



安寧控股有限公司  
ENM HOLDINGS LIMITED

STOCK CODE: 0128



**2011** —  
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 21 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2011 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

26 August 2011

## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
	Note	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
<b>Continuing operations</b>			
<b>Revenue</b>		<b>147,318</b>	128,747
Cost of sales		<b>(57,955)</b>	(58,253)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>89,363</b>	70,494
Other income		<b>3,276</b>	3,355
Selling and distribution costs		<b>(50,638)</b>	(44,955)
Administrative expenses		<b>(34,269)</b>	(31,194)
Other operating income/(expenses), net		<b>(9,827)</b>	7,843
		<hr/>	<hr/>
<b>Profit/(loss) from operations</b>		<b>(2,095)</b>	5,543
Fair value gains/(losses) on investment properties, net		<b>(2,400)</b>	600
Deficits write-back on revaluation of resort and recreational club properties		<b>831</b>	1,527
Finance costs	4	<b>(434)</b>	(523)
Share of losses of an associate		<b>(241)</b>	(312)
		<hr/>	<hr/>
<b>Profit/(loss) before tax</b>		<b>(4,339)</b>	6,835
Income tax expense	5	<b>—</b>	—
		<hr/>	<hr/>
<b>Profit/(loss) for the period from continuing operations</b>		<b>(4,339)</b>	6,835
<b>Discontinued operation</b>			
Profit/(loss) for the period from discontinued operation	6	<b>37,064</b>	(4,078)
		<hr/>	<hr/>
<b>Profit for the period</b>	7	<b>32,725</b>	2,757
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED INCOME STATEMENT** (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		<b>Six months ended 30 June</b>	
<b>Attributable to:</b>	<b>Note</b>	<b>2011 HK\$'000 (unaudited)</b>	<b>2010 HK\$'000 (unaudited)</b>
<b>Owners of the Company</b>			
Profit/(loss) from continuing operations		<b>(4,339)</b>	6,835
Profit/(loss) from discontinued operation		<b>37,088</b>	(4,057)
		<hr/> <b>32,749</b> <hr/>	<hr/> 2,778 <hr/>
<b>Non-controlling interests</b>			
Loss from discontinued operation attributable to non-controlling interests		<b>(24)</b>	(21)
		<hr/> <b>32,725</b> <hr/>	<hr/> 2,757 <hr/>
<b>Earnings/(loss) per share</b>			
From continuing and discontinued operations			
– basic	8(a)(i)	<hr/> <b>1.98 HK cents</b> <hr/>	<hr/> 0.17 HK cents <hr/>
– diluted	8(b)	<hr/> <b>N/A</b> <hr/>	<hr/> N/A <hr/>
From continuing operations			
– basic	8(a)(ii)	<hr/> <b>(0.26 HK cents)</b> <hr/>	<hr/> 0.41 HK cents <hr/>
– diluted	8(b)	<hr/> <b>N/A</b> <hr/>	<hr/> N/A <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
<b>Profit for the period</b>	<b>32,725</b>	2,757
<b>Other comprehensive income/(loss):</b>		
Exchange differences on translating foreign operations	48	182
Fair value changes of available-for-sale debt investments	(1,809)	63
Release of revaluation reserve upon disposal of available-for-sale debt investments	(4,538)	—
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(6,299)</b>	245
<b>Total comprehensive income for the period</b>	<b>26,426</b>	3,002
<b>Attributable to:</b>		
Owners of the Company	26,450	2,992
Non-controlling interests	(24)	10
	<b>26,426</b>	3,002

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	Note	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	104,832	108,860
Investment properties		95,800	98,200
Intangible assets		1,594	1,636
Interest in an associate		21,078	21,932
Financial assets at fair value through profit or loss	11	117,605	109,843
Available-for-sale equity investments	12	30,842	30,842
Available-for-sale debt investments – convertible bonds		—	15,201
Available-for-sale debt investments – note receivables	13	23,555	21,509
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>395,306</b>	408,023
<b>Current assets</b>			
Inventories		54,652	47,181
Trade receivables	14	2,573	2,892
Prepayments, deposits and other receivables		35,769	28,915
Financial assets at fair value through profit or loss	11	239,903	221,832
Available-for-sale equity investments	12	8,578	8,578
Option derivatives – convertible bonds		—	1,510
Pledged bank deposits		11,342	11,342
Time deposits		287,642	257,969
Cash and bank balances		64,042	98,556
		<hr/>	<hr/>
<b>Total current assets</b>		<b>704,501</b>	678,775
<b>Current liabilities</b>			
Trade and other payables	15	41,401	37,929
Interest-bearing bank and other borrowings		3,869	19,152
Current portion of debentures	16	1,483	1,303
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>46,753</b>	58,384
		<hr/>	<hr/>
<b>Net current assets</b>		<b>657,748</b>	620,391
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>1,053,054</b>	1,028,414
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 30 JUNE 2011

	Note	30 June 2011 HK\$'000 (unaudited)	31 December 2010 HK\$'000 (audited)
<b>Total assets less current liabilities</b>		<b>1,053,054</b>	1,028,414
<b>Non-current liabilities</b>			
Debentures	16	4,363	4,597
Interest-bearing bank and other borrowings		—	4
Deferred revenue		12,119	13,667
<b>Total non-current liabilities</b>		<b>16,482</b>	18,268
<b>NET ASSETS</b>		<b>1,036,572</b>	1,010,146
<b>Capital and reserves</b>			
Issued capital	17	16,507	16,507
Reserves		1,019,222	992,772
Equity attributable to owners of the Company		1,035,729	1,009,279
Non-controlling interests		843	867
<b>TOTAL EQUITY</b>		<b>1,036,572</b>	1,010,146

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

(Unaudited)

	Attributable to owners of the Company									
	Issued capital	Share premium account	Capital redemption reserve	Special 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
At 1 January 2010	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
At 1 January 2011	16,507	1,189,721	478	808,822	6,053	10,669	(1,022,971)	1,009,279	867	1,010,146
Total comprehensive income and changes in equity for the period	—	—	—	—	(6,347)	48	32,749	26,450	(24)	26,426
At 30 June 2011	16,507	1,189,721	478	808,822	(294)	10,717	(990,222)	1,035,729	843	1,036,572



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>(374)</b>	511
<b>Net cash generated from/(used in) investing activities</b>	<b>(4,634)</b>	22,924
<b>Net cash used in financing activities</b>	<b>(15,746)</b>	(8,047)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(20,754)</b>	15,388
Cash and cash equivalents at beginning of period	<b>355,586</b>	83,431
Effect of foreign exchange rate changes, net	<b>4</b>	228
<b>Cash and cash equivalents at end of period</b>	<b>334,836</b>	99,047
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>64,042</b>	94,897
Non-pledged time deposits with original maturity of less than three months when acquired	<b>270,794</b>	4,150
	<b>334,836</b>	99,047

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*FOR THE SIX MONTHS ENDED 30 JUNE 2011*

### **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 2010 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 2010 except as stated 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 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; 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.

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>	(Discontinued operation) Tele- communications operation <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 2011:</b>					
Revenue from external customers	133,340	43,205	8,638	5,340	190,523
Segment profit/(loss)	6,794	37,064	(1,318)	(4,994)	37,546
<b>As at 30 June 2011:</b>					
Segment assets	<u>124,230</u>	<u>470</u>	<u>168,491</u>	<u>785,538</u>	<u>1,078,729</u>
<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 31 December 2010:</b>					
Segment assets, audited	<u>134,549</u>	<u>2,200</u>	<u>173,221</u>	<u>754,896</u>	<u>1,064,866</u>

**3. SEGMENT INFORMATION** (continued)

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Reconciliations of segment profit or loss:</b>		
Total profit or loss of reportable segments	<b>37,546</b>	2,978
Unallocated corporate administrative expenses	<b>(2,577)</b>	(1,513)
Share of losses of an associate	<b>(241)</b>	(312)
Fair value gains/(losses) on investment properties, net	<b>(2,400)</b>	600
Deficits write-back on revaluation of resort and recreational club properties	<b>831</b>	1,527
Finance costs	<b>(434)</b>	(523)
Elimination of discontinued operation	<b>(37,064)</b>	4,078
	<hr/>	<hr/>
Consolidated profit/(loss) for the period from continuing operations	<b>(4,339)</b>	6,835
	<hr/> <hr/>	<hr/> <hr/>

**4. FINANCE COSTS**

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest on bank loans and overdrafts	<b>356</b>	441
Interest on finance leases	<b>1</b>	4
Accretion of interest on debentures	<b>77</b>	78
	<hr/>	<hr/>
	<b>434</b>	523
	<hr/> <hr/>	<hr/> <hr/>

**5. INCOME TAX EXPENSE**

No provision for Hong Kong Profits Tax and overseas income tax is required for the six months periods ended 30 June 2011 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. DISCONTINUED OPERATION

In December 2010, the Group decided to discontinue the telecommunications operation which constitutes a major line of business. The related telecommunications equipment is ceased to be used.

The results of the discontinued operation for the period ended, which have been included in condensed consolidated income statement, are as follows:

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Revenue	<b>43,205</b>	—
Administrative expenses	<b>(6,111)</b>	(4,263)
Other operating income/(expenses), net	<b>(30)</b>	185
	<hr/>	<hr/>
Profit/(loss) before tax	<b>37,064</b>	(4,078)
Income tax expense	<b>—</b>	—
	<hr/>	<hr/>
Profit/(loss) for the period	<b>37,064</b>	(4,078)
	<hr/> <hr/>	<hr/> <hr/>

The revenue from discontinued operation represents the recovery of disputed services fee income amounting to approximately US\$5,500,000 from an international telecommunications carrier arose in previous years.

## 7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2011 <i>HK\$'000</i> <i>(unaudited)</i>	2010 <i>HK\$'000</i> <i>(unaudited)</i>
Cost of inventories sold <sup>^</sup>	<b>57,868</b>	58,193
Interest income <sup>#</sup>	<b>(3,521)</b>	(2,833)
Dividend income <sup>#</sup>	<b>(1,819)</b>	(1,760)
Amortisation of intangible assets*	<b>42</b>	21
Depreciation*	<b>7,226</b>	6,634
Directors' remuneration	<b>3,768</b>	1,796
Exchange gains, net*	<b>(860)</b>	(6,255)
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Held-for-trading (including option derivatives)		
Interest income	<b>(352)</b>	—
Fair value losses, net	<b>16,803</b>	4,850
Gain on disposal, net	<b>(1,152)</b>	(7,318)
Designated as such upon initial recognition		
Interest income	<b>(7,895)</b>	—
Fair value losses	<b>134</b>	—
Gain on disposal of available-for-sales debt investments*	<b>(4,004)</b>	—
Gain on disposal of property, plant and equipment*	<b>(62)</b>	—
Fair value losses/(gains) on investment properties, net	<b>2,400</b>	(600)
Charge for/(write back of) inventories allowances	<b>2,581</b>	(578)
Write back of accrued payables*	<b>(23)</b>	(206)
Write back of other loans*	<b>—</b>	(5,754)
	<b>—————</b>	<b>—————</b>

<sup>^</sup> Cost of inventories sold included charge for inventories allowances of HK\$2,581,000 (2010: write back of inventories allowances of HK\$578,000).

<sup>#</sup> These amounts are included in "Revenue" from continuing operations.

\* These amounts are included in "Other operating income/(expenses), net" from continuing and discontinued operations.

## 8. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

#### (i) *From continuing and discontinued operations*

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 HK\$32,749,000 (2010: HK\$2,778,000) and the weighted average number of ordinary shares of 1,650,658,676 (2010: 1,650,658,676) in issue during the period.

#### (ii) *From continuing operations*

The calculation of basic loss (2010: earnings) per share from continuing operations attributable to owners of the Company is based on the loss for the period from continuing operations attributable to owners of the Company of HK\$4,339,000 (2010: profit of HK\$6,835,000) and the denominator used is the same as that detailed above for basic earnings per share.

#### (iii) *From discontinued operation*

Basic earnings (2010: loss) per share from the discontinued operation is 2.25 HK cents per share (2010: loss of 0.25 HK cents per share) based on the profit for the period from discontinued operation attributable to the owners of the Company of HK\$37,088,000 (2010: loss of HK\$4,057,000) and the denominators used are the same as those detailed above for basic earnings per share.

### (b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share from continuing and discontinued operations are presented as the Company did not have any dilutive potential ordinary shares during the six months periods ended 30 June 2011 and 2010.

## 9. DIVIDENDS

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2011 (2010: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired property, plant and equipment of approximately HK\$2,368,000 (30 June 2010: HK\$12,027,000).

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

	<b>30 June 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
Listed investments, at fair value ( <i>note a</i> ):		
Hong Kong	<b>210,102</b>	205,536
Outside Hong Kong	<b>23,044</b>	8,627
	<hr/>	<hr/>
Market value of listed investments	<b>233,146</b>	214,163
	<hr/>	<hr/>
Unlisted investments, at fair value:		
Convertible bonds ( <i>note b</i> )	<b>117,605</b>	109,843
Others ( <i>note c</i> )	<b>6,757</b>	7,669
	<hr/>	<hr/>
	<b>124,362</b>	117,512
	<hr/>	<hr/>
	<b>357,508</b>	331,675
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Current assets	<b>239,903</b>	221,832
Non-current assets	<b>117,605</b>	109,843
	<hr/>	<hr/>
	<b>357,508</b>	331,675
	<hr/> <hr/>	<hr/> <hr/>

- (a) The listed investments at 30 June 2011 and 31 December 2010 were classified as held for trading. The fair values of listed investments are based on quoted market prices.



**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS** (continued)

- (b) On 7 February 2010, the Group entered into the Convertible Bonds Subscription Agreement with Skyjoy Assets Management Limited (“Skyjoy”) and two other subscribers. Pursuant to the agreement, Skyjoy had conditionally agreed to issue guaranteed secured convertible bonds in the principal amount of HK\$400,000,000 to the subscribers (the “Subscription”), of which HK\$100,000,000 was subscribed by the Group (the “Unlisted Convertible Bonds”). Skyjoy and its subsidiary, which are principally engaged in property investment and development in the PRC, have the ultimate beneficial interest of the land with a site area of approximately 62,000 square meters in Shijiazhuang, PRC. If the Group converts the Unlisted Convertible 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 the Group.

The Subscription was completed on 9 July 2010. The maturity date of the Unlisted Convertible Bonds should be the fifth anniversary from the issue date and the conversion period is from the expiry of three years from the issue date up to maturity. Details of the principal terms of the Unlisted Convertible Bonds are set out in the Company’s announcement dated 7 February 2010. The Unlisted Convertible Bonds were designated as financial assets at fair value through profit or loss. The Group intended to hold the Unlisted Convertible Bonds for long-term investment purposes.

The fair value of the Unlisted Convertible Bonds at end of each reporting date are determined with reference to the valuation performed by CB Richard Ellis Limited, a firm of independent professional qualified valuers, using the binomial model. The major input of the binomial model is the fair value of the equity interest of Skyjoy derived by assets approach, which is used as the share price input into the binomial mode. Other key inputs and assumptions used in the valuation model are as follows:

	<b>30 June 2011</b>	31 December 2010
Expected volatility	<b>28.04%</b>	31.55%
Expected life	<b>3.99 years</b>	4.49 years
Risk free rate	<b>1.34%</b>	1.76%
Discount rate	<b>18.16%</b>	18.20%

Interest income from the Unlisted Convertible Bonds is recognised based on effective interest rates at 19.66%.

- (c) Other unlisted investments at 30 June 2011 and 31 December 2010 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.

**12. AVAILABLE-FOR-SALE EQUITY INVESTMENTS**

	<b>30 June 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
Unlisted equity investments, at cost less impairment loss	<b>39,420</b>	39,420
Analysed as:		
Current assets	<b>8,578</b>	8,578
Non-current assets	<b>30,842</b>	30,842
	<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 classified as non-current assets in the near future.

**13. AVAILABLE-FOR-SALE DEBT INVESTMENTS - NOTES RECEIVABLES**

	<b>30 June 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
Listed senior notes*, at fair value:		
Market value of listed senior notes	<b>23,555</b>	21,509

\* Listed as selectively marketed securities on The Singapore Exchange Securities Trading Limited.

At 30 June 2011, the Group held listed senior notes with an aggregate principal amount of US\$3,110,000 (equivalent to HK\$24,196,000) (31 December 2010: US\$2,610,000 (equivalent to HK\$20,306,000)), which were issued by companies listed on The Stock Exchange of Hong Kong Limited or The Singapore Exchange Securities Trading Limited. The fair value of the listed senior notes is based on quoted market prices. The senior notes have maturity dates ranging from 11 August 2015 to 3 August 2017.

Interest income from the listed senior notes is recognised based on effective interest rate ranging from 9.10% to 11.21%.

**14. 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 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
Within 1 month	<b>2,213</b>	2,605
2 to 3 months	<b>344</b>	188
Over 3 months	<b>16</b>	99
	<b>2,573</b>	2,892

**15. TRADE AND OTHER PAYABLES**

Included in the Group's trade and other payables as at 30 June 2011 are trade and bills payables of HK\$12,878,000 (31 December 2010: HK\$6,635,000).

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 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
Within 1 month	<b>12,427</b>	6,341
2 to 3 months	<b>451</b>	217
Over 3 months	<b>—</b>	77
	<b>12,878</b>	6,635

## 16. 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. 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 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
Within one year classified as current liabilities	<b>1,483</b>	1,303
In the second year	<b>1,695</b>	2,457
In the third to fifth years, inclusive	<b>2,668</b>	2,140
Non-current portion	<b>4,363</b>	4,597
	<b>5,846</b>	5,900

## 17. SHARE CAPITAL

	<b>30 June 2011 HK\$'000 (unaudited)</b>	31 December 2010 HK\$'000 (audited)
Authorised: 100,000,000,000 ordinary shares of HK\$0.01 each	<b>1,000,000</b>	1,000,000
Issued and fully paid: 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 35 on the Company’s financial statements for the year ended 31 December 2010.

**18. 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>2011 HK\$'000 (unaudited)</b>	2010 HK\$'000 (unaudited)
Acquisition of trademarks from a related company	(i)	—	1,700
Rental expenses, building management fees and air-conditioning charges paid to related companies	(ii)	<b>1,904</b>	1,725
Rental income from an associate	(iii)	<b>791</b>	1,133
		<b><u>791</u></b>	<b><u>1,133</u></b>

*Notes:*

- (i) During the first half of 2010, 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. David Kin Hay HONG ("Mr. Hong") and his two sisters. Mr. Hong 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 by an independent valuer.
- (ii) 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 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.
- (b) Compensation of key management personnel of the Group:

	<b>Six months ended 30 June</b>	
	<b>2011 HK\$'000 (unaudited)</b>	2010 HK\$'000 (unaudited)
Short term employee benefits	<b>7,522</b>	3,969
Pension scheme contributions	<b>54</b>	36
Total compensation paid to key management personnel	<b><u>7,576</u></b>	<b><u>4,005</u></b>

## 19. CONTINGENT LIABILITIES

At 30 June 2011, 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 condensed 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.

## 20. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments for the purchase of property, plant and equipment at 30 June 2011 and 31 December 2010.

## 21. COMPARATIVE FIGURES

The comparative condensed consolidated income statement has been re-presented as if the telecommunications operation has been discontinued at the beginning of the comparative period.

## 22. APPROVAL OF INTERIM REPORT

The interim report was approved and authorised for issue by the Board of Directors on 26 August 2011.

## CHAIRMAN'S STATEMENT

### FINANCIAL RESULTS

Turnover from continuing operations for the six months ended 30 June 2011 was HK\$147,318,000, an increase of 14% compared with the same period last year. The turnover growth was mainly due to the increase in the fashion retail business.

The Group's profit attributable to shareholders for the six months ended 30 June 2011 was HK\$32,749,000 compared to HK\$2,778,000 for the same period last year. The increase in net profit was mainly attributable to (i) the growth in the fashion retail business; and (ii) the recovery of the prior years' disputed services fees of approximately HK\$43,205,000 from the discontinued telecommunications operation. The said recovery of disputed services fees is a one-off and non-recurring income and no income with similar nature will be generated in the future.

### BUSINESS REVIEW

#### Retail Fashion - Swank

##### *Hong Kong*

Riding on the bullish market trend, the first half of 2011 saw our turnover jumped from HK\$112,500,000 to HK\$127,400,000, a 13% increase with profit before tax hitting HK\$6,800,000 as opposed to HK\$3,200,000 over the same period last year, an improvement of 113%.

Management is mindful of the current unstable financial market condition caused by the downgrading of the US Credit Rating and European sovereign debt situation, and will take necessary measures to react when needed.

##### *Beijing*

After two years of operations, Swank Beijing has now achieved its break even point. The first six months sales turnover reached RMB5,000,000 from RMB3,800,000 compared to the same period last year, an increase of 31%.

Management continues to explore other retailing opportunity in China for future development. Opportunity of a second multi-brands shop in Xian is under negotiation with a memorandum of understanding with Century Ginwa Retail Holdings Limited.

#### 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 for recreational and outdoor activities, conferences and dining.

During the first half of 2011, Hilltop has re-directed marketing effort and adjusted the business composition to accommodate new requirement of the club license. Proactive measures have been taken to increase revenue sources and to control costs. As a result, operating results for the first half of 2011 has significantly improved over the same period last year.

Refurbishment works for the lodge was commenced in June 2011 to upgrade the room conditions for better services to members. The work is scheduled to be completed by September 2011. Hilltop is also studying a club enrichment plan with a potential collaborator to introduce new elements to the club. Management will continue to consider all other options to bring the club back to long term profitability.

### ***VivaSha Club Resort (“VivaSha”)***

Located in the Putao district of Shanghai with gross floor area of 41,000 square meters, VivaSha is a complex of clubhouse, convention center and 298 hotel rooms, and is operated by Shanghai Landis Hospitality Management Ltd., a 35%-owned associate of the Company.

After Shanghai 2010 World Expo, the hotel section sales for the first half of 2011 dropped from HK\$8,200,000 to HK\$5,000,000 by 39% owing to the decreases in room rate and occupancy rate. Food and Beverage sales and Club Membership business remain stable. Total sales for the first half of 2011 were HK\$22,800,000 with an operating loss of around HK\$689,000. Meanwhile, VivaSha’s management will continue to focus on the conference package business to increase the revenue for the second half of 2011.

### **Other Investments**

#### ***Skyjoy Assets Management Limited (“Skyjoy”)***

The Group through its wholly owned subsidiary, Cosy Good Limited, subscribed HK\$100,000,000 12% Convertible Bonds issued by Skyjoy on 9 July 2010. Skyjoy is the beneficial owner of a commercial real estate project in Shijiazhuang, Hebei Province, PRC through its wholly owned subsidiary, Shijiazhuang Lerthai Property Development Company Limited (“Shijiazhuang Lerthai”).

Shijiazhuang Lerthai owns 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”) with retail shops, services apartment, office, hotel and car park. The total gross floor area is approximately 623,000 square meters. The Project is scheduled to be completed by end of 2013 and targeted to obtain the pre-sales approval certificates in the third quarter of 2011.

#### ***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% shareholdings in Genovate.

Through strategic alliance with QPS, a US-based leading full-service Contract Research Organisation (“CRO”) who acquired majority interest of Qualitix Clinical Research (previous CRO arm of Genovate) in December 2010, Genovate aims to increase regional presence for its new drug development via a stronger international preclinical and clinical network.

In March 2011, Genovate received first approval of “new strength” Carisoma 250mg tablet from Taiwan FDA for back pain (muscle relaxant) with similar efficacy to 350mg tablet but reduced drowsiness. Addition of Carisoma will improve sales of niche generics for Genovate. Production of clinical sample of antidiabetic drug DBPR108 was completed in May 2011 and will be ready for phase I “first in man” use after targeted US and Taiwan IND filing in December 2011.



**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.

For the first half of 2011, Smartdot recorded accounting losses of RMB582,000. Due to the standard industry practice to record the majority of new contracts and projects revenue during the second half of the year, Smartdot’s management believes that there will be a significant improvement in earnings in a full year operation.

**SinoPay.com Holdings Limited (“SinoPay”)**

The Group has 15.38% shareholdings in SinoPay, a Cayman Islands company. Through SinoPay, the Group previously had an effective interest of approximately 0.29% in China UnionPay Merchant Services Co., Ltd. (“China UMS”), which is a subsidiary of China UnionPay and mainly engages in bankcard acquiring and e-payment business in the PRC with dominant market position.

As informed by China UMS, in order to obtain a third party payment license, which is an official license for China UMS to continue its daily operation and future development, its shareholders need to be 100% domestic. Under this circumstance, SinoPay entered into an agreement with five domestic investors in the PRC to dispose its total shareholdings in China UMS at a profit in February 2011. The substantial amount of sale proceeds have been received.

**MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS**

The Group had no material acquisition and disposal of investments during the six months ended 30 June 2011 and up to the date of this report.

**LIQUIDITY AND FINANCIAL POSITION**

At 30 June 2011, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$351,684,000 (31 December 2010: HK\$356,525,000). At 30 June 2011, total borrowings amounted to HK\$9,715,000 (31 December 2010: HK\$25,056,000) with HK\$5,352,000 (31 December 2010: HK\$20,455,000) repayment falling due within one year. The Group’s gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 0.9% at the interim period end date (31 December 2010: 2.5%). The current ratio at 30 June 2011 was 15.1 times (31 December 2010: 11.6 times).

At 30 June 2011, 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\$11,342,000 (31 December 2010: HK\$11,342,000) were given to banks to secure general banking facilities to the extent of HK\$21,342,000 as at 30 June 2011 (31 December 2010: HK\$21,342,000).

## EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employed 252 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, external training support, and a performance based share option scheme.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2011, 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 (the "SFO")) which were 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company, to be notified to the Company and the Stock Exchange, were 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>
Mr. Joseph Wing Kong LEUNG	200,000	0.012%

Save as disclosed above, as at 30 June 2011, 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 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.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, 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 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, 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 30 June 2011 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.

## 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 2011.

## CODE ON CORPORATE GOVERNANCE PRACTICES

None of the Directors of the Company is 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 2011 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 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.

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**

With effect from 1 April 2011, the monthly salary of Mr. Victor Yiu Keung CHIANG, Executive Director, has been increased to HK\$124,800 and the monthly salary of Mr. Wing Tung YEUNG, Executive Director, has been increased to HK\$153,200.

## **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") 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 have complied with the required standards set out in the Model Code during the six months ended 30 June 2011.

## **REVIEW OF INTERIM REPORT**

The interim report for the six months ended 30 June 2011 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. Victor Yiu Keung CHIANG, 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, 26 August 2011

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Joseph Wing Kong LEUNG (*Chairman and  
Acting Chief Executive Officer*)

Raymond Siu Wing CHAN

Victor Yiu Keung CHIANG

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

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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

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Tsuen Wan, New Territories

Hong Kong

### INCORPORATION IN HONG KONG

27 April 1966

### LISTING

16 November 1972

### NO. OF EMPLOYEES

252

### WEB SITE

[www.enmholdings.com](http://www.enmholdings.com)

### STOCK CODE

Hong Kong Stock Exchange: 0128

American Depositary Receipt: ENMHY

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