



安寧控股有限公司  
ENM Holdings Limited

(Stock Code: 0128)



2010  
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 17 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2010 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

24 August 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT****FOR THE SIX MONTHS ENDED 30 JUNE 2010**

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2010 HK\$'000 (unaudited)</b>	2009 HK\$'000 (unaudited and restated)
<b>Revenue</b>		<b>128,747</b>	100,790
Cost of sales		<b>(58,253)</b>	(42,156)
<b>Gross profit</b>		<b>70,494</b>	58,634
Other income		<b>3,355</b>	2,289
Selling and distribution costs		<b>(44,955)</b>	(42,669)
Administrative expenses		<b>(35,457)</b>	(34,583)
Other operating income, net		<b>8,028</b>	36,881
<b>Profit from operations</b>		<b>1,465</b>	20,552
Fair value gains on investment properties		<b>600</b>	—
Deficits write-back/(deficits) on revaluation of resort and recreational club properties		<b>1,527</b>	(9,786)
Finance costs	4	<b>(523)</b>	(385)
Share of losses of an associate		<b>(312)</b>	(1,276)
<b>Profit before tax</b>		<b>2,757</b>	9,105
Income tax expense	5	<b>—</b>	—
<b>Profit for the period</b>	6	<b>2,757</b>	9,105
<b>Attributable to:</b>			
Owners of the Company		<b>2,778</b>	9,113
Non-controlling interests		<b>(21)</b>	(8)
		<b>2,757</b>	9,105
<b>Earnings per share</b>	7		
Basic		<b>0.17 cents</b>	0.55 cents
Diluted		<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited and restated)
<b>Profit for the period</b>	<b>2,757</b>	9,105
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	182	87
Fair value changes of available-for-sale debt investments	63	3,426
Release of revaluation reserve upon disposal of available-for-sale debt investments	—	(1,469)
<b>Other comprehensive income for the period, net of tax</b>	<b>245</b>	2,044
<b>Total comprehensive income for the period</b>	<b>3,002</b>	11,149
<b>Attributable to:</b>		
Owners of the Company	2,992	11,157
Non-controlling interests	10	(8)
	<b>3,002</b>	11,149

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AT 30 JUNE 2010**

	<i>Note</i>	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited and restated)
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>110,872</b>	103,855
Investment properties		<b>102,900</b>	100,700
Interest in an associate		<b>21,053</b>	21,423
Available-for-sale equity investments	10	<b>39,420</b>	39,420
Available-for-sale debt investments - note receivables		<b>5,188</b>	—
Available-for-sale debt investments - convertible bonds	11	<b>26,051</b>	24,615
Intangible assets		<b>1,679</b>	—
<b>Total non-current assets</b>		<b>307,163</b>	290,013
<b>Current assets</b>			
Inventories		<b>48,958</b>	53,490
Trade receivables	12	<b>3,820</b>	2,761
Prepayments, deposits and other receivables		<b>27,415</b>	37,601
Note receivables		<b>31,980</b>	27,230
Financial assets at fair value through profit or loss	13	<b>180,708</b>	198,076
Option derivatives - convertible bonds	11	<b>2,808</b>	4,170
Pledged bank deposits		<b>10,342</b>	10,342
Time deposits		<b>314,986</b>	363,514
Cash and bank balances		<b>94,897</b>	53,084
<b>Total current assets</b>		<b>715,914</b>	750,268
<b>Current liabilities</b>			
Trade and other payables	14	<b>30,927</b>	36,606
Interest-bearing bank and other borrowings		<b>8,480</b>	16,011
Current portion of debentures	15	<b>897</b>	293
Other loans		<b>—</b>	5,427
<b>Total current liabilities</b>		<b>40,304</b>	58,337
<b>Net current assets</b>		<b>675,610</b>	691,931
<b>Total assets less current liabilities</b>		<b>982,773</b>	981,944

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)

AT 30 JUNE 2010

	Note	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited and restated)
<b>Total assets less current liabilities</b>		<b>982,773</b>	981,944
<b>Non-current liabilities</b>			
Debentures	15	4,927	5,514
Interest-bearing bank and other borrowings		14	23
Deferred revenue		15,243	16,820
<b>Total non-current liabilities</b>		<b>20,184</b>	22,357
<b>NET ASSETS</b>		<b>962,589</b>	959,587
<b>Capital and reserves</b>			
Issued capital	16	16,507	16,507
Reserves		945,239	942,247
Equity attributable to owners of the Company		961,746	958,754
Non-controlling interests		843	833
<b>TOTAL EQUITY</b>		<b>962,589</b>	959,587

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

(Unaudited)

	Attributable to owners of the Company										
	Issued capital	Share premium account	Capital redemption reserve	Special reserve	Property revaluation reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009, as previously reported	16,507	1,189,721	478	808,822	2,659	2,316	8,927	(1,130,207)	899,223	855	900,078
Effect of changes in accounting policies (note 2)	—	—	—	—	(2,659)	—	—	28,573	25,914	—	25,914
At 1 January 2009, as restated	16,507	1,189,721	478	808,822	—	2,316	8,927	(1,101,634)	925,137	855	925,992
Total comprehensive income and changes in equity for the period	—	—	—	—	—	1,957	87	9,113	11,157	(8)	11,149
At 30 June 2009, as restated	16,507	1,189,721	478	808,822	—	4,273	9,014	(1,092,521)	936,294	847	937,141
At 1 January 2010, as previously reported	16,507	1,189,721	478	808,822	—	5,160	9,088	(1,084,413)	945,363	833	946,196
Effects of changes in accounting policies (note 2)	—	—	—	—	—	—	—	13,391	13,391	—	13,391
At 1 January 2010, as restated	16,507	1,189,721	478	808,822	—	5,160	9,088	(1,071,022)	958,754	833	959,587
Total comprehensive income and changes in equity for the period	—	—	—	—	—	63	151	2,778	2,992	10	3,002
At 30 June 2010	16,507	1,189,721	478	808,822	—	5,223	9,239	(1,068,244)	961,746	843	962,589

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010 <i>HK\$'000</i> <i>(unaudited)</i>	2009 <i>HK\$'000</i> <i>(unaudited)</i>
<b>Net cash generated from/(used in) operating activities</b>	<b>511</b>	(21,110)
<b>Net cash generated from/(used in) investing activities</b>	<b>22,924</b>	(13,863)
<b>Net cash used in financing activities</b>	<b>(8,047)</b>	(6,167)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>15,388</b>	(41,140)
Cash and cash equivalents at beginning of period	<b>83,431</b>	443,411
Effect of foreign exchange rate changes, net	<b>228</b>	319
<b>Cash and cash equivalents at end of period</b>	<b>99,047</b>	402,590
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>94,897</b>	50,080
Non-pledged time deposits with original maturity of less than three months when acquired	<b>4,150</b>	352,510
	<b>99,047</b>	402,590



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*FOR THE SIX MONTHS ENDED 30 JUNE 2010*

### 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 2009 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 2009 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 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; 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.

#### **Classification of Land Leases**

Amendments to HKAS 17 “Leases” deleted the guidance in HKAS 17 that when the land has an indefinite economic life, the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. In accordance with the amendments to HKAS 17, a leasehold land is classified as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership to the Group.

Before the amendments, the leasehold land was classified as operating lease and included in prepaid land premiums carried at cost less accumulated amortisation. Following the adoption of the amendments to HKAS 17, the Group has reclassified its interest in leasehold land to finance leases which are included in resort and recreational club properties under “Property, plant and equipment” and are carried at fair value less subsequent depreciation and impairment losses. The difference between the net carrying amount and the valuation at end of each reporting period is recognised in the property revaluation reserve.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

### Classification of Land Leases (continued)

Amendments to HKAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in these condensed financial statements as follows:

	<b>At 30 June 2010 HK\$'000</b>	At 31 December 2009 HK\$'000	At 1 January 2009 HK\$'000
Increase in Property, plant and equipment	<b>15,900</b>	16,300	28,900
Decrease in Prepaid land premiums	<b>(2,870)</b>	(2,909)	(2,986)
Decrease in Accumulated losses	<b>(14,474)</b>	(13,391)	(28,573)
Decrease in Property revaluation reserves	<b>1,444</b>	—	2,659
	<b>1,444</b>	—	2,659
		<b>Six months ended 30 June</b>	
		<b>2010 HK\$'000</b>	2009 HK\$'000
Increase in deficits write-back/(deficits) on revaluation of resort and recreational club properties		<b>1,262</b>	(9,584)
Decrease in other operating income, net		<b>(179)</b>	(337)
Increase/(decrease) in profit for the period		<b>1,083</b>	(9,921)
Decrease in (gains)/losses on property revaluation recognised in other comprehensive income		<b>(1,444)</b>	2,659
Decrease in total comprehensive income for the period		<b>(361)</b>	(7,262)
Increase/(decrease) in earnings per share		<b>0.07 cents</b>	(0.60 cents)

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

	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>
<b>6 months ended 30 June 2010:</b>					
Revenue from external customers	116,887	—	7,268	4,592	128,747
Segment profit/(loss)	2,641	(4,078)	4,257	158	2,978
<b>As at 30 June 2010:</b>					
Segment assets	<u>106,258</u>	<u>8,405</u>	<u>182,369</u>	<u>704,992</u>	<u>1,002,024</u>
<b>6 months ended 30 June 2009:</b>					
Revenue from external customers	86,139	—	6,678	7,973	100,790
Segment profit/(loss), as restated	(8,598)	(3,620)	(2,508)	36,834	22,108
<b>As at 31 December 2009:</b>					
Segment assets, audited and as restated	<u>109,601</u>	<u>16,459</u>	<u>178,820</u>	<u>713,978</u>	<u>1,018,858</u>

#### Six months ended 30 June

	2010 <i>HK\$'000</i> <i>(unaudited)</i>	2009 <i>HK\$'000</i> <i>(unaudited and restated)</i>
<b>Reconciliations of segment profit or loss:</b>		
Total profit or loss of reportable segments	2,978	22,108
Corporate administrative expenses	(1,513)	(1,556)
Share of losses of an associate	(312)	(1,276)
Fair value gains on investment properties	600	—
Deficits write-back/(deficits) on revaluation of resort and recreational club properties	1,527	(9,786)
Finance costs	(523)	(385)
Consolidated profit for the period	<u>2,757</u>	<u>9,105</u>

#### 4. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest on bank loans and overdrafts	441	294
Interest on finance leases	4	7
Accretion of interest on debentures	78	84
	<b>523</b>	<b>385</b>

#### 5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and overseas income tax is required for the six months period ended 30 June 2009 and 2010 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.

#### 6. PROFIT FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited and restated)
Cost of inventories sold <sup>^</sup>	58,193	42,091
Interest income <sup>#</sup>	(2,833)	(6,334)
Dividend income <sup>#</sup>	(1,760)	(1,639)
Amortisation of intangible assets*	21	—
Depreciation*	6,634	3,815
Directors' remuneration	1,796	2,926
Exchange gains, net*	(6,255)	(3,063)
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss*	3,488	(28,683)
Option derivatives - convertible bonds*	1,362	(2,618)
Revaluation of investment properties	(600)	—
Gain on disposal of financial assets at fair value through profit or loss, net*	(7,318)	(2,801)
Gain on disposal of available-for-sale debt investments*	—	(1,249)
Gain on disposal of held-to-maturity investments*	—	(1,440)
Write back for inventories allowances	(578)	(1,032)
Write back of accrued payables*	(206)	(842)
Write back of other loans*	(5,754)	—

<sup>^</sup> Cost of inventories sold included write back for inventories allowances of HK\$578,000 (2009: HK\$1,032,000).

<sup>#</sup> These amounts are included in "revenue" on the face of the condensed consolidated income statement.

\* These amounts are included in "other operating income, net" 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\$2,778,000 (2009: HK\$9,113,000, as restated) and the weighted average number of ordinary shares of 1,650,658,676 (2009: 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 2009 and 2010.

## 8. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2010 (2009: Nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired property, plant and equipment of approximately HK\$12,027,000 (2009: HK\$6,624,000).

## 10. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited)
Unlisted equity investments, at cost less impairment loss	<b>39,420</b>	39,420

The unlisted equity investments are carried at cost less impairment loss because the directors are of the opinion that the range of reasonable fair value estimates is so significant that their fair values cannot be measured reliably. Such investments mainly represent investments in the shares of entities principally involved in medical drug development, manufacturing and distribution; bankcard acquiring and third-party services, electronic payment and intra-bank fund transfer services; and software development and project solution services. The Group does not intend to dispose of the investments in the near future.

## 11. CONVERTIBLE BONDS

	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited)
Listed convertible bonds*:		
Available-for-sale debt investments, at fair value	<b>26,051</b>	24,615
Option derivatives, at fair value	<b>2,808</b>	4,170
	<b>28,859</b>	28,785

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

At 30 June 2010, the Company held listed convertible bonds with an aggregate principal amount of HK\$27,000,000 (31 December 2009: HK\$27,000,000), 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 Company 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 qualified 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 18.87% per annum.

## 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, based on the invoice date and net of impairment, is as follows:

	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited)
Within 1 month	<b>2,015</b>	2,376
2 to 3 months	<b>1,270</b>	306
Over 3 months	<b>535</b>	79
	<b>3,820</b>	2,761

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited)
Listed equity investments, at market value:		
Hong Kong	<b>173,418</b>	192,337
Outside Hong Kong	<b>4,696</b>	3,174
Unlisted fund investments, at fair value:		
Hong Kong	<b>2,594</b>	2,565
	<b>180,708</b>	198,076

The above equity and fund investments at 31 December 2009 and 30 June 2010 were classified as held for trading. The fair values of listed securities are based on quoted market prices. 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 end of the reporting period.

#### 14. TRADE AND OTHER PAYABLES

Included in the Group's trade and other payables as at 30 June 2010 are trade and bills payables of HK\$5,754,000 (31 December 2009: HK\$7,818,000).

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

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

	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited)
Within 1 month	<b>5,206</b>	6,965
2 to 3 months	<b>388</b>	514
Over 3 months	<b>160</b>	339
	<b>5,754</b>	7,818

#### 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 end of the reporting period, the redeemable periods of the Group's debentures carried at amortised cost were as follows:

	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited)
Within one year classified as current liabilities	<b>897</b>	293
In the second year	<b>1,446</b>	1,260
In the third to fifth years, inclusive	<b>3,481</b>	4,254
Non-current portion	<b>4,927</b>	5,514
	<b>5,824</b>	5,807



**16. SHARE CAPITAL**

	<b>30 June 2010 HK\$'000 (unaudited)</b>	31 December 2009 HK\$'000 (audited)
<b>Authorised:</b>		
100,000,000,000 ordinary shares of HK\$0.01 each	<b>1,000,000</b>	1,000,000
<b>Issued and fully paid:</b>		
1,650,658,676 ordinary shares of HK\$0.01 each	<b>16,507</b>	16,507

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 2009.

**17. RELATED PARTY TRANSACTIONS**

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

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2010 HK\$'000 (unaudited)</b>	2009 HK\$'000 (unaudited)
Acquisition of trademarks from a related company	(i)	<b>1,700</b>	—
Rental expenses and building management fees paid to related companies	(ii)	<b>1,725</b>	1,179
Rental income from an associate	(iii)	<b>1,133</b>	147

*Notes:*

- (i) During the period, the Group acquired 9 trademarks, all of which containing the words "CESARE DI PINO" registered in Hong Kong and Taiwan, from a company which is wholly owned by Mr. Hong Kin Hay and his two sisters. Mr. Hong Kin Hay is a director of The Swank Shop Limited, a wholly owned subsidiary of the Company. The consideration was determined after arm's length negotiations between the parties on normal commercial terms with reference to the market valuation of the trademarks prepared by an independent valuer.
- (ii) The rental expenses and building management fees paid to related companies controlled by a substantial shareholder of the Company were charged in accordance with the terms of the relevant tenancy agreements.
- (iii) The rental income from an associate arose from the lease of resort and recreational club properties in accordance with the agreement entered with the associate.

**17. RELATED PARTY TRANSACTIONS** (continued)

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

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Short term employee benefits	<b>3,969</b>	5,092
Pension scheme contributions	<b>36</b>	30
	<hr/>	<hr/>
Total compensation paid to key management personnel	<b>4,005</b>	5,122
	<hr/> <hr/>	<hr/> <hr/>

**18. CONTINGENT LIABILITIES**

At 30 June 2010, 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 and third party experts engaged, 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 2010 (31 December 2009: HK\$3,019,000).

**20. EVENTS AFTER THE REPORTING PERIOD**

On 7 February 2010, Cosy Good Limited (“Cosy Good”), a wholly owned subsidiary of the Company, entered into a Convertible Bonds Subscription Agreement with Skyjoy Assets Management Limited (the “Issuer”) and two other subscribers. Pursuant to the agreement, the Issuer had conditionally agreed to issue convertible bonds in the principal amount of HK\$400,000,000 to the subscribers, of which convertible bonds of HK\$100,000,000 was subscribed by Cosy Good. Details of the above are disclosed in the Company’s announcement dated 7 February 2010. Subsequent to the reporting period, the precedent conditions were all fulfilled and the transaction was completed on 9 July 2010.

**21. APPROVAL OF INTERIM REPORT**

The interim report was approved and authorised for issue by the Board of Directors on 24 August 2010.

## CHAIRMAN'S STATEMENT

### FINANCIAL REVIEW

Turnover for the six months ended 30 June 2010 was HK\$128,747,000, an increase of 28% compared with the same period last year. The increase was driven by the growth in the fashion retail business benefiting from the improved economy.

The Group's profit attributable to shareholders for the six months ended 30 June 2010 was HK\$2,778,000 compared to HK\$9,113,000 (as restated) for the same period last year. The fashion retail business made a turnaround result for the interim period; however, the Group recorded fair value losses on investments in financial instruments of HK\$4,850,000 as compared to fair value gains of HK\$31,301,000 for the same period last year.

### BUSINESS REVIEW

#### Retail Fashion - Swank

##### *Hong Kong*

Following the trend of last quarter of 2009, the retail market for the first six months of 2010 remained strong. In comparison with the same period last year, turnover improved from HK\$85,345,000 to HK\$112,480,000, an increase of 32%. Profit before tax for the period was HK\$3,177,000 as oppose to a loss of HK\$4,986,000 for the same period last year.

Management is confident that the retail market will maintain its present course and produce a promising year end result for Year 2010.

##### *Beijing*

Although the Beijing flagship store still suffered loss after the first full year operation, it shows sign of improvement. Turnover for the first quarter of 2010 remained low but the encouraging figure for the second quarter revealed an improving trend and this promising improvement continues in July 2010. The Beijing flagship store is now heading for the right direction and management believes it is on the right path for turning around the result.

#### 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, it is ideally suited recreational and outdoor activities, conferences and dining.

During the first half of 2010, Hilltop has continued to make the necessary maintenance and improvement works for the premises for better services to the members and their guests. The club has proactively expanded scope of services to accommodate members banqueting and conferencing needs. These activities will continue in the second half of the year.

To provide long term solution to the shrinking trend of the club's membership base, management has continued to seek for the best strategy for the club's rejuvenation, while at the same time consider other business options that could bring the club to a profitable operation.

***VivaSha Club Resort (“VivaSha”)***

VivaSha, with a 41,000 square meter gross floor area, is a complex of clubhouse, convention center and 302 rooms hotel located in the Putao district of Shanghai and operated by Shanghai Landis Hospitality Management Ltd., a 35%-owned associate of the Company.

In the first half of 2010, the performance of VivaSha especially in the hotel and conference sector is satisfactory as a result of the increasing tourists visiting 2010 Shanghai World Expo. Simultaneously, VivaSha’s management continues to focus on broadening the customer base of the club membership to diversify the revenue in preparation for the intensive competition among the hotels in Shanghai under post Expo effect in 2011. Overall, VivaSha’s management is confident that 2010 would be a fruitful year.

**Other Investments*****Skyjoy Assets Management Limited (“Skyjoy”)***

The Group through its wholly owned subsidiary, Cosy Good Limited (“Cosy Good”), has completed the subscription of HK\$100,000,000 12% Convertible Bonds issued by Skyjoy on 9 July 2010. The maturity date of the bonds should be fifth anniversary from the issue date and the conversion period is from the expiry of three years from the issue date up to maturity. If Cosy Good converts the bonds in full, 900 shares of US\$1.00 each, representing 9% of the issued share capital of Skyjoy on a fully diluted basis, will be issued to Cosy Good.

Skyjoy is the beneficial owner of a commercial real estate project in Shijiazhuang, Hebei, PRC through its wholly owned subsidiary, Shijiazhuang Lerthai Property Development Company Limited (“Shijiazhuang Lerthai”).

Shijiazhuang Lerthai holds a site at Qiaodong District, city centre of Shijiazhuang, PRC with area of approximately 62,000 square meters for the development of Lerthai Commercial Plaza (勒泰中心) (the “Project”). After completion, the Project will have construction areas of approximately 623,000 square meters including hotels, office building, loft, retails shops and car parks. The Project is estimated to be completed by the end of 2013.

***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. The Group has 14.1% shareholding in Genovate.

In July 2010, Genovate obtained approval from Technology Review Committee of Taiwan Industrial Development Bureau to recommend Genovate as a creditable innovator in biotech. This recommendation is an important milestone for Genovate to prepare for listing on GreTai Securities Market. Drug development has continued to make progress according to planned schedule.

## ENM Holdings Limited

### ***Beijing Smartdot Technologies Co. Ltd. ("Smartdot")***

Smartdot is engaged in the development of office automation software and solution projects in the PRC. The Group has 8.95% shareholdings in Smartdot.

In the first half of 2010, Smartdot recorded losses of RMB1,230,000 as the majority of new contracts and projects will be completed in stages in the second half of the year. Smartdot's management believes that there will be a significant improvement in earnings in full year operations.

### ***SinoPay.com Holdings Limited ("SinoPay")***

After the merger among China e-Payment Service Limited and other China UnionPay controlled entities, SinoPay has become a direct shareholder of UnionPay Merchant Service Limited ("China UMS"), which is a subsidiary of China UnionPay and mainly engages in the bankcard acquiring and e-payment business in the PRC with dominant market position. The Group has an effective interest of approximately 0.17% in China UMS through its investment in SinoPay.

## **LIQUIDITY AND FINANCIAL POSITION**

At 30 June 2010, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$409,883,000 (31 December 2009: HK\$416,598,000). At 30 June 2010, total borrowings amounted to HK\$14,318,000 (31 December 2009: HK\$27,268,000) with HK\$9,377,000 (31 December 2009: HK\$21,731,000) 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 1.5% at the interim period end date (31 December 2009: 2.8%, as restated). The current ratio at 30 June 2010 was 17.8 times (31 December 2009: 12.9 times).

At 30 June 2010, 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 unaudited financial statements. Other than the fixed interest rate of 5% 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 Euro, Yen and United States dollar. 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 2009: HK\$10,342,000) were given to banks to secure general banking facilities to the extent of HK\$20,342,000 as at 30 June 2010 (31 December 2009: HK\$20,342,000).

## **EMPLOYEE AND REMUNERATION POLICIES**

At the date of this report, the Group employs a total of 265 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 7 February 2010, Cosy Good Limited (“Cosy Good”), a wholly owned subsidiary of the Company, entered into the subscription agreement to subscribe the guaranteed secured convertible bonds (the “Bonds”) at the amount of HK\$100,000,000 in Skyjoy Assets Management Limited (“Skyjoy”). The maturity date of the Bonds should be fifth anniversary from the issue date and the conversion period is from the expiry of three years from the issue date up to maturity. If Cosy Good converts the Bonds in full, 900 shares of US\$1.00 each, representing 9% of the issued share capital of Skyjoy on a fully diluted basis, will be issued to Cosy Good. The transaction constituted a discloseable transaction for the Company, details of which are set out in the Company’s announcement dated 7 February 2010. The transaction was completed on 9 July 2010.

Save as disclosed above, the Group had no material acquisition and disposal of investments during the six months ended 30 June 2010 and up to the date of this report.

## DIRECTORS’ INTERESTS IN SHARES

At 30 June 2010, 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:*

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

Save as disclosed above, as at 30 June 2010, 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 2010, 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 2010, 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 2010.

## 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 2010 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 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.

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 DIRECTORS' INFORMATION

Mr. Raymond Wai Pun LAU retired as Non-executive Director at the annual general meeting of the Company held on 17 June 2010 (the "2010 AGM").

Mr. David Kwok Kwei LO and Mr. Chi Keung WONG were elected as Independent Non-executive Directors by the shareholders of the Company at the 2010 AGM. Each of them is entitled to an annual director's fee of HK\$60,000.

With effect from 1 April 2010, the monthly salary of Mr. Wing Tung YEUNG, Executive Director, has been increased to HK\$147,900.

With effect from 17 June 2010, the annual director's fee of Mr. Joseph Wing Kong LEUNG has been increased to HK\$120,000, and the annual director's fee of each of Mr. Raymond Siu Wing CHAN, Mr. Derek Wai Choi LEUNG, Mr. Wing Tung YEUNG, Mr. Raymond Shing Loong WONG, Dr. Cecil Sze Tsung CHAO and Dr. Jen CHEN has been increased to HK\$60,000.

## 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 2010.

## REVIEW OF INTERIM REPORT

The interim report for the six months ended 30 June 2010 has been reviewed by the Audit Committee of the Company.

## 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 Director is Mr. Raymond Shing Loong WONG, and the Independent Non-executive Directors are Dr. Cecil Sze Tsung CHAO, Dr. Jen CHEN, Mr. David Kwok Kwei LO, Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG.

By order of the Board

**Joseph Wing Kong LEUNG**

*Chairman and Acting Chief Executive Officer*

Hong Kong, 24 August 2010



## 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 DIRECTOR

Raymond Shing Loong WONG

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Cecil Sze Tsung CHAO  
Jen CHEN  
David Kwok Kwei LO  
Ian Grant ROBINSON  
Chi Keung WONG

### COMPANY SECRETARY

Pui Man CHENG

### AUDITOR

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 Bank International Limited

### REGISTERED OFFICE

Suites 3301-03, 33/F, Tower 2  
Nina Tower, 8 Yeung Uk Road  
Tsuen Wan, New Territories  
Hong Kong

### INCORPORATION IN HONG KONG

27 April 1966

### LISTING

16 November 1972

### NO. OF EMPLOYEES

265

### WEB SITE

[www.enmholdings.com](http://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](mailto:info@enmholdings.com)