brunello Cucinelli

After taking the long-term business prospects of the joint venture business into consideration, the Group disposed its investment in the joint venture business at the best available price in this reporting year. The Group recognised a gain from the disposal of an associate of HK$2,584,000. The Group continues to retail "Brunello Cucinelli" products through its multi-brand stores.

Resort and Recreational Club Operations

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

Situated in Tsuen Wan with a total site area of over 400,000 square feet, owned as a Private Treaty Land Grant 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.

With the gradual aging of the facilities and intensive competition among other hotels and clubs, membership and banquet sales decreased by 11% to HK$15,358,000 from HK$17,173,000 in Year 2017. Nevertheless, the operation cost control has been improved and the operating loss for the whole year was HK$8,749,000 which remains about the same level as last year (2016: Loss: HK$8,550,000).

Investment in Financial Instruments

The Group's financial instruments are categorized as financial assets at fair value through profit and loss ("FVTPL") which are held for trading or designated as such upon initial recognition, available-for-sale debt investments ("AFS debt investments") and available-for-sale equity and fund investments ("AFS equity and fund investments"). The purpose of investment in financial instruments is to achieve investment returns consistent with a prudent approach and ensure sufficient liquidity through investment choices.

As of 31 December 2017, the total carrying value of the Group's investment portfolio in financial instruments was HK$372,528,000 (31 December 2016: HK$321,878,000), representing approximately 36% of the carrying value of the Group's total assets as of 31 December 2017. Before general and administrative expenses, financial instruments investments totally contributed a gain of HK$35,219,000 (2016: HK$60,054,000) in the 12 months ended 31 December 2017 to the Group.

Financial assets at fair value through profit and loss ("FVTPL") and Available-for-sales debt investments ("AFS debt investments")

Both FVTPL and AFS debt investments are mainly invested in marketable securities. The Group's existing FVTPL mainly include listed equities, ETFs and equity/bond funds. In 2017, major equity markets have posted strong performance for the year in responses to the synchronous recovery of global economy. The Group's investment in most of the listed equities and equity funds also recorded satisfactory return in the 12 months of 2017.

As of 31 December 2017, the total carrying value of the Group's investment portfolio in FVTPL was HK$151,227,000 (31 December 2016: HK$110,178,000), representing approximately 15% of carrying value to the Group's total assets 2017. Listed equities, ETFs and equity funds investments shared around 73% of the total carrying value in this category. PuraPharm Corporation Limited ("PuraPharm") and China Motor Bus Limited ("China Motor") are the top two holdings, which together represent approximately 38% (31 December 2016: 59%) of the total carry value in this category. For the 12 months ended 31 December 2017, FVTPL recorded a net gain of HK$8,173,000 (2016: HK$17,086,000). The decrease of return in 2017 compared to 2016 was mainly caused by (1) the Group recorded a one-off net income of HK$12,757,000 by disposal of 1,276,400 China Motor shares in 2016 and (2) the increase of fair value losses from investment in PuraPharm in 2017.

Since the Group has managed the investment portfolio in a prudent and conservative manner, the fixed income products investment shared a higher proportion in the total investment portfolio for the purpose of limiting the investment risk and volatility. AFS debt investments are mainly listed USD bond investments with fixed tenor. For the 12 months ended 31 December 2017, AFS debt investments contributed a net gain of HK$9,343,000 (2016: HK$9,101,000), and their carrying value was HK$184,247,000 (31 December 2016: HK$168,644,000) as at 31 December 2017, representing approximately 18% of the carrying value of the Group's total assets as at 31 December 2017.

There is no single security, bond or fund held in either FVTPL or AFS debt investment that exceeded 5% the total assets of the Group as at 31 December 2017.

Available-for-sales equity and fund investments ("AFS equity and fund investments")

The Group's AFS equity and fund investment has mainly comprised an equity shareholding interest in Genovate and a private equity fund namely ASEAN China Investment Fund III ("ACIF III" or the "Fund"). In 2017, the Group has disposed entire shares in Genovate and realized a gain of HK$17,501,000 (2016: HK$33,489,000). As at 31 December 2017, the total carrying value of AFS equity and fund investments was HK$37,054,000 (31 December 2016: HK$43,056,000), representing approximately 4% of the Group's total assets as at 31 December 2017.

ACIF III

The Group has made investment commitment of USD4 million in ACIF III for 1.532% shareholding. ACIF III, managed out of Singapore by the UOB Venture Management Private Limited ("UOBVM") and targets investments in growth oriented companies operating in East and South East Asia and China. As of 31 December 2017, the Group has invested HK$24,796,000 in the Fund and its fair value was HK$33,172,000 based on the management accounts provided by the Fund.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

On 6 September 2017, The Swank Shop Limited ("Swank"), an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with Brunello Cucinelli S.p.A. ("BC SpA"), pursuant to which Swank agreed to sell and BC SpA agreed to purchase (i) 980,000 issued ordinary shares of Brunello Cucinelli Hong Kong Limited ("BCHK"), representing its 49% of the entire issued ordinary shares and (ii) the shareholder's loan due by BCHK to Swank at an aggregate cash consideration of HK$18,451,539 (the "BCHK Disposal"). The BCHK Disposal constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules, details of which are set out in the Company's announcement dated 6 September 2017. The BCHK Disposal was completed on 8 September 2017. The Group consequently has ceased to hold any share in BCHK.

Other than as outlined above, the Group had no other material acquisition and disposal of investments during the year ended 31 December 2017.

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2017, the Group was in a solid financial position with cash and non-pledged deposit holdings of HK$475,945,000 (31 December 2016: HK$511,268,000). At 31 December 2017, total borrowings amounted to HK$5,734,000 (31 December 2016: HK$8,920,000) with HK$5,734,000 (31 December 2016: HK$8,920,000) 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 0.6% at the year end date (31 December 2016: 0.9%). The current ratio at 31 December 2017 was 20.2 times (31 December 2016: 18.4 times).

At 31 December 2017, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars and United States dollars and exchange differences were reflected in the audited consolidated financial statements. All borrowings of the Group are on a floating rate basis.

The Group's imported purchases are mainly denominated in Euro, Yen and United States dollars. The Group has undertaken small-scale hedging to protect its position and will, from time to time, review its foreign exchange position and market conditions to determine the degree of hedging (if any) that is required.

PLEDGE OF ASSETS

At 31 December 2017, pledges of the Group's fixed deposits of HK$12,334,000 (31 December 2016: HK$12,334,000) and listed equity investments of HK$1,251,000 (31 December 2016: Nil) were given to banks to secure trade banking facilities to the extent of HK$30,000,000 (31 December 2016: HK$30,000,000), a bank loan of HK$1,207,000 (31 December 2016: Nil) and foreign exchange facilities.

FUTURE OUTLOOK AND STRATEGIES

Swank Hong Kong

At the beginning of 2018, Swank closed its men's and ladies' fashion store in Pacific Place, concentrating our efforts on improving the performance of our separate stores in the Landmark including also our Paule Ka mono-brand store. This will substantially reduce occupancy and labour costs. It is likely to also reduce overall sales, although a high percentage of our overall sales are to our loyal and long-standing customers, many of whom participate in our VIP programmes. With the transfer of the most effective sales staff from the closed store to the continuing stores, we believe that we will continue to capture much of the sales from that client base, increasing continuing store sales substantially, even although we may lose some "walk-by" sales. This will also improve the efficiency of the continuing shops.

We are also planning for a substantial improvement in our sales at our current mono-brand store, Paule Ka, with the substantial injection of new capital to the brand principal by a new shareholder and the return to the brand of its founder and design chief.

In the difficult retail environment, particularly for luxury fashion, we will focus on identifying the best performing brands in our portfolio, adding new brands where we identify opportunity, and enhancing our operations and marketing to provide our customers with the earliest possible opportunities to purchase these high-end products. We are comfortable with the location of and potential of our existing shops, but keep expansion opportunities, both in the multi-brand and mono-brand sectors under continuous review with the aim of expanding our service and revenue opportunities to contribute more to overhead, even as we continue to strive to reduce it. At the same time, we are planning to be able to introduce on-line shopping for our products during the year, and will continue our strenuous efforts to substantially reduce our inventories of past season stocks that built up during past years

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

The Company has submitted a rezoning application to the Town Planning Board, to rezone the site of the Club, from "Other Specified Uses" annotated "Sports and Recreation Club" to "Residential (Group B) 6" in January 2018. As the process is in the preliminary stage, the Club remains in normal operation and providing services and facilities for members as usual.

Details of the rezoning application are set out in the Company's announcement dated 19 January 2018.

Investments

In 2018, we expect a volatile and difficult year for investment in marketable securities as many uncertainties are foreseen. Firstly, the asset valuation in many financial markets surpassed their historical highs in January 2018 and there was a significant correction in most of the major stock markets in early February. This is still playing out, and it is too early to judge the outcome. Secondly, concern that there might be unexpectedly high inflation in US, triggering an unexpected rapid increase in interest rates, plus risks such as the geopolitical tensions between the US and North Korea, the Taiwan independence issue, social unrest in the Middle East, and US trade protectionism also create uncertainties and suggest there could be high volatility in the investment markets. With the above backdrop, the Group will continue its prudent approach to balance the risks and returns of the investment portfolio by diversification of securities type, geography, nature of industries and issuers.

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR

Save as the matters relating to the application for rezoning of the land under Hilltop as disclosed above, there have been no important events significantly affecting the finances or financial prospects of the Group that have occurred since the end of the financial year.

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 2017.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2017.

REVIEW BY AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee of the Company.

BOARD OF DIRECTORS

At the date of this announcement, the Executive Directors are Mr. David Charles PARKER (Chief Executive Officer) and Mr. Wing Tung YEUNG, the Non-executive Director is Mr. Derek Wai Choi LEUNG (Non-executive Chairman), and the Independent Non-executive Directors are Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O'DONNELL.

By order of the Board
David Parker
Executive Director and
Chief Executive Officer

Hong Kong, 27 March 2018