安寧控股有限公司
ENM Holdings Limited

Stock Code : 00128

ANNUAL REPORT 2014

CONTENTS

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014.

FINANCIAL RESULTS

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

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

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

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

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

Swank Hong Kong, the core retail business of the Group, reported a 23% and 9% decline in turnover and gross margin, respectively as compared to last corresponding year. Adverse macro-economic environment continued to impact the high end apparel retail market in Hong Kong. Operating results registered a loss of approximately HK$24,224,000, a substantial decline from a profitable position as compared to last corresponding year. Although there was turnover growth in our multi label shops during the first half of the year, the whole year figure was pulled down by the unsatisfactory performance in the second half. Overall profitability was seriously deteriorated due to the decline in contributions from the mono label shops as well. Prolonged weak customer sentiment, general decline in spending momentum and fierce competition that led to more discount offered together with escalating rental and staff cost were the major reasons for the substantial loss incurred during the year.

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

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

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

Swank China

The strengthening anti-graft and austerity measures are taking its toll across the mainland China. There was an overall decline in consumer spending driven by curbs on gift-giving especially on high end luxury products sector. As a result, operation of Swank China for the year ended 31 December 2014 further suffered with operating loss increased to HK$22,368,000 from HK$15,451,000 for last corresponding year.

With unsatisfactory and below expectation performance, the Swank Shanghai Takashimaya shop was closed in early August 2014. The Swank Shop in Hangzhou Tower, will also be closed down in the second quarter of 2015 due to lower than expected performance. The management will concentrate its effort on the revamp of our retail stores situated in Beijing and Xian and continue to review and revise our China strategy in a prudent and disciplined manner especially in a turbulent business environment.

Cesare di Pino

Operating result of Cesare di Pino, the first self-owned private label of the Group, further declined with loss for the year amounted to HK$15,129,000 (2013: Loss HK$11,861,000). With all the unfavorable reasons stated above, there was a significant downturn in customer spending in China luxury retail market and that have material adverse effects to our infant stage of development. The poor-performing shop in Hangzhou will also be closed down in the second quarter of 2015. Operating expenses and office overheads will reduce substantially in 2015. Management will take all cautious and prudent measures to consolidate and revamp the present situation with an aim to uphold its market presence in both mainland China and Hong Kong before further development plan in the near future.

Resort and Recreational Club Operations

Hong Kong Hilltop Country Club ("Hilltop")

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

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

Shanghai Hilltop Resort Hotel Limited ("Shanghai Hilltop")

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

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

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

Financial instruments investments

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

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

Other Investments

PuraPharm Corporation Limited ("PuraPharm")

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

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

Genovate Biotechnology Company Limited ("Genovate")

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

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

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

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

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

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

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

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2014, the Group was in solid financial position with cash and non-pledged deposit holdings of HK$428,142,000 (2013: HK$449,093,000). At 31 December 2014, total borrowings amounted to HK$14,251,000 (2013: HK$21,980,000) with HK$12,401,000 (2013: HK$20,184,000) repayment falling due within one year. The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 1.2% at the year end date (2013: 1.9%). The current ratio at 31 December 2014 was 16.6 times (2013: 11.8 times).

At 31 December 2014, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars, Renminbi and United States dollars and exchange difference were reflected in the audited financial statements. All borrowings of the Group are on a floating rate basis. All club debentures of Hilltop are interest free.

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

PLEDGE OF ASSETS

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

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employed 255 staff. The Group’s remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus and internal/external training support.

FUTURE OUTLOOKS AND STRATEGIES

Fashion Retail

The Group believes the retail climate in Hong Kong and China will remain weak and sluggish in the immediate future. Consumer spending momentum dropped significantly due to recent political disturbances which lead to a slowdown in the growth of traffic flow and tourist arrivals from the mainland China. If this situation is to persist, the already dampened retail consumer markets will inevitably be further suppressed. On the other hand, upsurge operating costs will continue to add pressure on the overall profitability of the retail fashion business of the Group. Given these difficult conditions, the Group will rigorously control cost and expenses at all level of operation and adopt a very cautious approach to its further expansion and development strategies in order to mitigate all the negative impact under the uncertain and volatile business environment.

Investments

The Financial Investment Instrument market is expected to be very volatile; however, the strong financial and liquidity position of the Group will enable us to take advantage of any recovery in market condition as well as to undertake new investment opportunities to widen and sustain the Group’s earning base in the future.

Recreation Club Operation

Management is currently studying the feasibility of club rejuvenation. It is expected that a best possible option will be identified and selected in order to unleash the full potential of the Club and re-gain its long term growth.

APPRECIATION

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

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

Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Hong Kong, 20 March 2015

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Joseph Wing Kong LEUNG, 68, is the Chairman and the Acting Chief Executive Officer of the Group. Mr. Leung joined the Group in December 2000 as an Executive Director and has been the Chairman since March 2001. He is also the chairman of the Corporate Governance Committee, the Investment Committee, and the Nomination Committee of the Company, a member of the Remuneration Committee of the Company, and a director of all subsidiaries of the Company. Mr. Leung has over 40 years of experience in finance and management in property development. Mr. Leung is currently a group executive director, chief investment officer and member of executive committee of Chinachem Group. He is also the chairman of Genovate Biotechnology Company Limited, a company whose shares are listed on the GreTai Securities Market in Taiwan, and a Director of Yang Ming Marine Transport Corporation, a company whose shares are listed on Taiwan Stock Exchange Corporation. He is a vice president and a member of the executive committee of The Real Estate Developers Association of Hong Kong and a fellow of the Hong Kong Institute of Real Estate Administration. Mr. Leung is a director of each of Diamond Leaf Limited and Solution Bridge Limited, which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Future Ordinance.

Mr. Leung was an independent non-executive director of Cheuk Nang (Holdings) Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, from September 2004 to February 2013.

Mr. Victor Yiu Keung CHIANG, 50, joined the Group in November 2003 and has been a Director of the Company since March 2011. Mr. Chiang is also the Chief Financial Officer of the Group, a member of the Corporate Governance Committee and the Investment Committee of the Company, and a director of certain subsidiaries of the Company. He is responsible for overseeing the financial management of the Group. He has over 20 years' experience in professional accountancy practice and financial management experience with listed companies. Mr. Chiang is an associate member of the Institute of Chartered Accountants in England & Wales, and a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a Certified Public Accountant practising in Hong Kong. Mr. Chiang holds a bachelor's degree in business administration from the Chinese University of Hong Kong.

Mr. Derek Wai Choi LEUNG, 64, joined the Group in December 2000. Mr. Leung is also a member of the Investment Committee of the Company and a director of certain subsidiaries of the Company. Mr. Leung is currently an executive director, group chief treasury officer and head of lands/valuation of Chinachem Group. He had been in the banking industry for 16 years and in charge of the treasury and capital markets division of a wholly owned banking subsidiary of one of the largest banks in the world for about ten years. Mr. Leung is a member of The Institute of Chartered Accountants of Scotland. Mr. Leung holds a BSc (Engineering) degree.

Mr. Wing Tung YEUNG, 60, joined the Group as Executive Vice President in October 2001 and has been a Director of the Company since November 2002. Mr. Yeung is also a member of the Corporate Governance Committee and the Investment Committee of the Company, and a director of certain subsidiaries of the Company. He is responsible for the investments of the Group. Prior to joining the Group, Mr. Yeung was the personal assistant to the chairman of a listed company in Hong Kong for more than ten years, in charge of project investments and developments in Hong Kong, PRC and South East Asia. He had also worked in an American bank as manager of Commercial Banking and an international audit firm as auditor. Mr. Yeung obtained his MBA from Indiana University, USA in 1978 and passed the board examination of the American Institute of Certified Public Accountants in the same year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Jen CHEN, 60, joined the Group in February 2003. Dr. Chen is also a member of the Audit Committee of the Company. Dr. Chen is currently a director and general manager of Genovate Biotechnology Company Limited, a company whose shares are listed on the GreTai Securities Market in Taiwan. Prior to this appointment, Dr. Chen was a vice president of Asian Operation in Genelabs Technologies, Inc. in the USA and had worked in Novartis Pharmaceuticals Corporation for eight years in areas of new drug discovery and research. Dr. Chen has extensive experience and professional knowledge in the biopharmaceutical industry and is the author or co-author of more than 30 papers and 10 patents in the field. Dr. Chen holds a Ph.D. (Chemistry) from the University of Rochester in New York, USA.

Mr. David Kwok Kwei LO, 55, joined the Group in June 2010. Mr. Lo holds the degrees of Bachelor of Laws and Bachelor of Jurisprudence from the University of New South Wales, Australia. He was admitted as a solicitor of the Supreme Court of New South Wales, Australia in 1984. He has been a member of The Law Society of Hong Kong since 1987. He has been practicing as a solicitor in Hong Kong for over 20 years and is a partner in a law firm, David Lo & Partners. Mr. Lo is currently an independent non-executive director of each of eSun Holdings Limited and Man Yue Technology Holdings Limited, both companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Ian Grant ROBINSON, 75, joined the Group in September 2004. Mr. Robinson is also the chairman of the Audit Committee and the Remuneration Committee of the Company, and a member of the Nomination Committee of the Company. Mr. Robinson heads up Robinson Management Limited, a consulting and management company. Prior to setting up his own firm in 1995, he was a senior partner of Ernst and Young, one of the largest international accounting firms. Mr. Robinson has been based in Hong Kong since 1980, servicing the Asian region, and has accounting experience in major countries around the world. Mr. Robinson is a member of the supervisory board of the Hong Kong Housing Society. He is a fellow member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Robinson was a director of each of L&L Energy, Inc., which is now delisted from NASDAQ and China Medicine Corporation, a company whose shares are quoted on the OTC Bulletin Board of the USA.

Mr. Chi Keung WONG, 60, joined the Group in June 2010. Mr. Wong is also a member of the Audit Committee, the Nomination Committee, and the Remuneration Committee of the Company. Mr. Wong has over 34 years of experience in finance, accounting and management. He is a fellow member of Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and CPA Australia, and an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and advising on corporate finance for Greater China Capital Limited under the Securities and Futures Ordinance of Hong Kong. Mr. Wong holds a master's degree in business administration from the University of Adelaide in Australia.

Mr. Wong is currently an independent non-executive director and a member of the audit committee of each of Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Nickel Resources Holdings Company Limited, China Ting Group Holdings Limited, Golden Eagle Retail Group Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, TPV Technology Limited, Yuan Heng Gas Holdings Limited and Zhuguang Holdings Group Company Limited, all of these companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (now known as Yuexiu Property Company Limited), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, for over ten years.

Mr. Wong was an independent non-executive director of each of First Natural Foods Holdings Limited (now known as Imperial Pacific International Holdings Limited) and PacMOS Technologies Holdings Limited, both companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Notes:

1) Directors' emoluments are determined by the Remuneration Committee with reference to their duties, responsibilities, individual performances, the Group's operating results, and comparable market statistics. The details of the emoluments of the Directors on a named basis are disclosed in note 14 to the financial statements.

2) All Executive Directors do not have any fixed term of service with the Company and are subject to retirement by rotation in accordance with the Articles of Association of the Company.

3) All Independent Non-executive Directors are appointed for a term of approximately three years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held three years thereafter, subject to retirement by rotation in accordance with the Articles of Association of the Company.

4) Save as disclosed above, none of the Directors (i) holds any other position with the Company or any of its subsidiaries; (ii) held a directorship in any other listed public companies in the past three years; and (iii) has any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr. David Kin Hay HONG, 67, joined the Group in October 2003. Mr. Hong is a Non-executive Vice Chairman of The Swank Shop Limited ("The Swank"), a fashion retail subsidiary of the Company. Prior to his current position, Mr. Hong was the Managing Director of The Swank until December 2014. Mr. Hong has valuable experience in the high-end fashion retailing. Due to Mr. Hong's contribution in the fashion industry, he was decorated "Chevalier de l'Ordre National du Merite" in July 1996 and "Chevalier de la Legion d'Honneur" in June 2003, both from the President of France, and "Ordine Della Stella D'Italia (Ufficiale)" in June 2012 from the President of Italy.

Ms. Kim Hung WONG, 51, joined the Group as Chief Operating Officer of The Swank in November 2012. Before joining the Group, Ms. Wong held management positions with various international companies such as DFS, Lane Crawford, GRI and Burberry, both in Hong Kong and the USA. She has over 20 years of expertise and experience in luxury retail, including from merchandising to sales operation, and from brand positioning to management. Ms. Wong holds a Bachelor of Science degree in Fashion Merchandising from the University of Hawaii.

Mr. Jackie Sze Wai LEE, 49, joined the Group in October 2001. Mr. Lee is the Vice President of Investments of the Group and the General Manager of Hilltop Country Club. Before joining the Group, Mr. Lee was the Assistant Vice President of a direct investment management company for a major multinational bank. Mr. Lee holds a Bachelor of Business Administration and Master of Business Administration from the Florida Atlantic University, USA.

Ms. Pui Man CHENG, 42, joined the Group in September 1999. Ms. Cheng is the Company Secretary of the Group. Prior to her current role, Ms. Cheng was a financial controller of the Company until June 2001. Before joining the Group, Ms. Cheng worked in the audit and assurance department of an international accounting firm. Ms. Cheng is a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Cheng holds a Bachelor of Business Administration.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and securities trading. The principal activities of the subsidiaries comprise the wholesale and retail of fashion wear and accessories, resort and recreational club operations, investment holding and securities trading.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 34 to 109.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 111.

This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 17 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Company and the Group during the year are set out in note 18 to the financial statements.

Particulars of the investment properties of the Group are set out on page 110.

DEBENTURES

Particulars of the club debentures of the Group are set out in note 30 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 32 to the financial statements.

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.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33(b) to the financial statements and in the consolidated statement of changes in equity on page 39, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company had no reserve available for distribution to shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for less than 10% of the Group's total turnover for the year. The five largest suppliers and the largest supplier accounted for approximately 44% and 12% of the Group's total purchases for the year, respectively.

None of the Directors of the Company, their associates or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) has any beneficial interest in the Group's five largest suppliers.

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on their job responsibilities, work performance, professional experience and prevailing industry practices.

The emoluments of the Directors of the Company are determined by the Remuneration Committee with reference to their duties, responsibilities, individual performances, the Group's operating results and comparable market statistics.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

EXECUTIVE DIRECTORS:

Mr. Joseph Wing Kong LEUNG *(Chairman and Acting Chief Executive Officer)*
Mr. Victor Yiu Keung CHIANG
Mr. Derek Wai Choi LEUNG
Mr. Wing Tung YEUNG
Mr. Raymond Siu Wing CHAN (resigned on 1 January 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Jen CHEN
Mr. David Kwok Kwei LO
Mr. Ian Grant ROBINSON
Mr. Chi Keung WONG

In accordance with Article 101 of the Company's Articles of Association, Mr. Derek Wai Choi LEUNG, Mr. Chi Keung WONG and Mr. Wing Tung YEUNG will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 8 to 11.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company that is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2014, the interest or short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company:

Director	Number of shares held through a controlled corporation	Percentage of the Company's issued shares
Mr. Joseph Wing Kong LEUNG	200,000	0.012%

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity	Number of shares held		Percentage of the Company's issued shares
Diamond Leaf Limited	Beneficial owner	162,216,503		9.83%
Solution Bridge Limited	Beneficial owner	408,757,642		24.76%
Ms. KUNG, Nina (deceased)	Interest of controlled corporations	570,974,145	Note (1)	34.59%
Mr. CHAN, Wai Tong Christopher	Trustee	160,000,000	Note (3)	9.69%
Mr. JONG, Yat Kit	Trustee	730,974,145	Note (2) & (3)	44.28%
Mr. LAM, Hok Chung Rainier	Trustee	570,974,145	Note (2) & (3)	34.59%
Mr. WONG, Tak Wai	Trustee	160,000,000	Note (3)	9.69%
Mr. YU, Sai Hung	Trustee	570,974,145	Note (2) & (3)	34.59%

Notes:

(1) The interests disclosed under Ms. KUNG, Nina (deceased) represents her deemed interests in the shares of the Company by virtue of her interests in Diamond Leaf Limited and Solution Bridge Limited (as per the late Ms. KUNG, Nina's last disclosure of interests notice dated 4 April 2006).

(2) Both Diamond Leaf Limited and Solution Bridge Limited are controlled corporations of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung, as joint and several administrators of the Estate of Kung, Nina. Thus, each of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung is deemed to be interested in the same block of shares.

(3) Each of Mr. Mr. CHAN, Wai Tong Christopher, JONG, Yat Kit, Mr. LAM, Hok Chung Rainier, Mr. WONG, Tak Wai and Mr. YU, Sai Hung is a trustee of the Estate of Kung, Nina also known as Nina Kung and Nina T H Wang and Nina Teh Huei Wang.

Save as disclosed above, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 31 December 2014 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Company and the Group have entered into the following continuing connected transactions:

(A) TENANCY AGREEMENT FOR A SHOP

On 23 December 2011, The Swank Shop Limited, a wholly owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "Shop Tenancy Agreement") with Ying Ho Company Limited, Cheong Ming Investment Company Limited, Dorfolk Investments Limited, Kwong Fook Investors & Developers Limited, The World Realty Limited, On Lee Investment Company Limited, Yau Fook Hong Company Limited, and Tsing Lung Investment Company Limited, (collectively the "Landlords"), as landlords, to renew the tenancy of the premises situated at Shop Nos. 222 & 223 on 2nd Floor (Level 3), Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong (the "Shop Premises") for three years from 1 January 2012 to 31 December 2014 at a monthly rent equal to 8% of the monthly gross sales turnover from the Shop Premises. The Shop Tenancy Agreement was subsequently renewed on 5 January 2015 for another two years to 31 December 2016. The details of the expired and renewed Shop Tenancy Agreement are set out in the Company's announcements dated 23 December 2011 and 5 January 2015 respectively.

(B) TENANCY AGREEMENT FOR OFFICE PREMISES

On 22 November 2012, the Company, as tenant, entered into a tenancy agreement (the "Office Tenancy Agreement I") with the Landlords to renew the tenancy of the premises situated at Suites 3301 to 3303, 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for three years from 1 December 2012 to 30 November 2015 at a monthly rent of HK$268,719. The details of the Office Tenancy Agreement I are set out in the Company's announcement dated 22 November 2012.

On 6 April 2011, Cesare di Pino Company Limited (Formerly Cesare Di Pino Company Limited), a wholly owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "Office Tenancy Agreement II") with the Landlords to lease the premises situated at Suite 1603B, 16th Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for three years from 6 May 2011 to 5 May 2014 at a monthly rent of HK$39,440. The details of the Office Tenancy Agreement II are set out in the Company's announcement dated 6 April 2011. The Office Tenancy Agreement II is not renewed after its expiry on 5 May 2014.

As at the dates of entering into the above tenancy agreements and during the period from 1 January 2014 to 30 October 2014, the Landlords are companies controlled by Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung as joint and several administrators of the Estate of Kung, Nina, all of them were substantial shareholders of the Company under the Listing Rules.

During the period from 31 October 2014 to 31 December 2014, the Landlords are companies controlled by Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai, as joint and several administrators of the Estate of Kung, Nina, in which Mr. JONG, Yat Kit was a substantial shareholder of the Company under the Listing Rules.

The Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions (the "2014 Continuing Connected Transactions") and have confirmed that the 2014 Continuing Connected Transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to report on the 2014 Continuing Connected Transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in writing to the Board of Directors that nothing has come to its attention that causes it to believe that the 2014 Continuing Connected Transactions:

(i) have not been approved by the Board of Directors of the Company;

(ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(iii) have exceeded the maximum aggregate annual value disclosed in the previous announcement dated 22 November 2012 made by the Company in respect of the 2014 Continuing Connected Transactions.

The Company confirms that it has complied with the disclosure requirements, where appropriate, in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company maintained the prescribed public float under the Listing Rules.

AUDITOR

RSM Nelson Wheeler retires and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Hong Kong, 20 March 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value and safeguard the interests of shareholders and other stakeholders. The Company has adopted a Corporate Governance Practice Manual which gives guidance on how corporate governance principles are applied to the Company.

In the opinion of the Directors, the Company complied with all Code Provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014, save for the following:

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

BOARD OF DIRECTORS

Board Composition

The Board currently comprises four Executive Directors and four Independent Non-executive Directors, serving the important function of guiding the management.

The number of Independent Non-executive Directors represents more than one-third of the Board as required by Rule 3.10A of the Listing Rules. In addition, as required by Rule 3.10(2) of the Listing Rules, at least one of the Independent Non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. The Directors' biographical information is set out on pages 8 to 10.

The Board members during the year ended 31 December 2014 and up to date of this report are:

Executive Directors
Mr. Joseph Wing Kong LEUNG *(Chairman and Acting Chief Executive Officer)*
Mr. Victor Yiu Keung CHIANG
Mr. Derek Wai Choi LEUNG
Mr. Wing Tung YEUNG
Mr. Raymond Siu Wing CHAN (resigned on 1 January 2015)

Independent Non-executive Directors
Dr. Jen CHEN
Mr. David Kwok Kwei LO
Mr. Ian Grant ROBINSON
Mr. Chi Keung WONG

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Nomination Committee and the Board, based on such confirmations considers that all Independent Non-executive Directors continue to be independent.

The composition of the Board, by category of Directors, including names of Chairman, Executive Directors and Independent Non-executive Directors, is disclosed in all corporate communications.

To the best knowledge of the Directors, there is no financial, business, family or other material relationship among the Directors. All of them are free to exercise their independent judgment.

An updated list of the Directors and their roles and functions is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

Chairman and Chief Executive Officer

Mr. Joseph Wing Kong LEUNG serves as the Chairman and the Acting Chief Executive Officer. He has assumed the responsibility of managing the Board and running the Group's business operation.

Mr. Joseph Wing Kong LEUNG took up the position of the Acting Chief Executive Officer in addition to his role of being the Chairman upon the retirement of former chief executive officer in June 2009. The Board believes that the balance of power and authority is ensured through the supervision of the full Board and the Board committees. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

The Chairman is also responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

During the year ended 31 December 2014, the Chairman held a meeting with the Independent Non-executive Directors without the presence of the Executive Directors.

Appointments, Re-election and Removal of Directors

All Directors have formal letters of appointment setting out the key terms of their appointment.

Independent Non-executive Directors are appointed for a term of approximately 3 years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held three years thereafter, subject to retirement by rotation in accordance with the Company's Articles of Association.

In accordance with Article 92 of the Company's Articles of Association, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In accordance with Article 101 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation but shall be eligible for re-election, provided that every Director shall be subject to retirement at least once every three years. The Directors (including those appointed for a special term) to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board has adopted its Board Diversity Policy setting out the approach to achieve diversity on the Board.

In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee has set the following measureable objectives for achieving the Board diversity:

	Measureable Objectives	Progress on achieving the objective
(i)	The Board aims to appoint a female member to the Board by Year 2015.	This objective is carried over to Year 2015.
(ii)	If there is a Board vacancy, at least one woman is shortlisted as a candidate for Board appointment; and if, at the end of the selection process, a female candidate is not selected, the Board must be satisfied that there are objective reasons to support its determination.	Since the implementation of the Board Diversity Policy and the measurable objectives, no Board position has become vacant. This objective is carried over to Year 2015.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry of all Directors, all Directors complied with the required standards set out in the Model Code during the year ended 31 December 2014.

Directors' Induction and Continuing Professional development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company Secretary from time to time provides Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements. A summary of training received by Directors during the year ended 31 December 2014 is as follows:

	Training Areas	
	Corporate Governance/ updates on laws, rules & regulations	Accounting/ financial/ management or other professional skills
Executive Directors		
Mr. Joseph Wing Kong LEUNG	√	√
Mr. Victor Yiu Keung CHIANG	√	√
Mr. Derek Wai Choi LEUNG	√	√
Mr. Wing Tung YEUNG	√	√
Mr. Raymond Siu Wing CHAN	√	√
Independent Non-executive Directors		
Dr. Jen CHEN	√	√
Mr. David Kwok Kwei LO	√	√
Mr. Ian Grant ROBINSON	√	√
Mr. Chi Keung WONG	√	√

Delegation by the Board

The Board, led by the Chairman, is responsible for formulating overall group strategies and overseeing the management's performance. The Board delegates the authority and responsibilities for implementing the strategies and policies and the day-to-day operations of the Group to the Executive Directors and senior management and certain specific responsibilities to the Board committees.

Where the Board delegates aspects of its management and administrative functions to the management, it gives clear directions as to the powers of management and periodically reviews the delegations to the management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

The Board has matters reserved for its decision and these include:

(i) Business strategies;

(ii) Material acquisition or disposal;

(iii) Funding decision;

(iv) Internal control and risk management; and

(v) Annual and interim financial results, and shareholder communications.

Board Meetings

The full Board held four regular meetings during the year ended 31 December 2014.

A tentative schedule for regular Board meetings for each year is provided to Directors prior to the commencement of each calendar year. In addition, at least 14 days' notice of all regular Board meetings is given to all Directors.

The Company Secretary assists the Chairman to prepare the agenda of the Board meetings and each Director is invited to include any matters in the agenda. An agenda and accompanying Board papers are circulated to all Directors at least three days in advance of every regular Board meeting.

The Directors can attend Board meetings in persons or through other means of electronic communication in accordance with the Company's Articles of Association.

The Directors have full access to the advice and services of the Company Secretary, who is responsible for providing Directors with board papers and related materials and ensuring that Board procedures, and all applicable rules and regulations, are followed.

The Company Secretary is responsible for taking minutes of Board meetings. The minutes record the matters discussed and decisions resolved at Board meetings. The minutes would be sent to all Directors within a reasonable time after each meeting and generally be made available for inspection by Directors.

Should a potential conflict of interest involving a substantial shareholder or director arise, the matter is discussed in a physical Board meeting, as opposed to being dealt with by written resolution. Independent Non-executive Directors with no conflict of interest will be present at Board meetings dealing with conflict issues.

Directors' and Officers' Liabilities

The Company has arranged appropriate liability insurance for the Directors and officers of the Group in respect of legal action against them.

BOARD COMMITTEES

In order to assist the Board in the execution of its duties, the Board has established Audit Committee, Corporate Governance Committee, Investment Committee, Nomination Committee and Remuneration Committee with respective terms of reference which clearly defined its authorities and duties. All Board Committees are provided with sufficient resources to discharge their duties. The Chairmen of the Board Committees report regularly to the Board their work, findings and recommendations.

Audit Committee

The Audit Committee was established in January 1999 and currently comprises three Independent Non-executive Directors, namely Mr. Ian Grant ROBINSON (Chairman of the Audit Committee), Dr. Jen CHEN and Mr. Chi Keung WONG.

None of the members of the Audit Committee is a former partner of the Company's existing auditor one year before joining the Company.

The Audit Committee is responsible for (i) reviewing and supervising the Group's financial reporting system and internal control procedures, (ii) reviewing the Group's financial information, and (iii) overseeing the relationship with the auditor of the Company.

The Audit Committee held two meetings during the year ended 31 December 2014 and reviewed the audited financial statements of the Group for the year ended 31 December 2013 and the unaudited interim financial statements for the six months 30 June 2014. The Audit Committee also reviewed the non-audit services provided by the external auditors, and discussed and recommended to the Board for the re-appointment of external auditors.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee's specific terms of reference are posted on the websites of the Company and HKEx.

Corporate Governance Committee

The Corporate Governance Committee was established in March 2012 and currently comprises three Executive Directors, namely Mr. Joseph Wing Kong LEUNG (Chairman of the Corporate Governance Committee), Mr. Victor Yiu Keung CHIANG and Mr. Wing Tung YEUNG.

The Corporate Governance Committee is responsible for formulating, reviewing and making recommendations on the Company's policies and practices of corporate governance.

During the year ended 31 December 2014, the Corporate Governance Committee held one meeting and reviewed the Company's compliance with the CG Code and the Corporate Governance Report for the year ended 31 December 2013.

Investment Committee

The Investment Committee was established in April 2002 and currently comprises four Executive Directors, namely Mr. Joseph Wing Kong LEUNG (Chairman of the Investment Committee), Mr. Victor Yiu Keung CHIANG, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG.

The Investment Committee is responsible for (i) formulating and reviewing the investment strategies, policies and guideline, and (ii) advising the Board on the Group's investment projects.

Nomination Committee

The Nomination Committee was established in March 2012 and currently comprises one Executive Director, namely Mr. Joseph Wing Kong LEUNG (Chairman of the Nomination Committee) and two Independent Non-executive Directors, namely Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG. The majority of the members of the Nomination Committee is Independent Non-executive Director.

The Nomination Committee is responsible for (i) reviewing the structure, size and composition of the Board; (ii) assessing the suitability and qualification of any proposed director candidate; (iii) assessing the independence of the Independent Non-executive Directors; (iv) making recommendation to the Board on the appointment or re-appointment of Directors; and (v) reviewing the Board Diversity Policy.

During the year ended 31 December 2014, the Nomination Committee held one meeting and reviewed the structure, size and composition of the Board, and the measureable objectives for implementing the Board Diversity Policy.

The Nomination Committee's specific terms of reference are posted on the websites of the Company and HKEx.

Remuneration Committee

The Remuneration Committee was established in April 2002 and currently comprises two Independent Non-executive Directors, namely Mr. Ian Grant ROBINSON (Chairman of the Remuneration Committee) and Mr. Chi Keung WONG, and one Executive Director, namely Mr. Joseph Wing Kong LEUNG. The majority of the members of the Remuneration Committee is Independent Non-executive Director.

The Company has adopted the model to delegate the determination of the remuneration packages of individual Executive Directors and senior management to the Remuneration Committee. The Remuneration Committee is responsible for formulating and recommending remuneration policy to the Board, and reviewing and making recommendations on compensation-related issues. The Remuneration Committee consults the Chairman and/or the Chief Executive Officer about its proposals relating to remuneration of other Directors and senior management if necessary.

During the year ended 31 December 2014, the Remuneration Committee held one meeting and discussed the Group's remuneration policy.

The Remuneration Committee's specific terms of reference are posted on the websites of the Company and HKEx.

ATTENDANCE RECORD AT MEETINGS

The attendance of Directors at the Annual General Meeting, Board meetings, and Board Committee meetings held during the year ended 31 December 2014 was as follows:

	Meetings Attended/Held					
	Board	Audit Committee	Corporate Governance Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Executive Directors						
Mr. Joseph Wing Kong LEUNG	4/4		1/1	1/1	1/1	1/1
Mr. Victor Yiu Keung CHIANG	4/4		1/1			1/1
Mr. Derek Wai Choi LEUNG	4/4					1/1
Mr. Wing Tung YEUNG	4/4		1/1			1/1
Mr. Raymond Siu Wing CHAN	4/4					1/1
Independent Non-executive Directors						
Dr. Jen CHEN	4/4	2/2				1/1
Mr. David Kwok Kwei LO	4/4					1/1
Mr. Ian Grant ROBINSON	4/4	2/2		1/1	1/1	1/1
Mr. Chi Keung WONG	4/4	2/2		1/1	1/1	1/1

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensive, assessment of the Group's performance, position and prospects in all corporate communications. Management provides the Board with monthly updates, with a view to giving it a balanced and understandable assessment of the Group's performance, financial position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Directors are responsible for the preparation of the Group's financial statements which give a true and fair view of the Group's state of affairs, results and cash flows for the year. In preparing the financial statements for the year ended 31 December 2014, the Directors have selected suitable accounting policies and applied them consistently; made prudent, fair and reasonable judgments and estimates and prepared the financial statements on a going concern basis.

The statement of the auditor of the Company about its responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 32 and 33.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Internal Controls

The Board has overall responsibilities for maintaining a sound and effective internal control system to safeguard the shareholders' investment and the Company's assets.

During the year ended 31 December 2014, the Board conducted a review on the Group's internal control handbook covering financial, operational and compliance controls, and risk management functions and considered that the internal control systems of the Group are adequate and effective.

The Board also conducted a review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget, and considered that they are adequate.

Auditors' Remuneration

The remuneration in respect of audit and non-audit services provided to the Group by the Company's auditor, RSM Nelson Wheeler and other RSM network firms for the year ended 31 December 2014 was:

	HK$'000
Audit services	**1,114**
Non-audit services:	
Financial due diligence services	**200**
Consultancy services in relation to the disposal of interests in a subsidiary and an associate	**443**
Taxation services	**74**
Other assurance services	**175**
Other reporting services	**67**
	2,073

Note: Auditor's remuneration for audit services disclosed in note 13 to the financial statements included the audit fees charged by other auditors of the Group of HK$7,000.

COMMUNICATION WITH SHAREHOLDERS

The Board has adopted a shareholders' communication policy which aims to set out the provisions with the objective of ensuring that shareholders are provided with ready and timely access to balanced and understandable information about the Company and its corporate strategies. Information would be communicated to shareholders mainly through the Company's corporate communications (such as interim and annual report, announcements and circulars), general meetings and disclosure on the Company's website.

Interim reports, annual reports and circulars are sent to shareholders in a timely manner and are also available on the website of the Company. The Company's website also provides shareholders with the updated and key information of the Group. For efficient communication with shareholders and in the interest of environmental protection, arrangements have been made to allow shareholders to elect to receive corporate communications of the Company by electronic means through the Company's website.

The Company's annual general meeting provides a forum for shareholders to raise comments and exchange views with the Directors. To facilitate enforcement of shareholders' rights, separate resolutions are proposed at general meetings on each substantially separate issue. The Chairmen of Board Committees and the Company's auditor also attend the annual general meeting to answer questions from shareholders.

The Company gives notice to shareholders in the case of annual general meeting at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings. All resolutions put to vote at general meetings are taken by poll. Procedures regarding the conduct of the poll are explained to shareholders at each general meeting, and questions from shareholders regarding the voting procedures are answered. Voting results are posted on the websites of the Company and HKEx on the day of the general meeting.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Company Secretary
ENM Holdings Limited
Suites 3301-03, 33rd Floor
Tower 2, Nina Tower
8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong
Email: comsec@enmholdings.com
Fax: (852) 2827 1491

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the shareholders' questions.

Shareholders can also contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings.

SHAREHOLDERS' RIGHTS

Calling of Extraordinary General Meeting by Shareholders

Under the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong (the "New CO"), registered shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings may request to call an extraordinary general meeting ("EGM") of the Company. The request (a) must state the general nature of the business to be dealt with at the meeting, (b) must be signed by the requisitionist(s), and (c) must be deposited at the registered office of the Company (the "Registered Office") at Suites 3301-03, 33rd Floor, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for the attention of the Company Secretary. If the resolution is to be proposed as a special resolution, the request should include the text of the resolution and specify the intention to propose the resolution as a special resolution. The request may consist of several documents in like form, each signed by one or more requisitionist(s).

The Directors must call an EGM within 21 days from the date of the deposit of the valid request. Such meeting should be held on a date not more than 28 days after the date of the notice convening the meeting. If the Directors fail to call the EGM as aforesaid, the requisitionist(s), or any of them representing more than one-half of the total voting rights of all of them, may themselves call the EGM. The EGM must be called for a date not more than 3 months after the date of the deposit of the request. Any reasonable expenses incurred by the requisitionist(s) by reason of the failure of the Directors duly to call an EGM shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at General Meetings by Shareholders

Circulation of shareholders' statement

Under the New CO, registered shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote, or at least 50 shareholders who have a relevant right to vote may request the Company to circulate to shareholders of the Company entitled to receive notice of a general meeting a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting.

The request (a) must be signed by the requisitionist(s), (b) must be deposited at the Registered Office for the attention of the Company Secretary, (c) must identify the statement to be circulated, and (d) must be received by the Company at least 7 days before the meeting to which it relates.

The expenses of circulating shareholders' statement need not be paid by the requisitionist(s) if the meeting to which the requests relate is an annual general meeting of the Company; and requests sufficient to require the Company to circulate the statement are received in time to enable the Company to send a copy of the statement at the same time as it gives notice of the meeting. Otherwise, such expenses must be paid by the requisitionist(s); and there is deposited with or tendered to the Company, not later than 7 days before the meeting, a sum reasonable sufficient to meet such expenses in doing do, unless the Company resolves otherwise.

Circulation of resolution for annual general meeting

Under the New CO, registered shareholder(s) of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate, or at least 50 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate, may request the Company to give, to shareholders of the Company entitled to receive notice of the annual general meeting, notice of a resolution that is intended to be moved at that meeting.

The request (a) must be signed by the requisitionist(s), (b) must be deposited at the Registered Office for the attention of the Company Secretary, (c) must identify the resolution of which notice is to be given, and (d) must be received by the Company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

The Company must send a copy of the notice of a resolution at the Company's own expense to each shareholder entitled to receive notice of the annual general meeting.

Nomination of a person for election as a Director

Pursuant to Article 105 of the Company's Articles of Association, a shareholder can propose a person for election to the office of Director at any general meeting by giving the Company notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected at least seven days before the date of the general meeting. The period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Circulation of Written Resolution

Under the New CO, registered shareholder(s) of the Company representing not less than 5% of the total voting rights of all the shareholders entitled to vote on the resolution, may request the Company to circulate a proposed written resolution to its shareholders. The requisitionist(s) may also request the Company to circulate with the proposed written resolution a statement of not more than 1,000 words in respect of the resolution.

The request (a) must be signed by the requisitionist(s), (b) must be deposited at the Registered Office for the attention of the Company Secretary, and (c) must identify the resolution and any statement to be circulated.

The Company must send a copy of the proposed written resolution and statement (if any) at the Company's own expense to every shareholder not more than 21 days from the date of the deposit of the valid request. The Company must ensure that the copy of proposed written resolution is accompanied by guidance as to how to signify agreement to the resolution and the day by which the resolution must be passed.

COMPANY SECRETARY

The Company Secretary supports the Board and Board Committees by ensuring good information flow within the Board and that Board policy and procedures are followed.

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is appointed by the Board and reports to the Chairman.

The Company Secretary also plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules.

During the year ended 31 December 2014, the Company Secretary undertook over 15 hours of relevant professional training to update her skills and knowledge.

ARTICLES OF ASSOCIATION

During the year ended 31 December 2014, there was no change in the Company's articles of association. An up to date version of the Company's articles of association is available on the websites of the Company and HKEx.

In response to the introduction of the New CO, the Company considers it is appropriate and desirable to propose the adoption of the new articles of association in order to incorporate the key changes under the New CO as well as to update and modernise the Company's articles of association. Accordingly, a special resolution will be proposed at the forthcoming annual general meeting for the shareholders to consider and, if thought fit, approve the adoption of the new articles of association by the Company.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENM HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 109, which comprise the consolidated and Company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of schedule 11 to the new Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

20 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Note	2014 *HK$'000*	2013 *HK$'000*
Revenue of the Group		**275,385**	331,399
Revenue of an associate from wholesale and retail of fashion wear and accessories attributable to the Group accounted for under equity method		**39,766**	13,256
	8	**315,151**	344,655
Revenue of the Group	8	**275,385**	331,399
Cost of sales		**(128,826)**	(133,546)
Gross profit		**146,559**	197,853
Other income	9	**4,304**	2,632
Selling and distribution costs		**(112,911)**	(132,871)
Administrative expenses		**(95,497)**	(87,585)
Depreciation and amortisation		**(19,006)**	(20,173)
Other operating gains, net	13	**81,349**	61,797
Profit from operations		**4,798**	21,653
Fair value gains/(losses) on investment properties, net		**500**	(500)
Deficits write-back on revaluation of resort and recreational club properties		**2,633**	1,063
Gain on disposal of disposal group held for sale	10	**21,294**	—
Finance costs	11	**(861)**	(821)
Share of profit of an associate		**525**	2,109
Profit before tax		**28,889**	23,504
Income tax expense	12	**—**	—
Profit for the year	13	**28,889**	23,504
Attributable to:			
Owners of the Company		**29,001**	24,217
Non-controlling interests		**(112)**	(713)
		28,889	23,504
		HK$	*HK$*
Earnings per share			
– basic	16(a)	**1.76 cents**	1.47 cents
– diluted	16(b)	**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 *HK$'000*	2013 *HK$'000*
Profit for the year		**28,889**	23,504
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,705)**	3,385
Fair value changes of available-for-sale equity investments		**40,469**	(32,233)
Fair value changes of available-for-sale debt investments		**(2,365)**	(1,955)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale equity investments		**(16,746)**	(30,063)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments		**(911)**	(722)
Reclassification of exchange fluctuation reserve to profit or loss upon disposal of disposal group held for sale	10	**(11,052)**	—
Other comprehensive income/(loss) for the year, net of tax		**7,690**	(61,588)
Total comprehensive income/(loss) for the year		**36,579**	(38,084)
Attributable to:			
Owners of the Company		**36,719**	(37,422)
Non-controlling interests		**(140)**	(662)
		36,579	(38,084)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**85,871**	100,769
Investment properties	18	**32,000**	29,000
Intangible assets	19	**1,296**	1,381
Interest in an associate	21	**16,830**	21,531
Financial assets at fair value through profit or loss	22	**87,600**	34,000
Available-for-sale equity investments	23	**103,818**	85,222
Available-for-sale debt investments - notes receivables	24	**118,825**	79,501
Total non-current assets		**446,240**	351,404
Current assets			
Inventories	25	**66,404**	73,959
Trade and other receivables	26	**44,757**	54,565
Financial assets at fair value through profit or loss	22	**240,237**	204,186
Available-for-sale debt investments - notes receivables	24	**6,341**	—
Pledged bank deposits	27	**11,000**	11,000
Time deposits	27	**379,340**	365,126
Cash and bank balances	27	**48,802**	83,967
		796,881	792,803
Assets attributable to disposal group held for sale		**—**	89,416
Total current assets		**796,881**	882,219
Current liabilities			
Trade and other payables	28	**35,483**	43,480
Interest-bearing bank borrowings	29	**12,281**	19,560
Current portion of debentures	30	**120**	624
		47,884	63,664
Liabilities attributable to disposal group held for sale		**—**	11,347
Total current liabilities		**47,884**	75,011
Net current assets		**748,997**	807,208
Total assets less current liabilities		**1,195,237**	1,158,612

	Note	2014 *HK$'000*	2013 *HK$'000*
Total assets less current liabilities		**1,195,237**	1,158,612
Non-current liabilities			
Debentures	30	**1,850**	1,796
Deferred revenue		**16**	24
Total non-current liabilities		**1,866**	1,820
NET ASSETS		**1,193,371**	1,156,792
Capital and reserves			
Issued capital	32	**1,206,706**	16,507
Accumulated losses		**(910,730)**	(939,731)
Other reserves	33	**897,331**	2,079,812
Equity attributable to owners of the Company		**1,193,307**	1,156,588
Non-controlling interests		**64**	204
TOTAL EQUITY		**1,193,371**	1,156,792

Approved by the Board of Directors on 20 March 2015

Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Derek Wai Choi LEUNG
Executive Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 *HK$'000*	2013 *HK$'000*
Non-current assets			
Property, plant and equipment	17	**285**	553
Investment properties	18	**109,300**	106,600
Interests in subsidiaries	20	**525,725**	399,919
Available-for-sale debt investments - notes receivables	24	**10,671**	4,699
Total non-current assets		**645,981**	511,771
Current assets			
Prepayments, deposits and other receivables	26	**6,263**	16,203
Due from a subsidiary	20	**2,237**	461
Financial assets at fair value through profit or loss	22	**159,415**	164,011
Pledged bank deposits	27	**10,000**	10,000
Time deposits	27	**364,422**	362,147
Cash and bank balances	27	**8,807**	16,558
		551,144	569,380
Assets classified as held for sale		**—**	59,700
Total current assets		**551,144**	629,080
Current liabilities			
Accruals and other payables		**4,702**	5,298
Net current assets		**546,442**	623,782
NET ASSETS		**1,192,423**	1,135,553
Capital and reserves			
Issued capital	32	**1,206,706**	16,507
Accumulated losses		**(821,846)**	(880,209)
Other reserves	33	**807,563**	1,999,255
TOTAL EQUITY		**1,192,423**	1,135,553

Approved by the Board of Directors on 20 March 2015

Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Derek Wai Choi LEUNG
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Issued capital *HK$'000*	Share premium account *HK$'000* *(Note 33(c)(i))*	Capital redemption reserve *HK$'000* *(Note33(c)(i))*	Special reserve *HK$'000* *(Note 33(c)(ii))*	Available-for-sale investment revaluation reserve *HK$'000* *(Note 33(c)(iii))*	Exchange fluctuation reserve *HK$'000* *(Note33(c)(iv))*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2013	16,507	1,189,721	478	808,822	131,504	10,926	(963,948)	1,194,010	866	1,194,876
Total comprehensive loss and changes in equity for the year	–	–	–	–	(64,973)	3,334	24,217	(37,422)	(662)	(38,084)
At 31 December 2013	16,507	1,189,721	478	808,822	66,531	14,260	(939,731)	1,156,588	204	1,156,792
At 1 January 2014	**16,507**	**1,189,721**	**478**	**808,822**	**66,531**	**14,260**	**(939,731)**	**1,156,588**	**204**	**1,156,792**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**20,447**	**(12,729)**	**29,001**	**36,719**	**(140)**	**36,579**
Transfer upon transition to no-par value regime on 3 March 2014 *(Note 32(d))*	**1,190,199**	**(1,189,721)**	**(478)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Changes in equity for the year	**1,190,199**	**(1,189,721)**	**(478)**	**–**	**20,447**	**(12,729)**	**29,001**	**36,719**	**(140)**	**36,579**
At 31 December 2014	**1,206,706**	**–**	**–**	**808,822**	**86,978**	**1,531**	**(910,730)**	**1,193,307**	**64**	**1,193,371**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 *HK$'000*	2013 *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		28,889	23,504
Adjustments for:			
Depreciation		18,921	20,088
Amortisation of intangible assets		85	85
Amortisation of deferred revenue		(13)	(37)
Finance costs		861	821
Dividend income from listed equity investments		(5,346)	(5,553)
Dividend income from available-for-sale equity investment		(387)	(724)
Dividend income from unlisted fund investments		(398)	(436)
Charge for inventories allowances		25,244	15,071
Interest income from:			
Financial assets at fair value through profit or loss		(2,657)	(11,730)
Other financial assets		(15,095)	(11,594)
Share of profit of an associate		(525)	(2,109)
Fair value losses/(gains) on investment properties, net		(500)	500
Deficits write-back on revaluation of resort and recreational club properties		(2,633)	(1,063)
Write-back of accrued payables		—	(1,778)
Impairment of trade receivables, net		30	30
Loss on disposal of property, plant and equipment		358	3
Gain on disposal of a business		—	(1,723)
Fair value gains of financial assets at fair value through profit or loss, net		(54,590)	(6,844)
Losses/(gains) on disposal/redemption of financial assets at fair value through profit or loss, net		(8,425)	2,751
Gain on disposal of available-for-sales equity investments		(17,513)	(35,315)
Gain on disposal of available-for-sales debt investments, net		(360)	(1,043)
Gain on disposal of disposal group held for sale	10	(21,294)	—
Foreign exchange losses/(gains), net		4,231	(2,380)
Operating loss before working capital changes		(51,117)	(19,476)
Increase in inventories		(17,689)	(39,481)
Decrease/(increase) in trade and other receivables		978	(2,954)
Decrease in trade and other payables		(7,995)	(20,082)
Cash used in operations		(75,823)	(81,993)
Interest received		17,667	12,525
Dividends received from listed equity investments		4,924	5,790
Dividends received from unlisted fund investments		398	436
Dividends received from available-for-sale equity investment		387	724
Purchases of financial assets at fair value through profit or loss		(87,371)	(36,482)
Proceeds from disposal of financial assets at fair value through profit or loss		98,204	47,346
Net cash used in operating activities		(41,614)	(51,654)

	Note	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(2,077)	(18,165)
Capital injection to an associate		–	(980)
Purchases of available-for-sale debt investments		(61,841)	(24,916)
Acquisition of unlisted equity investment designated as financial assets at fair value through profit or loss		(40,000)	(27,424)
Repayment from/(advance to) an associate, net		5,226	(19,462)
Proceeds from disposal of available-for-sale equity investments		22,641	60,323
Proceeds from disposal of disposal group held for sale	10	84,483	–
Proceeds from disposal of property, plant and equipment		28	–
Proceeds from disposal of available-for-sale debt investments		25,095	–
Proceeds from redemption of unlisted convertible bonds		–	152,176
Proceeds from disposal of a business		–	29,619
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		83,063	(291,083)
Net cash generated from/(used in) investing activities		116,618	(139,912)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans raised		79,433	113,916
Repayment of bank loans		(86,768)	(96,746)
New issue of debenture		167	–
Redemption of debentures		(627)	(1,800)
Interest paid		(848)	(783)
Net cash generated from/(used in) financing activities		(8,643)	14,587
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		66,361	(176,979)
Effect of foreign exchange rate changes, net		(4,369)	2,270
CASH AND CASH EQUIVALENTS AT 1 JANUARY		152,570	327,279
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		214,562	152,570
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged time deposits		379,340	365,126
Less: Non-pledged time deposits with original maturity of over three months when acquired		(213,580)	(296,643)
Non-pledged time deposits with original maturity of less than three months when acquired		165,760	68,483
Cash and bank balances		48,802	83,967
		214,562	152,450
Cash and cash equivalent included in disposal group held for sale		–	120
		214,562	152,570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. CORPORATE INFORMATION

The Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered office and principal place of business is Suites 3301-03, 33/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 20 to the consolidated financial statements.

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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

(a) Application of new and revised HKFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2014:

Amendment to HKAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's consolidated financial statements.

Amendment to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS (CONTINUED)

(a) Application of new and revised HKFRSs (continued)

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these consolidated financial statements as the Group has not novated any of its derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these consolidated financial statements as the Group is not currently subjected to significant levies.

Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment clarifies the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment, applicable prospectively to business combinations for which the acquisition date is on or after 1 July 2014, requires any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS (CONTINUED)

(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 2014. 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.

List of new and revised HKFRSs in issue but not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

(c) New Hong Kong Companies Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

3. SIGNIFICANT ACCOUNTING POLICIES

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

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. revaluation of investment properties, resort and recreational club properties and certain financial instruments that are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgements in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated exchange fluctuation translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the sum of consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of consideration transferred in a business combination to calculate the goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination and goodwill (continued)

The non-controlling interests in the subsidiary are initially measured either at fair value or at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date. The choice of measurement basis is made on a transaction-by-transaction basis.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Associates (continued)

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated exchange fluctuation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in the profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Resort and recreational club properties are carried at fair value, based on periodic valuations by an external independent valuer, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

Revaluation increases of resort and recreational club properties are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the revaluation reserve in other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued resort and recreational club properties, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits/accumulated losses.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amount less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Resort and recreational club properties	Over the remaining lease terms
Leasehold improvements	Over the shorter of the remaining lease terms and 5 to 6 years
Furniture, fixtures and equipment	2 to 5 years
Motor vehicles	3 to 5 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Operating leases

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(h) Trademarks

Trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 20 years.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis or the actual basis and comprises invoiced value of purchases, and where appropriate, freight, insurance and delivery charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. The net gains or losses, including gains or losses arising from changes in fair value and interest income from these investments, are recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as loan and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the available-for-sale investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

— the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

— the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

(q) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(i) Wholesale and retail of fashion wear and accessories

Revenue from the sale of fashion wear and accessories is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

(ii) Resort and recreational club operations

Entrance fee income is recognised when the application for club membership is accepted and no significant uncertainty as to collectability exists. Annual subscription fee income is recognised over the relevant period of the membership. Revenue from the provision of resort and club facilities, catering and other services is recognised when goods are delivered or services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

(iii) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(iv) Interest income

Interest income for interest-bearing financial instruments, including financial assets at fair value through profit or loss, is recognised on a time-proportion basis using the effective interest method.

(v) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(vi) Consultancy, management and other services

Revenue from the provision of consultancy, management and other services is recognised when the relevant services are rendered.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Subsidiaries incorporated in the People's Republic of China ("PRC") participate in the retirement schemes operated by the local authorities for the Group's employee in the PRC. Contributions to these schemes are charged to profit or loss when incurred.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person’s family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Related parties (continued)

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A) (i) has significant influence over the entity or is a member of the key management personnel of the entity.

(x) Disposal group and assets held for sale

Disposal group or assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Disposal group or assets classified as held for sale (excluding financial assets and investment properties) are measured at the lower of the assets' or disposal group's previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets except investment properties, inventories, investments, receivables and deferred tax assets, of which the impairment policies are set out in notes 3(f), 3(i), 3(k), 3(l) and 3(v) respectively, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Distinction between investment properties and owner-occupied properties

Investment property is a property held to earn rentals or for capital appreciation or both. The Group determines whether a property qualifies as an investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgement.

(b) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Allowances for inventories

Allowances for inventories are made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates which are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to serve industry cycles. The Group will reassess the estimates by the end of each reporting period.

As at 31 December 2014, allowances for inventories amounted to HK$51,348,000 (2013: HK$51,506,000).

(b) Fair values of properties

The Group appointed independent professional valuers to assess the fair values of the resort and recreational club properties and investment properties. In determining the fair values, the valuers have utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

The carrying amount of resort and recreational club properties and investment properties as at 31 December 2014 were HK$109,300,000 (2013: HK$179,400,000).

(c) Fair value of unlisted equity investment

As disclosed in note 22(b) to the consolidated financial statements, the fair value of unlisted equity investment in PuraPharm Corporation Limited ("PuraPharm") classified as financial assets at fair value through profit or loss at the end of the reporting period was determined with reference to the valuation performed by independent professional valuers using binomial models. Application of binomial models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the unlisted equity investment, the expected volatility of the share prices of the PuraPharm and the discount rate. Where the estimation on these factors is different from those previously estimated, such differences will impact the fair value gain or loss of the bonds in the period in which such determination is made.

The carrying amount of the investment as at 31 December 2014 was HK$87,600,000 (2013: HK$34,000,000).

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its purchases transactions, note receivables, available-for-sale equity investments and bank deposits are principally denominated in US dollar, Euro, Renminbi and New Taiwan dollar. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table summarises the change in the Group's consolidated profit after tax and other comprehensive income after tax in response to reasonably possible changes in foreign exchange rates on currencies to which the Group has exposure at the end of the reporting period and that all other variables remain constant. Such exposure relates to trade and other receivables, bank deposits, financial assets at fair value through profit or loss, available-for-sale equity investments, note receivables, trade and bills payables.

	Change in percentage in exchange rate against Hong Kong dollar	**Effect on profit after tax** *HK$'000*	**Effect on other comprehensive income after tax** *HK$'000*	**Effect on equity** *HK$'000*
31 December 2014				
US dollar	**+/- 0.5%**	**+/- 1,361**	**+/- 626**	**+/- 1,987**
Euro	**+/- 5%**	**-/+ 401**	**—**	**-/+ 401**
Renminbi	**+/- 5%**	**+/- 9,045**	**—**	**+/- 9,045**
New Taiwan dollar	**+/- 5%**	**+/- 8**	**+/- 5,191**	**+/- 5,199**
31 December 2013				
US dollar	+/- 0.5%	+/- 930	+/- 398	+/- 1,328
Euro	+/- 5%	-/+ 320	—	-/+ 320
Renminbi	+/- 5%	+/- 8,794	—	+/- 8,794
New Taiwan dollar	+/- 5%	+/- 522	+/- 4,261	+/- 4,783

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Price risk

The Group's investments classified as financial assets at fair value through profit or loss and available-for-sale financial assets are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity and debt security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

The Group's equity investments classified as fair value through profit or loss are primarily listed on The Stock Exchange of Hong Kong Limited. The market equity index for The Stock Exchange of Hong Kong Limited, at the close of business of the nearest trading day in the year to the end of the reporting period, and its highest and lowest points during the year were as follows:

	31 December 2014	**2014 High/low**	31 December 2013	2013 High/low
Hong Kong - Hang Seng Index	**23,605**	**25,363/ 21,138**	23,306	24,111/ 19,426

At 31 December 2014, if the share prices of the equity investments listed on The Stock Exchange of Hong Kong Limited increase/decrease by 5%, consolidated profit after tax for the year would have been HK$8,018,000 higher/lower (2013: HK$7,517,000), arising as a result of the fair value gain/loss of these investments.

The Group's equity investment classified as available-for-sale equity investments is listed on GreTai Security Market ("GTSM") in Taiwan. At 31 December 2014, if the share price of available-for-sale equity investment increase/decrease by 5%, other comprehensive income after tax for the year would have been HK$5,191,000 (2013: HK$4,261,000) higher/lower arising as a result of the fair value gain/loss of this investment.

The Group's debt and fund investments are primarily listed on The Stock Exchange of Hong Kong Limited, The Singapore Exchange Securities Trading Limited or traded over-the-counter. At 31 December 2014, if the prices of the debt and fund investments increase/decrease by 5%, consolidated profit after tax for the year would have been HK$3,809,000 higher/lower (2013: HK$2,346,000), arising as a result of the fair value gain/loss of debt and fund investments classified as financial assets at fair value through profit or loss; and other comprehensive income after tax for the year would have been HK$6,258,000 higher/lower (2013: HK$3,975,000), arising as a result of the fair value gain/loss of debt investments classified as available-for-sales financial assets.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

The carrying amounts of the bank deposits, trade and other receivables, note receivables and investments included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with a credit worthy history.

The credit risk on bank deposits is limited because the counterparties are banks with sound credit standing.

The Group mitigates credit risk by conducting credit analysis on potential debt investments. The Group's debt investments include listed and unlisted debt investments with quoted market prices. These are mainly issued or guaranteed by listed companies or their group companies with sound financial position or good credit standing.

The credit risk on the counterparties fail to meet its obligation when dealing in listed investments or investments traded over-the-counter is limited because the counterparties are well-established securities broker firms or banks in Hong Kong; and

The credit risk on rental deposits is limited because the counterparties are well established real estate developer/ management companies in Hong Kong.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The maturity analysis of the Group's financial liabilities, based on the contractual undiscounted payments, is as follows:

	Less than 1 year/ on demand/ no fixed terms *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Total *HK$'000*
At 31 December 2014				
Trade payables and financial liabilities included in other payables	31,787	–	–	31,787
Interest-bearing bank borrowings	12,281	–	–	12,281
Debentures	120	720	1,157	1,997
	44,188	720	1,157	46,065

	Less than 1 year/ on demand/ no fixed terms *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Total *HK$'000*
At 31 December 2013				
Trade payables and financial liabilities included in other payables	36,534	–	–	36,534
Interest-bearing bank borrowings	19,560	–	–	19,560
Debentures	627	120	1,710	2,457
	56,721	120	1,710	58,551

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Interest rate risk

The Group's exposure to interest-rate risk arises from its short-term bank deposits and interest-bearing bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

The Group's note receivables bear interests at fixed interest rate and therefore are subject to fair value interest rate risk.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

At 31 December 2014, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, consolidated profit after tax for the year would have been HK$1,808,000 higher/lower (2013: HK$1,698,000), arising mainly as a result of the net of increase/decrease in the interest income from bank deposits and interest expense on short term bank borrowings.

(f) Categories of financial instruments at 31 December

	2014 *HK$'000*	2013 *HK$'000*
Financial assets:		
Financial assets at fair value through profit or loss		
– held for trading	**240,237**	204,186
– designated as such upon initial recognition	**87,600**	34,000
Loans and receivables (including cash and cash equivalents and time deposits)	**487,936**	514,101
Available-for-sale financial assets	**228,984**	164,723
	1,044,757	917,010
Financial liabilities:		
Financial liabilities at amortised cost	**46,038**	58,514

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 December:

Description	Fair value measurements as at 31 December 2014 using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	2014 Total HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	164,057	–	–	164,057
– Listed debt and fund investments	–	50,778	–	50,778
– Unlisted debt and fund investments	–	25,402	–	25,402
– Unlisted equity investment	–	–	87,600	87,600
	164,057	76,180	87,600	327,837
Available-for-sale financial assets:				
– Listed debt investments	–	125,166	–	125,166
– Listed equity investment	103,818	–	–	103,818
	103,818	125,166	–	228,984
Investment properties:				
– Industrial property situated in Hong Kong	–	32,000	–	32,000
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	–	–	77,300	77,300
Total recurring fair value measurements	267,875	233,346	164,900	666,121

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Disclosures of level in fair value hierarchy at 31 December: (continued)

Description	Fair value measurements as at 31 December 2013 using: Level 1	Level 2	Level 3	2013 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements:				
Financial assets at fair value through profit or loss:				
– Listed equity investments	157,258	—	—	157,258
– Listed debt investments	—	25,358	—	25,358
– Unlisted debt and fund investments	—	21,570	—	21,570
– Unlisted equity investment	—	—	34,000	34,000
	157,258	46,928	34,000	238,186
Available-for-sale financial assets:				
– Listed debt investments	—	79,501	—	79,501
– Listed equity investment	85,222	—	—	85,222
	85,222	79,501	—	164,723
Investment properties:				
– Industrial property situated in Hong Kong	—	29,000	—	29,000
Property, plant and equipment:				
– Resort and recreational club properties situated in Hong Kong	—	—	77,600	77,600
Total recurring fair value measurements	242,480	155,429	111,600	509,509
Non-recurring fair value measurements:				
Assets classified as disposal group held for sale				
– Resort and recreational club properties situated in the PRC	—	—	72,800	72,800
Total non-recurring fair value measurements	—	—	72,800	72,800

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Reconciliation of assets measured at fair value based on level 3:

	Investment properties	Property, plant and equipment	Financial assets at fair value through profit or loss	
Description	**Resort and recreational club properties** *HK$'000*	**Resort and recreational club properties** *HK$'000*	**Unlisted equity investment** *HK$'000*	**2014 Total** *HK$'000*
At 1 January 2014	72,800	77,600	34,000	184,400
Total fair value gain or loss recognised in profit or loss *	(2,500)	2,633	13,600	13,733
Depreciation charged to profit or loss	—	(2,933)	—	(2,933)
Exchange differences recognised in other comprehensive income	(1,000)	—	—	(1,000)
Additions	—	—	40,000	40,000
Disposal	(69,300)	—	—	(69,300)
At 31 December 2014	—	77,300	87,600	164,900
* Include gains or losses for assets held at end of reporting period	—	2,633	13,600	16,233

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Reconciliation of assets measured at fair value based on level 3: (continued)

	Investment properties	Property, plant and equipment	Financial assets at fair value through profit or loss		
Description	Resort and recreational club properties *HK$'000*	Resort and recreational club properties *HK$'000*	Unlisted convertible bonds *HK$'000*	Unlisted equity investment *HK$'000*	2013 Total *HK$'000*
At 1 January 2013	75,600	79,800	147,489	—	302,889
Total fair value gain or loss recognised in profit or loss *	(5,100)	1,063	4,687	6,576	7,226
Depreciation charged to profit or loss	—	(3,272)	—	—	(3,272)
Exchange differences recognised in other comprehensive income	2,300	—	—	—	2,300
Additions	—	9	—	27,424	27,433
Redemption	—	—	(152,176)	—	(152,176)
At 31 December 2013	72,800	77,600	—	34,000	184,400
* Include gains or losses for assets held at end of reporting period	(5,100)	1,063	—	6,576	2,539

The total fair value gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in "Other operating gains, net", "Fair value gains/(losses) on investment properties, net" and "Deficits write back on revaluation of resort and recreational club properties" in the statement of profit or loss.

The gains or losses recognised in other comprehensive income are presented in the corresponding line item in the statement of profit or loss and other comprehensive income.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December:

The Group's senior management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. In respect of level 3 fair value measurements, the Group normally engages external valuation experts with relevant recognised qualifications and experience to perform the valuations. The senior management review the fair value measurements twice a year, which is in line with the Group's reporting dates.

The valuation techniques used and the key inputs to the level 2 and level 3 fair value measurements are set out below:

Description	Valuation technique and key inputs
Level 2:	
Listed and unlisted debt and fund investments	Quoted price provided by counterparty financial institutions
Industrial investment properties situated in Hong Kong	Direct comparison method: – Price per square feet
Level 3:	
Resort and recreational club properties situated in the PRC	Direct comparison method: – Hotel room value per square metre – Discount rate
Resort and recreational club properties situated in Hong Kong	Open market and existing use basis with the use of discounted cash flow: – Long-term operating margin – Long-term revenue growth – Discount rate
Unlisted equity investment	Binomial model: – Discount rate

6. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December: (continued)

The information about the significant unobservable inputs used in level 3 fair value measurement is set out below.

Description	Unobservable inputs	Range		Effect on fair value for increase of inputs
		2014	2013	
Resort and recreational club properties situated in the PRC*	Discount rate	**N/A**	10.5%	Decrease
Resort and recreational club properties situated in Hong Kong	Discount rate	**8.9%**	9.3%	Decrease
Unlisted equity investment	Discount rate	**11.3%**	12%	Decrease

* As disclosed in note 10 to the consolidated financial statements, the resort and recreational club properties situated in the PRC which formed part of the assets of the disposal group held for sale as at 31 December 2013 and subsequently disposed of in the year of 2014.

During the two years, there were no changes in the valuation techniques used.

7. SEGMENT INFORMATION

The Group has three reportable segments as follows:

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

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

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements.

Segment profits or losses do not include the following:

— Unallocated corporate administrative expenses;

— Share of profit of an associate;

— Fair value gains/(losses) on investment properties, net;

— Deficits write-back on revaluation of resort and recreational properties;

— Gain on disposal of disposal group held for sale;

— Finance costs; and

— Income tax expense.

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

7. SEGMENT INFORMATION (CONTINUED)

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

	Wholesale and retail of fashion wear and accessories *HK$'000*	Resort and recreational club operations *HK$'000*	Investments and treasury *HK$'000*	Total *HK$'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
Segment profit/(loss)includes:				
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
Other segment information:				
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

7. SEGMENT INFORMATION (CONTINUED)

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

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

7. SEGMENT INFORMATION (CONTINUED)

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

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

Geographical information:

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

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

8. REVENUE

The principal activities of the Group are wholesale and retail of fashion wear and accessories, resort and recreational club operations, and investment and treasury operations. The Group also invests in associates in the same industries. An analysis of revenue of the Group and its interests in the associate's revenue by operating activities is as follows:

	2014 *HK$'000*	2013 *HK$'000*
Wholesale and retail of fashion wear and accessories	**239,749**	298,136
Resort and recreational club operations	**14,410**	14,956
Dividend income from listed equity investments	**5,346**	5,553
Dividend income from an unlisted fund investment	**398**	436
Dividend income from available-for-sale equity investments	**387**	724
Interest income	**15,095**	11,594
Revenue of the Group	**275,385**	331,399
Revenue of an associate from wholesale and retail of fashion wear and accessories attributable to the Group	**39,766**	13,256
	315,151	344,655

The revenue of an associate attributable to the Group is accounted for under the equity method and is included in the "share of profit of an associate" in the consolidated statements of profit or loss.

9. OTHER INCOME

	2014 *HK$'000*	2013 *HK$'000*
Rental income	**913**	900
Management fees	**2,435**	1,360
Consultancy fee income	**256**	—
Others	**700**	372
	4,304	2,632

10. GAIN ON DISPOSAL OF DISPOSAL GROUP HELD FOR SALE

On 4 August 2012, the Group entered into the first disposal agreement (the "First Disposal Agreement") with Shanghai Xingyuan Shiyei Company Limited (上海興遠實業有限公司) ("Xingyuan"), pursuant to which the Group conditionally agreed to dispose of its entire equity interest in its wholly-owned subsidiary, Shanghai Hilltop Resort Hotel Ltd. (上海顯達渡假酒店有限公司) ("Shanghai Hilltop"), for a consideration of RMB46,750,000 (equivalent to approximately HK$57,503,000) and the second disposal agreement (the "Second Disposal Agreement") with Xingyuan and other vendors pursuant to which the Group conditionally agreed to dispose of its entire equity interest of 35% in its associate, Shanghai Landis Hospitality Management Co., Ltd. (上海麗致育樂經營管理有限公司) ("Shanghai Landis"), for a consideration of RMB23,250,500 (equivalent to approximately HK$28,598,000). Details of the First Disposal Agreement and the Second Disposal Agreement are set out in the Company's announcement and circular dated 4 August 2012 and 4 September 2012 respectively.

The disposals constitute a connected transaction, as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of the Directors of the 2012 Annual Report.

As at 31 December 2013, the assets and liabilities attributable to Shanghai Hilltop and Shanghai Landis, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

On 19 November 2014, the Group completed the disposal of disposal group. The major classes of assets and liabilities of the disposal group classified as held for sale as at its date of disposal are as follows:

	Group *HK$'000*
Total assets and liabilities held for sale	
Furniture, fixture and equipment	10
Investment property	69,300
Interest in an associate	16,192
Prepayments and other receivables	81
Cash and bank balances	119
Accruals and other payables	(817)
Deferred revenue	(10,525)
Net assets of disposal group	74,360
Gain on disposal of disposal group recognised in profit or loss	21,294
Reclassification of exchange fluctuation reserves attributable to the disposal group	(11,052)
Total consideration – satisfied by cash	84,602
Net cash inflow arising on disposal:	
Cash consideration received	84,602
Cash and cash equivalents disposed of	(119)
	84,483

11. FINANCE COSTS

	2014 *HK$'000*	2013 *HK$'000*
Interest on bank loans and overdrafts	**848**	783
Accretion of interest on debentures	**13**	38
	861	821

12. INCOME TAX EXPENSE

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

The tax rate applicable for the assessable profit arising in Hong Kong is 16.5% (2013: 16.5%).

The tax rate applicable to the subsidiaries in the PRC for PRC enterprise income tax is 25% (2013: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

A reconciliation of the income tax expense and the product of profit before tax multiplied by the weighted average tax rate of the consolidated companies and a reconciliation of the weighted average rate to the effective tax rate, are as follows:

	2014		2013	
	HK$'000	*%*	*HK$'000*	*%*
Profit before tax	**28,889**		23,504	
Tax at the weighted average tax rate	**(3,953)**	**(13.7)**	(4,488)	(19.1)
Tax effect of income that is not taxable	**(9,756)**	**(33.8)**	(3,635)	(15.5)
Tax effect of expenses that are not deductible	**4,677**	**16.2**	6,658	28.3
Tax effect of utilisation of tax losses not previously recognised	**(8,358)**	**(28.9)**	(5,750)	(24.5)
Tax effect of tax losses not recognised	**17,390**	**60.2**	7,215	30.8
Income tax expense at effective tax rate	**—**	**—**	—	—

13. PROFIT FOR THE YEAR

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

	2014 HK$'000	2013 HK$'000
Cost of inventories sold#	128,634	133,325
Depreciation	18,921	20,088
Amortisation of intangible assets	85	85
Auditor's remuneration for audit services	1,121	1,045
Other operating lease charges for land and buildings (included contingent rentals of HK$6,113,000 (2013: HK$5,492,000))	67,617	81,938
Charge for inventories allowances	25,244	15,071
Direct operating expenses of investment properties that generate rental income	144	129
Gains from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	(2,657)	(2,285)
Fair value gains, net	(40,990)	(268)
Gains on disposal, net	(8,425)	(2,007)
	(52,072)	(4,560)
Designated as such upon initial recognition		
Interest income	—	(9,445)
Fair value gains, net	(13,600)	(6,576)
Loss on redemption	—	4,758
	(13,600)	(11,263)
Fair value losses/(gains) on investment properties, net	(500)	500
Gain on disposal of available-for-sales debt investments, net*	(360)	(1,043)
Gain on disposal of available-for-sales equity investments*	(17,513)	(35,315)
Loss on disposal of property, plant and equipment*	358	3
Employee benefits expense (including directors' emoluments *(note 14)*):		
Salaries, wages and other benefits	81,827	80,988
Pension scheme contributions under defined contribution schemes	3,882	3,619
	85,709	84,607
Amortisation of deferred revenue	(13)	(37)
Write-back of accrued payables*	—	(1,778)
Rental income	(913)	(900)
Foreign exchange losses/(gains), net*	1,838	(6,118)
Impairment of trade receivables, net	30	30
Deficits write-back on revaluation of resort and recreational club properties	(2,633)	(1,063)
Gain on disposal of a business*	—	(1,723)

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

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

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) **The emoluments of each director, including the Chief Executive, were as follows:**

	Fees *HK$'000*	Salaries allowances and benefits in kind *HK$'000*	Performance related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:					
Mr. Joseph Wing Kong LEUNG *(note i)*	120	1,680	100	–	1,900
Mr. Raymond Siu Wing CHAN *(note ii)*	60	2,109	100	17	2,286
Mr. Victor Yiu Keung CHIANG	60	1,992	100	17	2,169
Mr. Derek Wai Choi LEUNG	60	488	100	12	660
Mr. Wing Tung YEUNG	60	2,346	100	17	2,523
Independent non-executive directors *(note iii):*					
Dr. Jen CHEN	95	–	–	–	95
Mr. David Kwok Kwei LO	85	–	–	–	85
Mr. Ian Grant ROBINSON	285	–	–	–	285
Mr. Chi Keung WONG	105	–	–	–	105
Total for 2014	930	8,615	500	63	10,108

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) The emoluments of each director, including the Chief Executive, were as follows: (continued)

	Fees	Salaries allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:					
Mr. Joseph Wing Kong LEUNG *(note i)*	120	1,599	100	–	1,819
Mr. Raymond Siu Wing CHAN	60	2,095	100	15	2,270
Mr. Victor Yiu Keung CHIANG	60	1,904	100	15	2,079
Mr. Derek Wai Choi LEUNG	60	–	100	–	160
Mr. Wing Tung YEUNG	60	2,247	100	15	2,422
Independent non-executive directors *(note iii):*					
Dr. Jen CHEN	95	–	–	–	95
Mr. David Kwok Kwei LO	85	–	–	–	85
Mr. Ian Grant ROBINSON	290	–	–	–	290
Mr. Chi Keung WONG	110	–	–	–	110
Total for 2013	940	7,845	500	45	9,330

Note:

(i) Chairman and Acting Chief Executive officer

(ii) Resigned on 1 January 2015

(iii) In addition to the annual fee, Independent Non-executive Directors are entitled to an attendance fee of HK$5,000 for attending each physical Board meeting or committee meeting or general meeting of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals:

The five highest paid individuals in the Group during the year included four (2013: four) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining one (2013: one) individuals are set out below:

	2014	2013
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,460**	2,460
Performance related bonuses	**51**	62
Pension scheme contributions	**—**	—
	2,511	2,522

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
HK$2,500,001 to HK$3,000,000	**1**	1

No share options or any other forms of share-based payments were granted to the directors and highest paid individuals during the year (2013: Nil).

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(c) Emoluments of senior management

The emoluments of the senior management, whose profiles, if applicable, are included in Senior Management Profile section of 2014 and 2013 annual report of the Company and included one (2013: one) of the five highest paid individuals analysis presented above, fell within the following bands:

	Number of individuals	
	2014	2013
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**—**	—
HK$2,500,001 to HK$3,000,000	**1**	1
	6	6

15. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit for the year of approximately HK$58,363,0000 (2013: loss of HK$8,670,000) attributable to owners of the Company was dealt with in the financial statements of the Company.

16. EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

17. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Resort and recreational club properties *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost or valuation:					
At 1 January 2013	79,800	7,838	68,180	2,957	158,775
Additions	9	–	17,564	592	18,165
Disposals	–	(451)	(5,716)	–	(6,167)
Deficits write-back on revaluation	1,063	–	–	–	1,063
Elimination of accumulated depreciation	(3,272)	–	–	–	(3,272)
Transfer to disposal group held for sale	–	–	(17)	–	(17)
Disposal of a business	–	–	(5,870)	–	(5,870)
Exchange realignment	–	13	402	7	422
At 31 December 2013 and 1 January 2014	**77,600**	**7,400**	**74,543**	**3,556**	**163,099**
Additions	**–**	**–**	**2,077**	**–**	**2,077**
Disposals	**–**	**–**	**(1,139)**	**(849)**	**(1,988)**
Deficits write-back on revaluation	**2,633**	**–**	**–**	**–**	**2,633**
Elimination of accumulated depreciation	**(2,933)**	**–**	**–**	**–**	**(2,933)**
Exchange realignment	**–**	**–**	**(588)**	**(7)**	**(595)**
At 31 December 2014	**77,300**	**7,400**	**74,893**	**2,700**	**162,293**

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group				
	Resort and recreational club properties HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Accumulated depreciation and impairment:					
At 1 January 2013	–	6,640	43,362	2,923	52,925
Depreciation provided during the year	3,272	769	16,011	36	20,088
Write-back on revaluation	(3,272)	–	–	–	(3,272)
Disposals	–	(451)	(5,713)	–	(6,164)
Transfer to disposal group held for sale	–	–	(7)	–	(7)
Disposal of a business	–	–	(1,433)	–	(1,433)
Exchange realignment	–	13	174	6	193
At 31 December 2013 and 1 January 2014	–	6,971	52,394	2,965	62,330
Depreciation provided during the year	2,933	149	15,712	127	18,921
Write-back on revaluation	(2,933)	–	–	–	(2,933)
Disposals	–	–	(753)	(849)	(1,602)
Exchange realignment	–	–	(288)	(6)	(294)
At 31 December 2014	–	7,120	67,065	2,237	76,422
Net carrying amount:					
At 31 December 2014	77,300	280	7,828	463	85,871
At 31 December 2013	77,600	429	22,149	591	100,769

The analysis of the cost or valuation at 31 December 2014 of the above assets is as follows:

At cost	–	7,400	74,893	2,700	84,993
At valuation	77,300	–	–	–	77,300
	77,300	7,400	74,893	2,700	162,293

The analysis of the cost or valuation at 31 December 2013 of the above assets is as follows:

At cost	–	7,400	74,543	3,556	85,499
At valuation	77,600	–	–	–	77,600
	77,600	7,400	74,543	3,556	163,099

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's resort and recreational club properties were revalued at 31 December 2014 and 2013 by independent professional qualified valuers, DTZ Debenham Tie Leung Limited ("DTZ"), based on open market and existing use basis.

The carrying amounts of the Group's resort and recreational club properties would have been HK$29,441,000 (2013: HK$30,347,000) had they been stated at cost less accumulated depreciation and impairment losses.

The Group's resort and recreational club properties are situated in Hong Kong and are held under medium term leases.

	Company		
	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
Cost:			
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	**7,401**	**1,242**	**8,643**
Accumulated depreciation and impairment:			
At 1 January 2013	6,203	983	7,186
Depreciation provided during the year	769	135	904
At 31 December 2013 and 1 January 2014	**6,972**	**1,118**	**8,090**
Depreciation provided during the year	**148**	**120**	**268**
At 31 December 2014	**7,120**	**1,238**	**8,358**
Net carrying amount:			
At 31 December 2014	**281**	**4**	**285**
At 31 December 2013	429	124	553

18. INVESTMENT PROPERTIES

	Group	
	2014	2013
	HK$'000	*HK$'000*
At 1 January	**29,000**	100,000
Fair value gains/(losses), net	**3,000**	(500)
Transfer to disposal group held for sale	**—**	(72,800)
Exchange realignment	**—**	2,300
At 31 December	**32,000**	29,000

At 31 December 2014, the Group's investment properties comprised industrial property units situated in Hong Kong of HK32,000,000 (2013: HK$29,000,000). The Group's industrial property units are held to earn rental income and capital appreciation and are held under medium term leases.

As at 31 December 2013, the Group classified the resort and recreational club properties situated in Mainland China of HK$72,800,000 as disposal group held for sale. The resort and recreational club properties situated in Mainland China are owned by a subsidiary of the Group, Shanghai Hilltop, and are held for lease to an associate of the Group, Shanghai Landis, under an operating lease arrangement for resort and recreational club operations. During the year 2014, the Group disposed entire interest in Shanghai Hilltop together with the resort and recreational club properties situated in Mainland China. Details are disclosed in note 10 to the consolidated financial statements

The Group's investment properties were revalued individually at 31 December 2014 and 2013 by independent professional qualified valuers, DTZ. Valuation of industrial property and resort situated in Hong Kong and recreational club properties situated in Mainland China were based on direct comparison method.

	Company	
	2014	2013
	HK$'000	*HK$'000*
At 1 January	**106,600**	104,200
Fair value gains, net	**2,700**	2,400
At 31 December	**109,300**	106,600

At 31 December 2014, the Company's investment properties comprised industrial property units of HK$32,000,000 (2013: HK$29,000,000) and resort and recreational club properties of HK$77,300,000 (2013: HK$77,600,000) which are situated in Hong Kong. These properties are held under medium term leases.

18. INVESTMENT PROPERTIES (CONTINUED)

The Company's industrial property units are held to earn rental income and capital appreciation purpose whereas its resort and recreational club properties are leased to its wholly owned subsidiary, Hill Top Country Club Limited, for resort and recreational club operations.

The Company's investment properties were revalued individually at 31 December 2014 and 2013 by independent professional qualified valuers, DTZ. Valuations were based on direct comparison method for all properties except for the resort and recreational club properties situated in Hong Kong, which were valued based on open market, existing use basis.

Further particulars of the Group's investment properties are included on page 110.

19. INTANGIBLE ASSETS

	Group Trademarks *HK$'000*
Cost:	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	**1,700**
Accumulated amortisation:	
At 1 January 2013	234
Amortisation for the year	85
At 31 December 2013 and 1 January 2014	**319**
Amortisation for the year	**85**
At 31 December 2014	**404**
Net carrying amount:	
At 31 December 2014	**1,296**
At 31 December 2013	1,381

The Group's trademarks protect the design and specification of the Group's products. The average remaining amortisation period of the trademarks is approximately 15 years (2013: 16 years).

20. INTERESTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	*HK$'000*
Unlisted shares, at cost	**12,700**	12,700
Due from subsidiaries	**1,041,890**	913,604
	1,054,590	926,304
Provision for impairment	**(528,865)**	(526,385)
	525,725	399,919

Non-current portion of the amounts due from subsidiaries are unsecured, interest-free and not due for settlement within one year.

The amount due from a subsidiary which is classified as current assets is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operation	Issued ordinary share/ paid up registered capital	Percentage of ownership attributable to the Company		Principal activities
			Direct	Indirect	
Cesare di Pino Company Limited	Hong Kong	HK$10,000	–	100	Retail and wholesale of fashion wear and accessories
Cesare di Pino (Beijing) Limited (帝奇諾(北京)時裝有限公司)*#	PRC/Mainland China	US$1,400,000	–	100	Retail and wholesale of fashion wear and accessories
Cosy Good Limited	British Virgin Islands/Hong Kong	US$1	–	100	Investment holding
e-Media (Asia) Limited	Cayman Islands/Hong Kong	US$1	100	–	Investment holding
ENM Investments Limited	Cayman Islands/Hong Kong	US$1	100	–	Investment holding
ENM Wealth Management Limited	British Virgin Islands/Hong Kong	US$1	100	–	Investment holding and securities trading
Hill Top Country Club Limited	Hong Kong	HK$10,000,000	100	–	Recreational club operations
Kenmure Limited	Hong Kong	HK$67,873,650	–	100	Investment holding
Richtime Management Limited	British Virgin Islands/Hong Kong	US$1	–	100	Investment holding

20. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and operation	Issued ordinary share/ paid up registered capital	Percentage of ownership attributable to the Company		Principal activities
			Direct	Indirect	
The Swank Shop (Beijing) Limited (安寧詩韻(北京)時裝有限公司) *#	PRC/Mainland China	US$4,000,000	–	100	Retail and wholesale of fashion wear and accessories
The Swank Shop Limited	Hong Kong	HK$104,500,000	–	100	Retail and wholesale of fashion wear and accessories
Wintalent International Limited	British Virgin Islands/Hong Kong	US$1	–	100	Investment holding

* Registered as a wholly-foreign-owned enterprise established in the PRC

\# The English names are direct translations of the Chinese names of the entities

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

21. INTEREST IN AN ASSOCIATE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Unlisted investment:		
Share of net assets	**1,558**	1,033
Due from an associate	**15,272**	20,498
	16,830	21,531

As at 31 December 2014, amount due from an associate with principal amount of HK$15,043,000 (2013: HK$20,090,000) is unsecured, bearing interest at 3.5% per annum and not due for settlement within one year. Other than the above, the amount due from associate is unsecured, interest free & have no fixed term of repayment.

21. INTEREST IN AN ASSOCIATE (CONTINUED)

Particulars of the associate are as follows:

Name	Issued ordinary share capital	Place of registration	Percentage of ownership interest attributable to the Group		Principal activities
			2014	2013	
Brunello Cucinelli Hong Kong Limited ("BCHK")	HK$2,000,000	Hong Kong	49	49	Retail and wholesale of fashion wear and accessories

The following table shows information of the associate that is material to the Group. The associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information of the associate is presented in accordance with the Group's accounting policy.

Name	Brunello Cucinelli Hong Kong Limited	
	2014	2013
	HK$'000	*HK$'000*
At 31 December:		
Non-current assets	11,168	3,589
Current assets	34,450	48,748
Current liabilities	(41,338)	(50,228)
Non-current liabilities	(1,100)	—
Net assets	3,180	2,109
Group's share of net assets	1,558	1,033
Amount due from an associate	15,272	20,498
Group's share of carrying amount of interests	16,830	21,531
Year ended 31 December		
Revenue	81,156	27,054
Profit and total comprehensive income for the year	1,071	4,304

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed investments, at fair value *(note a):*				
Hong Kong	**187,412**	162,996	**156,193**	143,980
Outside Hong Kong	**27,423**	19,620	**3,222**	14,086
Market value of listed investments	**214,835**	182,616	**159,415**	158,066
Unlisted investments, at fair value:				
Equity investment *(note b)*	**87,600**	34,000	**—**	—
Others *(note c)*	**25,402**	21,570	**—**	5,945
	113,002	55,570	**—**	5,945
	327,837	238,186	**159,415**	164,011
Analysed as:				
Current assets	**240,237**	204,186	**159,415**	164,011
Non-current assets	**87,600**	34,000	**—**	—
	327,837	238,186	**159,415**	164,011

The carrying amounts of the above financial assets are classified as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Held for trading	**240,237**	204,186	**159,415**	164,011
Designated as at fair value through profit or loss on initial recognition	**87,600**	34,000	**—**	—
	327,837	238,186	**159,415**	164,011

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Notes:

(a) The listed investments at 31 December 2014 and 2013 were classified as held for trading. The fair values of listed investments are based on quoted market prices. The listed investments offer the Group the opportunity for return through dividend income, coupon interest and fair value gains.

At 31 December 2014, the carrying amount of listed investments at fair value amounting to HK$Nil (2013: HK$1,596,000) was pledged as security for the Group's bank loans.

As at 31 December 2014 and 2013, the above listed investments included the ordinary shares of China Motor Bus Company, Limited, a company incorporated in Hong Kong, as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Market value of ordinary shares of China Motor Bus Company, Limited	**142,923**	117,364	**142,923**	117,364
Proportion of ownership interest	**3.46%**	3.96%	**3.46%**	3.96%

(b) In 2013, pursuant to the share purchase agreement dated 13 June 2013 and a supplemental agreement dated 7 August 2013 entered into between the Group, Fullgold Development Limited ("FDL"), PuraPharm Corporation Limited ("PuraPharm") and Mr. CHAN Yu Ling Abraham ("Mr. Abraham Chan") (who is the controlling shareholders of PuraPharm), the Group acquired from FDL 5% equity interest in PuraPharm (the "Sales Shares") at a total consideration of US$3,524,962 (equivalent to approximately HK$27,424,000).

In 2014, pursuant to the subscription and share purchase agreement dated 31 December 2014 entered into between the Group, FDL, PuraPharm and Mr. Abraham Chan, the Group subscribed 4% equity interest in PuraPharm through allotment of share capital of PuraPharm and further acquired 1.33% equity interest from FDL at a total consideration of HK$40,000,000.

PuraPharm and its subsidiaries engage in the research and development, manufacturing and sale of Chinese medicines products and health supplement products, as well as the operation of Chinese medicine clinics, dispensaries of Chinese medicines and Chinese herbal plantation. Subject to certain conditions, the Group may require FDL to repurchase the Sales Shares; and FDL may repurchase the Sales Shares at an agreed redemption/repurchase price. Further details of the above were set out in the Company's announcements dated 13 June 2013, 7 August 2013 and 31 December 2014.

The investment in PuraPharm was designated as financial assets at fair value through profit or loss.

The fair value of the investment in PuraPharm was determined with reference to the valuation performed by Crowe Horwath (HK) Consulting Valuation Limited (2013: CBRE HK Limited), a firm of independent professional qualified valuers, using the binomial model. The key inputs and assumptions used in the valuation model are disclosed in note 6 to the consolidated financial statements.

(c) Other unlisted investments at 31 December 2014 and 2013 included debt and fund investments and were classified as held for trading. The fair values of the unlisted investments are based on the price quoted by the issuer/bank. The directors believe that the estimated fair value quoted by the issuer/bank is reasonable, and that it is the most appropriate value at the end of the reporting period.

23. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Group	
	2014	2013
	HK$'000	*HK$'000*
Equity investment listed outside Hong Kong, at fair value	**103,818**	85,222

The listed equity investment as at 31 December 2014 and 2013 represents an investment in Genovate Biotechnology Company Limited ("Genovate"), which is a fully integrated specialty pharmaceutical company that focuses on new drug development, drug manufacturing, drug marketing and distribution in Taiwan and the region.

The fair value of investment in Genovate as at 31 December 2014 and 2013 was based on quoted market price.

24. AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTES RECEIVABLES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Listed senior notes*, at fair value:		
Market value of listed senior notes		
– Current assets	**6,341**	–
– Non-current assets	**118,825**	79,501
	125,166	79,501

* Listed as selectively marketed securities on The Stock Exchange of Hong Kong Limited and The Singapore Exchange Securities Trading Limited.

At 31 December 2014, the Group held listed senior notes with an aggregate principal amount of US$16,470,000 (equivalent to HK$128,137,000) (2013: US$10,115,000 (equivalent to HK$78,695,000)), which were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited. The fair value of the listed senior notes is based on quoted market prices. The senior notes have maturity dates ranging from 16 February 2015 to 31 January 2023 (2013: 16 February 2015 to 20 September 2022).

Interest income from the listed senior notes is recognised based on effective interest rates ranging from 3.3% to 10.85% (2013: 3.3% to 12.45%).

24. AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTES RECEIVABLES (CONTINUED)

	Company	
	2014	2013
	HK$'000	*HK$'000*
Listed senior notes*, at fair value:		
Market value of listed senior notes		
– Non-current assets	**10,671**	4,699

* Listed as selectively marketed securities on The Stock Exchange of Hong Kong Limited and The Singapore Exchange Securities Trading Limited.

At 31 December 2014, the Company held listed senior notes with an aggregate principal amount of US$1,525,000 (equivalent to HK$11,865,000) (2013: US$570,000 (equivalent to HK$4,435,000)), which were mainly issued/guaranteed by companies listed on The Stock Exchange of Hong Kong Limited. The fair value of the listed senior notes is based on quoted market prices. The senior notes have maturity dates ranging from 29 January 2018 to 28 February 2020 (2013: 22 April 2017 to 29 January 2018).

Interest income from the listed senior notes is recognised based on effective interest rates ranging from 6.25% to 10.85% (2013: 6.25% to 12.45%).

25. INVENTORIES

As at 31 December 2014 and 2013, all of the Group's inventories represented finished goods.

26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**3,733**	5,005	**—**	—
Less: Impairment of trade receivables	**(370)**	(351)	**—**	—
	3,363	4,654	**—**	—
Rental and other deposits	**22,992**	26,309	**1,090**	1,090
Prepayments and other receivables	**18,402**	23,602	**5,173**	15,113
	44,757	54,565	**6,263**	16,203

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:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**2,314**	3,530
2 to 3 months	**1,042**	1,110
Over 3 months	**7**	14
	3,363	4,654

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

Reconciliation of impairment of trade receivables:

	Group	
	2014 HK$'000	2013 HK$'000
At 1 January	351	321
Amount written off as uncollectible	(11)	—
Impairment losses recognised, net	30	30
At 31 December	370	351

As at 31 December 2014, trade receivables of HK$393,000 (2013: HK$477,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An ageing analysis of these trade receivables is as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Less than 1 month past due	291	443
1 to 3 months past due	99	27
Over 3 months past due	3	7
	393	477

Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	Group	
	2014 HK$'000	2013 HK$'000
Hong Kong dollars	1,735	2,459
Renminbi	1,628	2,195
	3,363	4,654

27. PLEDGED BANK DEPOSITS/TIME DEPOSITS/CASH AND BANK BALANCES

The Group's and the Company's pledged bank deposits were deposits pledged to banks to secure banking facilities granted to the Group as set out in note 29 to the consolidated financial statements.

Pledged bank deposits, time deposits and cash and bank balances are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong dollars	**62,775**	145,279	**37,554**	120,205
US dollars	**236,122**	163,057	**212,683**	140,711
Renminbi*	**139,481**	140,006	**132,983**	127,779
New Taiwan dollars	**156**	10,436	**—**	—
Others	**608**	1,315	**9**	10
	439,142	460,093	**383,229**	388,705

* Conversion of RMB into foreign currencies by the Company's subsidiaries in the PRC is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

28. TRADE AND OTHER PAYABLES

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**10,090**	11,857
2 to 3 months	**1,988**	1,884
Over 3 months	**—**	421
	12,078	14,162

28. TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2014 *HK$'000*	2013 *HK$'000*
Hong Kong dollars	635	1,355
US dollars	371	323
Euro dollars	10,997	12,457
Others	75	27
Total	12,078	14,162

29. INTEREST-BEARING BANK BORROWINGS

	Group	
	2014 *HK$'000*	2013 *HK$'000*
Bank loans	12,281	19,560

The interest-bearing bank borrowings of the Group are repayable within one year.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Hong Kong dollars *HK$'000*	Japanese Yen *HK$'000*	Total *HK$'000*
2014			
Bank loans	12,281	–	12,281
2013			
Bank loans	18,059	1,501	19,560

The effective interest rates at 31 December were as follows:

	2014	2013
Bank loans	2.31% to 5.25%	0.85% to 5.25%

Bank loans of HK$3,870,000 (2013: HK$8,256,000) are secured by a charge over the Group's time deposits of HK$10,000,000 (2013: HK$10,000,000) and listed equity investments of HK$ Nil (2013: HK$1,596,000). The remaining balance is unsecured.

30. DEBENTURES

Each debenture holder is entitled to be a debenture member of the Hilltop Country Club (the "Club") operated by a subsidiary of the Company, Hill Top Country Club Limited, subject to the rules and by-laws of the Club so long as the debentures shall remain outstanding, and has the right to use and enjoy all the facilities of the Club free from payment of monthly subscription. As at 31 December 2014, the redeemable periods of the Group's debentures carried at amortised cost were as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within one year classified as current liabilities	**120**	624
In the second year	**712**	119
In the third to fifth years, inclusive	**1,138**	1,677
Non-current portion	**1,850**	1,796
	1,970	2,420

All redeemable debentures are denominated in Hong Kong dollars, interest-free and may be renewed upon maturity.

31. DEFERRED TAX

The following are deferred tax liabilities and assets recognised by the Group:

	Group		
	Depreciation allowance in excess of related depreciation	**Losses available for offsetting against future taxable profits**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 January 2013	3,538	(3,538)	—
Deferred tax charged/(credited) to the profit/loss for the year	132	(132)	—
At 31 December 2013 and at 1 January 2014	**3,670**	**(3,670)**	**—**
Deferred tax charged/(credited) to the profit/loss for the year	**24**	**(24)**	**—**
At 31 December 2014	**3,694**	**(3,694)**	**—**

31. DEFERRED TAX (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of HK$618,040,000 (2013: HK$587,976,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$22,386,000 (2013: HK$22,240,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$595,654,000 (2013: HK$565,736,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$56,595,000 (2013: HK$21,103,000) with a time limit of five years from the year the losses were incurred. Other tax losses may be carried forward indefinitely.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2009 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. The tax rate applicable to the Group is 5%. The Group is therefore liable to withholding taxes on any dividends distributed by its subsidiaries established in the PRC in respect of earnings generated from 1 January 2009.

At the end of the reporting period, the Group’s subsidiaries established in Mainland China have no undistributed earnings and accordingly no deferred tax liabilities were recognised in respect of this.

32. SHARE CAPITAL

	Note	2014 Number of ordinary shares '000	2014 Amount HK$'000	2013 Number of ordinary shares '000	2013 Amount HK$'000
Authorised:	(b)				
100,000,000,000 ordinary shares of HK$0.01 each	(c)	**N/A**	**N/A**	100,000,000	1,000,000
Ordinary shares, issued and fully paid:					
At 1 January		**1,650,659**	**16,507**	1,650,659	16,507
Transfer upon transition to no-par value regime on 3 March 2014	(d)	**—**	**1,190,199**	–	–
At 31 December		**1,650,659**	**1,206,706**	1,650,659	16,507

32. SHARE CAPITAL (CONTINUED)

Notes:

(a) A capital reorganisation scheme was approved by the shareholders at an extraordinary general meeting on 11 July 2002 and was subsequently confirmed by the sanction of an order of the High Court of Hong Kong dated 6 August 2002. Details of the capital reorganisation scheme are as follows:

(1) the authorised share capital of the Company was reduced from HK$1,000,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.50 each) to HK$20,000,000 (divided into 2,000,000,000 ordinary shares of HK$0.01 each). Such reduction was effected by cancelling the paid-up capital per share by HK$0.49 on each of the 1,650,658,676 ordinary shares in issue on 6 August 2002, being the date on which the court petition was heard, and by reducing the nominal value of all the issued and unissued ordinary shares of the Company from HK$0.50 to HK$0.01 per ordinary share; and

(2) upon such reduction of capital taking effect:

(i) the authorised share capital of the Company was increased to its former amount of HK$1,000,000,000 by the creation of additional 98,000,000,000 ordinary shares of HK$0.01 each; and

(ii) a special reserve was created and credited with an amount equal to the credit arising from the said reduction of capital as detailed in (1) above, which amounted to HK$808,822,751. Such reserve shall not be treated as realised profit and shall, for as long as the Company shall remain a listed company, be treated as an undistributable reserve. However, the special reserve may be reduced by the aggregate of any increase in the issued capital or in the share premium account of the Company resulting from an issue of shares for cash or other new consideration or upon a capitalisation of distributable reserves.

(b) Pursuant to the new Hong Kong Companies Ordinance (Cap. 622) which became effective on 3 March 2014, the concept of authorised share capital was abolished.

(c) In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the concept of par (or nominal) value for all shares in Hong Kong incorporated companies was abolished. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

(d) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the balances of the share premium account and capital redemption reserve amounting to HK$1,189,721,000 and HK$478,000 respectively have been transferred to the issued capital.

32. SHARE CAPITAL (CONTINUED)

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements except for (i) the requirement to maintain a public float of at least 25% of the shares under the Listing Rules; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group demonstrates continuing compliance of the non-public float with the 25% limit throughout the year.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is the total borrowings divided by the total equity attributable to equity holders of the Company. The Group's policy is to maintain a low level of debt and a gearing ratio not higher than 20%. The total borrowings include interest-bearing bank borrowings and debentures. The gearing ratios as at the end of the reporting period was as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Interest-bearing bank borrowings	**12,281**	19,560
Debentures	**1,970**	2,420
Total borrowings	**14,251**	21,980
Owners' equity	**1,193,307**	1,156,588
Gearing ratio	**1.2%**	1.9%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity on pages 35 and 39 of the consolidated financial statements respectively.

(b) Company

	Share premium account *HK$'000*	Capital redemption reserve *HK$'000*	Special reserve *HK$'000*	Available-for-sale investment revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2013	1,189,721	478	808,822	1,353	(871,539)	1,128,835
Fair value changes of available-for-sale debt investments	–	–	–	(397)	–	(397)
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	–	–	–	(722)	–	(722)
Loss for the year	–	–	–	–	(8,670)	(8,670)
At 31 December 2013 and 1 January 2014	**1,189,721**	**478**	**808,822**	**234**	**(880,209)**	**1,119,046**
Transfer upon transition to no-par value regime *(Note 32(d))*	**(1,189,721)**	**(478)**	**–**	**–**	**–**	**(1,190,199)**
Fair value changes of available-for-sale debt investments	**–**	**–**	**–**	**(1,305)**	**–**	**(1,305)**
Reclassification of revaluation reserve to profit or loss upon disposal of available-for-sale debt investments	**–**	**–**	**–**	**(188)**	**–**	**(188)**
Profit for the year	**–**	**–**	**–**	**–**	**58,363**	**58,363**
At 31 December 2014	**–**	**–**	**808,822**	**(1,259)**	**(821,846)**	**(14,283)**

33. RESERVES (CONTINUED)

(c) Nature and purpose of reserves

(i) Share premium account and capital redemption reserve

Prior to 3 March 2014, the application of the share premium account and capital redemption reserve were governed by section 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). 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 any amount standing to the credit of the share premium account and capital redemption reserve have become part of the Company's share capital. The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

(ii) Special reserve

The special reserve arose as a result of the Company's reorganisation in 2002 in the application of the predecessor Hong Kong Companies Ordinance (Cap.32). Nature and purpose of the special reserve are set out in note 32(a)(2)(ii) to the consolidated financial statements.

(iii) Available-for-sale investment revaluation reserve

The available-for-sale investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3(k)(ii) to the consolidated financial statements.

(iv) Exchange fluctuation reserve

The reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(d) to the consolidated financial statements.

34. CONTINGENT LIABILITIES

At 31 December 2014, the Group and the Company had the following significant contingent liabilities:

(a) The Company/Group conducted legal proceedings as the appellant at the Appeal Tribunal (Buildings) issued against the Hong Kong Building Authority ("the Building Authority") as the respondent, to appeal against building orders imposed by the Building Authority, which involves disputes on the remedial/maintenance responsibility of certain slope features in the vicinity of the Company/Group's resort and recreational club properties. By the decision made by the Appeal Tribunal (Buildings) on 17 September 2013 (the "Appeal Tribunal Decision"), the building orders imposed by the Building Authority should be withdrawn and/or amended with immediate effect. According to the Appeal Tribunal Decision, the remedial/maintenance obligation of the Company/Group is limited to certain parts of the subject slope features. The management estimated that the costs of remedial/maintenance work of such area of the slope features would not be significant.

On 9 January 2014, the Building Authority was granted by High Court for a Judicial Review against the Appeal Tribunal Decision. Up to the date of these consolidated financial statements, the Judicial Review is ongoing and there is no ruling made by the High Court regarding the Appeal Tribunal Decision.

The management, after taking legal advice from the lawyer, considered that it is pre-mature to assess the probability of a favorable or unfavorable outcome of the Judicial Review. Accordingly, no provision has been made for any claims or costs of remedial/maintenance works arising from the proceedings, other than the related legal and other costs.

(b) At the end of the reporting period, the Company has issued the following guarantees:

(i) corporate guarantees to banks executed as part of the securities for general banking facilities granted to certain subsidiaries of the Company to the extent of HK$50,000,000 (2013: HK$50,000,000).

(ii) an unlimited guarantee to a bank executed as part of the securities for general banking facilities with a total limit of HK$30,000,000 (2013: HK$30,000,000) granted to a subsidiary of the Company.

At the end of the reporting period, the directors do not consider it is probable that a claim will be made against the Company under the above guarantees. The maximum liability of the Company at the end of the reporting period under guarantee (i) and (ii) are the outstanding amount of the general banking facilities drawn by the subsidiaries at that date of HK$10,711,000 (2013: HK$15,408,000) and HK$6,958,000 (2013: HK$6,596,000) respectively.

The fair value of the guarantees at the date of inception is not material and is not recognised in the financial statements.

35. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 December 2014, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**57,455**	46,078	**2,956**	2,956
In the second to fifth years, inclusive	**43,578**	35,810	**–**	2,956
	101,033	81,888	**2,956**	5,912

The operating lease payments of certain retail shops are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to compute the above commitments.

36. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Renovation of leased properties	**–**	1,037

37. RELATED/CONNECTED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Note	Group 2014 HK$'000	Group 2013 HK$'000
Rental expenses, building management fees and air-conditioning charges paid to related companies	(i)	**4,822**	4,985
Disposal of the "Brunello Cucinelli" branded retail business in Hong Kong to an associate		**–**	29,619
Purchase of fashion wear and accessories from an associate		**1,363**	439
Management fee received/receivable from an associate		**2,435**	650
Loan interest received/receivable from an associate		**702**	185

Note:

(i) The rental expenses, building management fees and air-conditioning charges paid to related companies controlled by a substantial shareholder of the Company were charged in accordance with the terms of the relevant agreements.

(b) Compensation of key management personnel of the Group:

	2014 HK$'000	2013 HK$'000
Short term employee benefits	**18,510**	17,380
Pension scheme contributions	**141**	116
Total compensation paid to key management personnel	**18,651**	17,496

Further details of directors' and employees' emoluments are included in note 14 to the consolidated financial statements.

The related party transactions in respect of item (a)(i) above constitute continuing connected transactions, as defined in Chapter 14A of the Listing Rules, further details of which are included in the Report of the Directors on pages 17 and 18.

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 20 March 2015.

PARTICULARS OF PROPERTIES

31 December 2014

INVESTMENT PROPERTIES OF THE GROUP HELD FOR INVESTMENT

Location	Use	Tenure	Attributable interest of the Group
Fourth and Fifth Floors, Roof and Parking Space Nos. 3 and 5, Wai Hing Factory Building, 37-41 Lam Tin Street, Kwai Chung, New Territories, Hong Kong	Industrial	Medium term lease	100%

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**275,385**	331,399	337,241	333,485	289,058
PROFIT FROM OPERATING ACTIVITIES	**29,225**	22,216	25,439	39,283	47,755
Finance costs	**(861)**	(821)	(750)	(865)	(1,133)
Share of profits and losses of associates	**525**	2,109	(1,976)	(2,197)	1,390
PROFIT BEFORE TAX	**28,889**	23,504	22,713	36,221	48,012
Tax	**—**	—	—	—	—
PROFIT FOR THE YEAR	**28,889**	23,504	22,713	36,221	48,012
Attributable to:					
Equity holders of the Company	**29,001**	24,217	22,770	36,253	48,051
Non-controlling interests	**(112)**	(713)	(57)	(32)	(39)
	28,889	23,504	22,713	36,221	48,012

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**1,243,121**	1,233,623	1,278,446	1,116,467	1,086,798
TOTAL LIABILITIES	**(49,750)**	(76,831)	(83,570)	(54,824)	(76,652)
NON-CONTROLLING INTERESTS	**(64)**	(204)	(866)	(909)	(867)
	1,193,307	1,156,588	1,194,010	1,060,734	1,009,279

CORPORATE INFORMATION

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Joseph Wing Kong LEUNG
(Chairman and Acting Chief Executive Officer)
Victor Yiu Keung CHIANG
Derek Wai Choi LEUNG
Wing Tung YEUNG

INDEPENDENT NON-EXECUTIVE DIRECTORS

Jen CHEN
David Kwok Kwei LO
Ian Grant ROBINSON
Chi Keung WONG

COMPANY SECRETARY

Pui Man CHENG

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