



安寧控股有限公司
ENM Holdings Limited

(Stock Code: 0128)



2009
Interim Report

INDEPENDENT REVIEW REPORT**RSM Nelson Wheeler**

中瑞岳華(香港)會計師事務所

Certified Public Accountants

**TO THE BOARD OF DIRECTORS OF
ENM HOLDINGS LIMITED***(Incorporated in Hong Kong with limited liability)***INTRODUCTION**

We have reviewed the interim financial information set out on pages 2 to 18 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2009 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

21 September 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June	
	Note	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Revenue		100,790	118,144
Cost of sales		(42,156)	(49,161)
Gross profit		58,634	68,983
Other income		2,289	2,928
Selling and distribution costs		(42,669)	(40,105)
Administrative expenses		(34,583)	(32,357)
Other operating income/(expenses), net		37,218	(17,359)
Profit/(loss) from operations		20,889	(17,910)
Excess of net assets acquired over cost on acquisition of an additional interest in a subsidiary		—	6,688
Gain on partial disposal of an interest in an associate		—	9,278
Fair value gains on investment properties		—	1,800
Write back of deficits/(deficits) on revaluation of resort and recreational club properties		(202)	512
Finance costs	4	(385)	(366)
Share of losses of associates		(1,276)	(2,201)
Profit/(loss) before tax		19,026	(2,199)
Income tax credit	5	—	4,413
Profit for the period	6	19,026	2,214
Attributable to:			
Owners of the Company		19,034	2,279
Minority interests		(8)	(65)
		19,026	2,214
Earnings per share	7		
Basic		1.15 cents	0.14 cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
Note	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Profit for the period	19,026	2,214
Other comprehensive income:		
Exchange differences on translating foreign operations	87	1,996
Fair value changes of available-for-sale investments	3,426	—
Revaluation reserve released upon disposal of available-for-sale debt investments	(1,469)	—
Gains/(losses) on property revaluation	(2,659)	3,461
Other comprehensive income for the period, net of tax	(615)	5,457
Total comprehensive income for the period	18,411	7,671
Attributable to:		
Owners of the Company	18,419	7,624
Minority interests	(8)	47
	18,411	7,671

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2009

	Note	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	81,188	80,864
Investment properties		95,700	95,700
Prepaid land premiums		2,868	2,909
Interests in associates		20,070	20,683
Available-for-sale equity investments	10	39,420	39,434
Available-for-sale debt investments - convertible bonds	11	22,292	24,746
Held-to-maturity investments		—	13,578
		261,538	277,914
Current assets			
Inventories		51,203	44,676
Trade receivables	12	1,796	2,604
Prepayments, deposits and other receivables		30,778	34,014
Prepaid land premiums		77	77
Financial assets at fair value through profit or loss	13	132,729	102,707
Option derivatives - convertible bonds	11	3,913	2,812
Pledged deposits		10,342	342
Time deposits		435,923	475,622
Cash and bank balances		50,080	28,810
		716,841	691,664
Current liabilities			
Trade and other payables	14	28,864	31,172
Interest-bearing bank and other borrowings		1,441	7,317
Current portion of debentures	15	348	402
Other loans		5,427	5,427
		36,080	44,318
Net current assets		680,761	647,346
Total assets less current liabilities		942,299	925,260

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 30 JUNE 2009

	<i>Note</i>	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Total assets less current liabilities		942,299	925,260
Non-current liabilities			
Debentures	15	5,371	5,185
Interest-bearing bank and other borrowings		34	23
Deferred revenue		18,405	19,974
		23,810	25,182
NET ASSETS		918,489	900,078
Capital and reserves			
Share capital	16	16,507	16,507
Reserves		901,135	882,716
Equity attributable to owners of the Company		917,642	899,223
Minority interests		847	855
TOTAL EQUITY		918,489	900,078

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Attributable to owners of the Company										
	Share capital HK\$'000 (unaudited)	Share premium account HK\$'000 (unaudited)	Capital redemption reserve HK\$'000 (unaudited)	Special reserve HK\$'000 (unaudited)	Property revaluation reserve HK\$'000 (unaudited)	Available- for-sale investment revaluation reserve HK\$'000 (unaudited)	Exchange fluctuation reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Minority interests HK\$'000 (unaudited)	Total equity HK\$'000 (unaudited)
At 1 January 2008	16,507	1,189,721	478	808,822	—	—	8,243	(1,063,831)	959,940	30,547	990,487
Total comprehensive income for the period	—	—	—	—	3,461	—	1,884	2,279	7,624	47	7,671
Acquisition of an additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	(29,709)	(29,709)
Changes in equity for the period	—	—	—	—	3,461	—	1,884	2,279	7,624	(29,662)	(22,038)
At 30 June 2008	16,507	1,189,721	478	808,822	3,461	—	10,127	(1,061,552)	967,564	885	968,449
At 1 January 2009	16,507	1,189,721	478	808,822	2,659	2,316	8,927	(1,130,207)	899,223	855	900,078
Total comprehensive income for the period	—	—	—	—	(2,659)	1,957	87	19,034	18,419	(8)	18,411
Changes in equity for the period	—	—	—	—	(2,659)	1,957	87	19,034	18,419	(8)	18,411
At 30 June 2009	16,507	1,189,721	478	808,822	—	4,273	9,014	(1,111,173)	917,642	847	918,489

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009 <i>HK\$'000</i> <i>(unaudited)</i>	2008 <i>HK\$'000</i> <i>(unaudited)</i>
Net cash generated from/(used in) operating activities	(21,110)	29
Net cash used in investing activities	(13,863)	(169,132)
Net cash used in financing activities	(6,167)	(3,625)
Net decrease in cash and cash equivalents	(41,140)	(172,728)
Cash and cash equivalents at beginning of period	443,411	271,576
Effect of foreign exchange rate changes, net	319	611
Cash and cash equivalents at end of period	402,590	99,459
Analysis of balances of cash and cash equivalents		
Cash and bank balances	50,080	36,343
Non-pledged time deposits with original maturity of less than three months when acquired	352,510	63,116
	402,590	99,459

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed financial statements should be read in conjunction with the 2008 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008 except as stated in note 2 below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years except as stated below.

a. Presentation of Financial Statements

HKAS 1 (Revised) “Presentation of Financial Statements” affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed financial statements.

b. Operating Segments

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 “Segment Reporting” required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s ‘system of internal financial reporting to key management personnel’ serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 3 to the condensed financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

The Group has four reportable segments as follows:

Wholesale and retail of fashion wear and accessories	—	The trading of fashion wear and accessories
Telecommunications operations	—	The provision of telecommunications services and the marketing and distribution of network cards and accessories
Resort and recreational club operations	—	The provision of resort and recreational facilities and catering services
Investments and treasury	—	Treasury operations and the holding and trading of investments for short and long term investment returns

The Group's reportable segments are strategic business units that offer different products and services. 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 the Group's financial statements for the year ended 31 December 2008. Segment profits or losses do not include fair value gains or losses on investment properties, write back of deficits/deficits on revaluation of resort and recreational club properties, finance costs and income tax expense/credit.

	Wholesale and retail of fashion wear and accessories <i>HK\$'000</i> <i>(unaudited)</i>	Telecom-munications operations <i>HK\$'000</i> <i>(unaudited)</i>	Resort and recreational club operations <i>HK\$'000</i> <i>(unaudited)</i>	Investments and treasury <i>HK\$'000</i> <i>(unaudited)</i>	Total <i>HK\$'000</i> <i>(unaudited)</i>
6 months ended 30 June 2009:					
Revenue from external customers	86,139	—	6,678	7,973	100,790
Segment profit/(loss)	(8,598)	(3,620)	(3,447)	36,834	21,169
As at 30 June 2009:					
Segment assets	85,519	18,211	182,331	692,318	978,379
6 months ended 30 June 2008:					
Revenue from external customers	98,310	859	8,410	10,565	118,144
Segment profit/(loss)	(764)	(718)	3,599	(4,808)	(2,691)
As at 31 December 2008:					
Segment assets	90,351	19,560	188,129	671,538	969,578

3. SEGMENT INFORMATION (continued)

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Reconciliations of segment profit or loss:		
Total profit or loss of reportable segments	21,169	(2,691)
Unallocated gains and expenses, net	(1,556)	(1,454)
Fair value gains on investment properties	—	1,800
Write back of deficits/(deficits) on revaluation of resort and recreational club properties	(202)	512
Finance costs	(385)	(366)
Income tax credit	—	4,413
	<hr/>	<hr/>
Consolidated profit for the period	19,026	2,214
	<hr/> <hr/>	<hr/> <hr/>

4. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank loans and overdrafts	294	234
Finance lease charges	7	7
Accretion of interest on debentures	84	125
	385	366

5. INCOME TAX CREDIT

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax - Hong Kong Profits Tax		
Overprovision in prior years	—	4,413

No provision for Hong Kong Profits Tax and overseas income tax is required for the six months period ended 30 June 2008 and 2009 since the Group has no assessable profit in Hong Kong and other countries in which the Group operates or has sufficient tax losses brought forward to set off against the assessable profits for both periods. During the six months ended 30 June 2008, an overprovision of Hong Kong Profits Tax of HK\$4,413,000 brought forward from prior years was reversed following the agreement of the tax assessments with the tax authority.

6. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 <i>HK\$'000</i> <i>(unaudited)</i>
Cost of inventories sold	42,091	49,056
Interest income#	(6,334)	(8,822)
Dividend income#	(1,639)	(1,742)
Amortisation of prepaid land premiums*	39	41
Depreciation*	3,440	3,175
Directors' remuneration	2,926	3,803
Exchange gains, net*	(3,063)	(5,994)
Loss on disposal of property, plant and equipment*	—	260
Net unrealised fair value losses/(gains) on financial assets at fair value through profit or loss*	(28,683)	23,806
Net unrealised fair value losses/(gains) on derivative instruments*	(2,618)	—
Net gains on disposal of financial assets at fair value through profit or loss*	(2,801)	—
Gains on disposal of derivative instruments*	(1,249)	—
Gains on disposal of held-to-maturity investments*	(1,440)	—
Net charge/(write-back) for inventories provision	(1,032)	1,661
Write back of accrued payables*	(842)	(3,927)
	—————	—————

* These amounts are included in "other operating income/(expenses), net" on the face of the condensed consolidated income statement.

These amounts are included in "revenue" on the face of the condensed consolidated income statement.

7. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$19,034,000 (2008: HK\$2,279,000) and the weighted average number of ordinary shares of 1,650,658,676 (2008: 1,650,658,676) in issue during the period.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the six months periods ended 30 June 2008 and 2009.

8. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2009 (2008: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group acquired property, plant and equipment of approximately HK\$6,624,000.

10. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Overseas listed equity investments, at fair value	—	14
Unlisted equity investments, at cost less impairment loss	39,420	39,420
	39,420	39,434

The above investments consist of investments in equity securities which are designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The fair values of listed equity investments are based on quoted market prices. The unlisted equity investments are carried at cost, less any impairment losses, because the directors are of the opinion that their fair values cannot be measured reliably. Such investments are non-derivative and mainly represent investments in the shares of entities principally involved in medical drug development, manufacturing and distribution, electronic payment and intra-bank fund transfer services, software development and solution services.

11. CONVERTIBLE BONDS

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Listed convertible bonds*, at fair value:		
Available-for-sale debt investments	22,292	24,746
Option derivatives	3,913	2,812
	26,205	27,558

At 30 June 2009, the Group held listed convertible bonds with an aggregate principal amount of HK\$27,000,000 (31 December 2008: HK\$36,000,000), which were either issued or guaranteed by a company listed on The Stock Exchange of Hong Kong Limited. The convertible bonds confer rights on the bearers to convert the whole or part of the outstanding principal amount into shares of the relevant listed companies and are early redeemable at the option of the Group and/or issuers under certain conditions. The convertible bonds have maturity dates ranging from 22 February 2012 to 4 June 2014 and are redeemable at rates ranging from 117.203% to 128.3716% at maturity dates.

The fair values of the convertible bonds and their components are determined with reference to the valuation performed by Asset Appraisal Limited, a firm of independent professional valuers, by using the trinomial tree pricing model. Interest income from the convertible bonds is recognised based on effective interest rates ranging from 12.51% to 28.81% per annum.

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

12. TRADE RECEIVABLES

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Overdue balances are reviewed regularly by management.

An ageing analysis of trade receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Within one month	1,240	2,317
Two to three months	296	276
Over three months	260	11
	1,796	2,604

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Listed equity investments, at market value:		
Hong Kong	129,358	98,766
Elsewhere	763	1,245
Non-listed fund investments, at fair value:		
Hong Kong	2,608	2,696
	132,729	102,707

The above equity and fund investments at 31 December 2008 and 30 June 2009 were classified as held for trading. The fair value of the unlisted fund investment is based on the price quoted by the issuer. The directors believe that the estimated fair value quoted by the issuer is reasonable, and that it is the most appropriate value at the reporting period end date.

14. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2009 are trade and bills payables of HK\$6,903,000 (31 December 2008: HK\$8,902,000).

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

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

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Within one month	6,266	6,921
Two to three months	243	141
Over three months	394	1,840
	6,903	8,902

15. DEBENTURES

Each debenture holder is entitled to be a debenture member of the Hilltop Country Club (the "Club") operated by a subsidiary of the Group, 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. At the reporting period end date, the redeemable periods of the Group's debentures carried at amortised cost were as follows:

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Within one year	348	402
In the second year	868	166
In the third to fifth years, inclusive	4,503	5,019
	5,719	5,587
Portion classified as current liabilities	(348)	(402)
	5,371	5,185

16. SHARE CAPITAL

	30 June 2009 HK\$'000 (unaudited)	31 December 2008 HK\$'000 (audited)
Authorised:		
100,000,000,000 ordinary shares of HK\$0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
1,650,658,676 ordinary shares of HK\$0.01 each	<u>16,507</u>	<u>16,507</u>

In 2002, the Company underwent a capital reorganisation scheme, details of which are set out in note 33 on the Company's financial statements for the year ended 31 December 2008.

17. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following transactions with its related parties during the period:

		Six months ended 30 June	
	<i>Note</i>	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Rental and building management fees paid to related companies	(i)	<u>1,179</u>	<u>1,125</u>
Rental income from an associate	(ii)	<u>147</u>	<u>452</u>

Notes:

- (i) The rental expenses and building management fees paid to related companies controlled by a substantial shareholder of the Company were in accordance with terms of the relevant tenancy agreements and determined by reference to prevailing market prices.
- (ii) The rental income from an associate arose from the lease of resort and recreational club properties in accordance with an operating lease arrangement agreed with the associate.

17. RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term employee benefits	5,092	6,166
Post-employment benefits	30	36
	<hr/>	<hr/>
Total compensation paid to key management personnel	5,122	6,202
	<hr/> <hr/>	<hr/> <hr/>

18. CONTINGENT LIABILITIES

As at 30 June 2009, the Group had the following significant contingent liabilities:

The Group is currently conducting 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 Group’s resort and recreational club properties. The directors, based on the advice from the Group’s legal counsel, believe that the Group has valid grounds to dispute the remedial/maintenance responsibility of certain slope features.

Up to the date of these financial statements, there is no decision made by the Appeal Tribunal regarding the said remedial/maintenance responsibility and no monetary claim has been involved nor any expenses for any remedial/maintenance work have arisen from the proceedings, other than legal costs, expert fees and related expenses being incurred in the conduct of the proceedings. 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.

19. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments for the purchase of property, plant and equipment at 30 June 2009 (31 December 2008: HK\$655,000).

20. EVENTS AFTER THE REPORTING PERIOD

On 10 July 2009, the Group entered into a deed of assignment with the minority equity holder of a subsidiary, Shanghai Hilltop Resort Hotel Limited (“Shanghai Hilltop”) whereby in consideration of the nominal sum of HK\$1, the minority equity holder assigned its 20% interest in Shanghai Hilltop to the Group. The assignment will have no material impact on the results or financial position of the Group.

21. APPROVAL OF INTERIM REPORT

The interim report was approved and authorised for issue by the Board of Directors on 21 September 2009.

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

For the period under review, the Group reported a turnover of HK\$100,790,000 (2008: HK\$118,144,000), representing a decrease of 15%. This decline was mainly due to drop in turnover of the retail fashion business as a result of the sharp decline in consumer sentiment arising from the global financial crisis.

The Group recorded a profit attributable to shareholders of HK\$19,034,000 (2008: HK\$2,279,000) for the six months ended 30 June 2009. The increase was mainly attributable to (i) unrealised fair value gains on investments in financial instruments of HK\$31,301,000 (2008: losses of HK\$23,806,000); and (ii) gains on disposal of equity and debt investments of HK\$5,490,000 (2008: HK\$Nil) due to the rebound of the global stock market.

BUSINESS REVIEW

Retail Fashion - Swank

Hong Kong

The first six months of 2009 saw a very difficult period for retail in Hong Kong. The global financial crisis started in the second half of 2008 continued well into the first half of this year. Hong Kong technically entered a recession in the first quarter of 2009.

Following the negative GDP growth in the fourth quarter of 2008, the degree of economic contraction worsened as the overall GDP plummeted by 7.89% year-on-year in real terms during the first quarter of 2009.

Challenged by the unfavorable employment market and the threat of the pandemic swine flu together with the diminishing tourists travel to Hong Kong, the Hong Kong operations were greatly affected.

With the above adverse condition, the Hong Kong operations performance as compared with 2008 same period was disappointing. Turnover dropped by 13% from HK\$98,310,000 to HK\$85,345,000, resulting in gross profit shrunk from HK\$51,498,000 to HK\$44,773,000. Nevertheless, total shop and office expenses were under control with a decrease of 2%. Consolidating all these events, the Hong Kong division registered a loss of HK\$4,986,000 for the six months ended 30 June 2009.

Management anticipates the business environment will continue to be pessimistic for the rest of this year. However, global economic crisis is showing signs of bottoming out and a slight optimistic view is being adopted for Year 2010.

Beijing

Beijing flagship store was opened in April 2009. The turnover was lower than expected pending maturity of the shopping arcade. The loss for the six months ended 30 June 2009 amounted to HK\$3,907,000. It is expected that the turnover will increase overtime.

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 area of over 400,000 square feet, it is ideally suited for members' recreational and outdoor activities, conferences and dining.

The aging of the club premises has called for the need to rejuvenate the club facilities and premises. The first phase of upgrading the club facilities was completed in 2008 and included improvements to the tennis court, lawn and car park. The second phase will focus on the main club house and guest rooms. Hilltop is working with a design architect on the renovation program. Various renovation options are under consideration by the management.

Along with the renovation program, Hilltop has also made certain organisational and managerial changes to better fit with its long-term growth objectives. Marketing function has been strengthened to improve communication with existing members and reach out for potential members.

VivaSha Club Resort (“VivaSha”)

VivaSha, with a 10-acre site, is a complex of clubhouse, convention center and 302 hotel rooms which is located in the Putao district of Shanghai. It is operated by Shanghai Landis Hospitality Management Co. Ltd., a 35%-owned associate of the Company.

During the six months ended 30 June 2009, the hospitality industry in Shanghai remained slow. Hotel rooms oversupply situation continued as tourists and business travellers cut down their visits to Shanghai after the swine flu and financial tsunami. VivaSha achieved an average occupancy rate of 40% for the six months ended 30 June 2009. Management expects the hotel sales would begin to recover before the Year 2010 Shanghai Expo.

Due to the expected completion of Mass Transit No.7 by the end of this year, more and more new home buyers are moving into the neighbourhood and therefore recreational club members sales for the six months ended 30 June 2009 increased 24% as compared to the same period last year. The total number of memberships has reached 4,000-level. In order to improve the utilisation rate of space area in the club, Management will focus on exploring business opportunities to cooperate with other leisure companies in providing various types of new facilities, such as child play and music centre, spa etc. Management expects this strategy could increase the revenue and enhance the attractiveness of the club in the long term.

Bio-Medical***Genovate Biotechnology Company Limited (“Genovate”)***

Genovate is a fully integrated specialty pharmaceutical company that encompasses new drug development and new formulation capabilities, clinical trials for local and international pharmaceutical companies, drug manufacturing, drug marketing and distribution in Taiwan and the region.

In July 2008, Genovate established a wholly owned subsidiary, Qualitix Clinical Research (“Qualitix”). Qualitix has fully dedicated to the CRO (Contract Research Organization) business. To facilitate expansion into regional market, Qualitix intends to form alliance with one of the largest CRO in both Korea and Japan for joint-promotion of clinical trial services in the region.

Progress for new drug development is satisfactory. Phase I trials for two new patented formulation drugs, namely Gra-patch for Antivomiting and PMR for Intermittent Claudication, both have obtained encouraging trial results.

Telecommunications & Technologies***Beijing Smartdot Technologies Co. Ltd. (“Smartdot”)***

Smartdot is engaged in the development of software and solution projects in the PRC. Smartdot recorded accounting losses for the six months ended 30 June 2009 due to the standard industry practice that the majority of new contracts and projects are signed and start in the second half of the year. Same as previous year, Smartdot’s management believes that there will be a significant improvement in earnings in full year operations.

In early this year, Smartdot successfully introduced two new investors, namely IBM Global Services (China) Co. Limited (9%) and China Soft Investments Corporation (10.45%), as strategic shareholders. For the preparation of future IPO planning, Smartdot has also applied to be converted into a joint-stock company recently.

SinoPay.com Holdings Limited (“SinoPay”)

SinoPay’s main business is providing B2C electronic payment, intra-bank fund transfer solution services and online mutual fund trading platform in the PRC through its Joint Venture with China UnionPay, Chinapay e-Payment Service Ltd (“the JV”) in Shanghai. During the six months ended 30 June 2009, the performance of on-line mutual fund trading was affected by the weak performance of the PRC stock market and the JV’s total turnover declined by 38% to RMB43,260,000 when compared with the same period last year. However, due to the decrease in operating cost, the net profit for the six months ended 30 June 2009 had a 5% increase from RMB4,840,000 to RMB5,090,000.

The merger process of the three China Unionpay controlled entities, namely Chinapay e-Payment Service Limited, Easylink (Guangzhou) Payment Network Co Ltd. and China UnionPay Merchant Services Co. Limited, has reached its final stage.

LIQUIDITY AND FINANCIAL POSITION

At 30 June 2009, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$486,003,000 (31 December 2008: HK\$504,432,000). At 30 June 2009, total borrowings amount to HK\$12,621,000 (31 December 2008: HK\$18,354,000) with HK\$7,216,000 (31 December 2008: HK\$13,146,000) 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 1.4% at the interim period end date (31 December 2008: 2.0%). The current ratio at 30 June 2009 was 19.9 times (31 December 2008: 15.6 times).

At 30 June 2009, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars and United States dollars and exchange differences were reflected in the interim financial report. Other than the fixed interest rate of 3% for the finance lease arrangement, all borrowings of the Group are either interest free or on a floating rate basis.

The Group's imported purchases are mainly denominated in Euros 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\$10,342,000 (31 December 2008: HK\$342,000) were given to banks to secure general banking facilities to the extent of HK\$12,342,000 as at 30 June 2009 (31 December 2008: HK\$342,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employs a total of 267 full time staff with its main workforce stationed in the Group's offices in Hong Kong. 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, external training support, and a performance based share option scheme.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

On 10 July 2009, the Company entered into a deed of assignment with H.K. Hilltop Country Club Limited ("HK Hilltop") whereby in consideration of the nominal sum of HK\$1, HK Hilltop assigned its 20% interest in the registered capital of Shanghai Hilltop Resort Hotel Ltd. ("Shanghai Hilltop") to the Company (the "Assignment"). The Assignment constituted a connected transaction for the Company, details of which are set out in the Company's announcement dated 15 July 2009. The Assignment was completed on 10 July 2009 and Shanghai Hilltop has become a wholly-owned subsidiary of the Company.

Save as disclosed above, the Group had no material acquisition and disposal of investments during the six months ended 30 June 2009 and up to the date of this report.

AUDIT COMMITTEE

The Company has an audit committee which was established pursuant to the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises of two non-executive directors and three independent non-executive directors of the Company. The interim financial report for the six months ended 30 June 2009 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established pursuant to the requirements of the Listing Rules. The remuneration committee comprises of two independent non-executive directors namely Dr Cecil Sze Tsung CHAO and Mr. Ian Grant ROBINSON and one executive director namely Mr. Joseph Wing Kong LEUNG.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2009, the interest of a director in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, was as follows:

Long position in ordinary shares of HK\$0.01 each of the Company:

Name of director	Number of shares held through a controlled corporation	Percentage of the Company's issued share capital
Joseph Wing Kong LEUNG	200,000	0.012%

Save as disclosed above, as at 30 June 2009, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SHARE OPTION SCHEME

In an extraordinary general meeting of the Company held on 14 June 2002, the shareholders of the Company formally approved the adoption of a share option scheme (the "Scheme"), in compliance with the amended Chapter 17 of the Listing Rules and for the purpose of providing the Company with a flexible means of giving incentives and rewards to executive directors and employees for their contributions to the Group. A summary of the principal terms of the Scheme was sent to the shareholders of the Company in a circular dated 28 May 2002. No option has been granted under the Scheme since its inception.

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 30 June 2009, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of HK\$0.01 each of the Company:

Name	Direct Interests	Indirect Interests	Number of shares held	Percentage of the Company's issued share capital
Diamond Leaf Limited	162,216,503	—	162,216,503	9.8%
Solution Bridge Limited	408,757,642	—	408,757,642	24.8%
Ms Nina KUNG (deceased) (Note)	—	570,974,145	570,974,145	34.6%

Note: The interest disclosed under Ms Nina KUNG (deceased) represents her deemed interests in the shares of the Company by virtue of her interests in Diamond Leaf Limited and Solution Bridge Limited.

Save as disclosed above, as at 30 June 2009, no person had registered an interest in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the directors of the Company are aware of any information that would reasonably indicate that the Company is not or was not for any part of the six months ended 30 June 2009 in compliance with the Code Provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules except for the deviation from Code Provision A.2.1 and Code Provision A.4.1 of the CG Code.

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 of the Company upon the retirement of Mr. James C. NG in June 2009. The Company is currently looking for suitable candidate to fill in the casual vacancy of the Chief Executive Officer.

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive and independent non-executive directors of the Company is appointed for a specific term. However, all of the non-executive and independent non-executive directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

UPDATE ON DIRECTOR'S INFORMATION

Mr. Joseph Wing Kong LEUNG, the Chairman of the Company, has been appointed as the Acting Chief Executive Officer of the Group with effect from 3 June 2009 after the retirement of Mr. James C. NG. With effect from 1 July 2009, the monthly salary of Mr. Joseph Wing Kong LEUNG has been adjusted to HK\$115,000.

With effect from 1 July 2009, Mr. Raymond Siu Wing CHAN, Executive Director, has been entitled a monthly salary of HK\$50,000.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2009.

BOARD OF DIRECTORS

As at the date of this report, the Executive Directors are Mr. Joseph Wing Kong LEUNG (Chairman and Acting Chief Executive Officer), Mr. Raymond Siu Wing CHAN, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG, the Non-executive Directors are Mr. Raymond Wai Pun LAU and Mr. Raymond Shing Loong WONG, and the Independent Non-executive Directors are Dr. Cecil Sze Tsung CHAO, Dr. Jen CHEN and Mr. Ian Grant ROBINSON.

By order of the Board

Joseph Wing Kong LEUNG

Chairman and Acting Chief Executive Officer

Hong Kong, 21 September 2009

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Joseph Wing Kong LEUNG
(Chairman and Acting Chief Executive Officer)
Raymond Siu Wing CHAN
Derek Wai Choi LEUNG
Wing Tung YEUNG

NON-EXECUTIVE DIRECTORS

Raymond Wai Pun LAU
Raymond Shing Loong WONG

INDEPENDENT NON-EXECUTIVE DIRECTORS

Cecil Sze Tsung CHAO
Jen CHEN
Ian Grant ROBINSON

COMPANY SECRETARY

Pui Man CHENG

AUDITORS

RSM Nelson Wheeler
29th Floor
Caroline Centre, Lee Gardens Two
28 Yun Ping Road
Hong Kong

SHARE REGISTRARS

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

UBS AG
Hang Seng Bank Limited
The Hongkong & Shanghai Banking
Corporation Limited
CITIC Ka Wah Bank Limited

REGISTERED OFFICE

Suite 1502, 15th Floor
Chinachem Golden Plaza
77 Mody Road, Tsimshatsui East
Kowloon, Hong Kong

INCORPORATION IN HONG KONG

27 April 1966

LISTING

16 November 1972

NO. OF EMPLOYEES

267

WEB SITE

www.enmholdings.com

STOCK CODE

Hong Kong Stock Exchange: 0128
American Depositary Receipt: ENMHY

CORPORATE COMMUNICATIONS

Tel : (852) 2594 0600
Fax : (852) 2827 1491
Email : info@enmholdings.com