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ENM HOLDINGS LIMITED

安寧控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 128)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

The Board of Directors (the “Board”) of ENM Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2012.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Continuing operations			
Revenue		337,241	333,485
Cost of sales		<u>(136,962)</u>	<u>(124,485)</u>
Gross profit		200,279	209,000
Other income		5,723	6,595
Selling and distribution costs		(120,065)	(99,931)
Administrative expenses		(90,307)	(72,492)
Depreciation and amortisation		(19,935)	(15,436)
Other operating gains/(losses), net	6	<u>45,721</u>	<u>(19,540)</u>
Profit from operations		21,416	8,196
Fair value gains/(losses) on investment properties, net		1,400	(3,700)
Deficits write-back/(deficits) on revaluation of resort and recreational club properties		2,623	(2,491)
Finance costs	3	(750)	(865)
Share of losses of an associate		<u>(1,976)</u>	<u>(2,197)</u>
Profit/(loss) before tax		22,713	(1,057)
Income tax expense	4	<u>-</u>	<u>-</u>
Profit/(loss) for the year from continuing operations		22,713	(1,057)
Discontinued operation			
Profit for the year from discontinued operation	5	<u>-</u>	<u>37,278</u>
Profit for the year	6	<u>22,713</u>	<u>36,221</u>
Attributable to:			
Owners of the Company			
Profit/(loss) from continuing operations		22,770	(1,057)
Profit from discontinued operation		<u>-</u>	<u>37,310</u>
Profit attributable to owners of the Company		<u>22,770</u>	<u>36,253</u>
Non-controlling interests			
Loss from continuing operations		(57)	-
Loss from discontinued operation		<u>-</u>	<u>(32)</u>
Loss attributable to non-controlling interests		<u>(57)</u>	<u>(32)</u>
		<u>22,713</u>	<u>36,221</u>

**CONSOLIDATED INCOME STATEMENT (Cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	<u>2012</u>	<u>2011</u>
Earnings/(loss) per share			
From continuing and discontinued operations			
- basic	7(a)(i)	<u>1.38 HK cents</u>	<u>2.20 HK cents</u>
- diluted	7(b)	<u>N/A</u>	<u>N/A</u>
From continuing operations			
- basic	7(a)(ii)	<u>1.38 HK cents</u>	<u>(0.06) HK cents</u>
- diluted	7(b)	<u>N/A</u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Profit for the year	<u>22,713</u>	<u>36,221</u>
Other comprehensive income:		
Exchange differences on translating foreign operations	782	1,271
Exchange reserve release to the income statement from other comprehensive income upon dissolution of foreign subsidiaries	-	(813)
Fair value changes of available-for-sale equity investments	115,353	25,745
Fair value changes of available-for-sale debt investments	7,186	(6,390)
Release of revaluation reserve to income statement upon disposal of available-for-sale equity investments	(12,563)	-
Release of exchange fluctuation reserve to the income statement upon disposal of available-for-sale equity investments	(895)	-
Release of revaluation reserve to the income statement upon disposal of available-for-sale debt investments	<u>657</u>	<u>(4,537)</u>
Other comprehensive income for the year, net of tax	<u>110,520</u>	<u>15,276</u>
Total comprehensive income for the year	<u>133,233</u>	<u>51,497</u>
Attributable to:		
Owners of the Company	133,276	51,455
Non-controlling interests	<u>(43)</u>	<u>42</u>
	<u>133,233</u>	<u>51,497</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012**

	<i>Note</i>	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		105,850	101,910
Investment properties		100,000	98,000
Intangible assets		1,466	1,551
Interest in an associate		17,059	18,965
Financial assets at fair value through profit or loss	9	147,489	123,600
Available-for-sale equity investments		155,336	39,983
Available-for-sale debt investments - notes receivables		65,723	20,697
		<hr/> 592,923	<hr/> 404,706
Total non-current assets			
Current assets			
Inventories		63,713	56,053
Trade and other receivables	10	65,365	35,331
Financial assets at fair value through profit or loss	9	212,606	211,847
Available-for-sale equity investments		-	23,849
Pledged bank deposits		11,000	11,000
Time deposits		217,584	293,896
Cash and bank balances		115,255	79,785
		<hr/> 685,523	<hr/> 711,761
Total current assets			
Current liabilities			
Trade and other payables	11	69,443	36,895
Interest-bearing bank and other borrowings		2,390	1,508
Current portion of debentures		1,775	2,602
		<hr/> 73,608	<hr/> 41,005
Total current liabilities			
Net current assets			
		<hr/> 611,915	<hr/> 670,756
Total assets less current liabilities			
		<hr/> 1,204,838	<hr/> 1,075,462

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AT 31 DECEMBER 2012**

	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Total assets less current liabilities	<u>1,204,838</u>	<u>1,075,462</u>
Non-current liabilities		
Debentures	2,407	3,246
Deferred revenue	<u>7,555</u>	<u>10,573</u>
Total non-current liabilities	<u>9,962</u>	<u>13,819</u>
NET ASSETS	<u>1,194,876</u>	<u>1,061,643</u>
Capital and reserves		
Issued capital	16,507	16,507
Reserves	<u>1,177,503</u>	<u>1,044,227</u>
Equity attributable to owners of the Company	<u>1,194,010</u>	<u>1,060,734</u>
Non-controlling interests	<u>866</u>	<u>909</u>
TOTAL EQUITY	<u>1,194,876</u>	<u>1,061,643</u>

Notes:

1. Basis of Preparation and Adoption of New and Revised Hong Kong Financial Reporting Standards

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The accounting policies used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011 except the changes mentioned below.

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current year 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.

2. Segment Information

The Group has four reportable segments as follows:

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

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include the following:

- Unallocated corporate administrative expenses;
- Share of losses of an associate;
- Fair value gains/(losses) on investment properties, net;
- Deficits write-back/(deficits) on revaluation of resort and recreational properties;
- Finance costs; and
- Income tax expense.

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

2. Segment Information (Cont'd)

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

	Wholesale and retail of fashion wear and accessories	(Discontinued operation) Telecom- munications operation	Resort and recreational club operations	Investments and treasury	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2012:					
Revenue from external customers	307,387	-	14,975	14,879	337,241
Segment profit/(loss)	2,615	-	(8,398)	33,386	27,603
<i>Segment profit/(loss) includes:</i>					
Fair value gains on financial assets at fair value through profit or loss, net	-	-	-	4,428	4,428
Gains on disposal of financial assets at fair value through profit or loss, net	-	-	-	1,643	1,643
Gain on disposal of available-for-sale debt investments	-	-	-	1,566	1,566
Gain on disposal of available-for-sale equity investments	-	-	-	13,475	13,475
Interest income from:					
- Financial assets at fair value through profit or loss	-	-	-	22,150	22,150
- Other financial assets	-	-	-	9,116	9,116
Write-back of accrued payables	143	-	239	-	382
Depreciation and amortisation	14,160	-	4,330	1,445	19,935
Charge for inventories allowances	16,009	-	-	-	16,009
Impairment of trade receivables, net	-	-	30	-	30
Impairment loss of property, plant and equipment	490	-	-	-	490
<i>Other segment information:</i>					
Share of losses of an associate	-	-	(1,976)	-	(1,976)
Additions to property, plant and equipment	21,059	-	578	-	21,637
As at 31 December 2012:					
Segment assets	178,388	-	159,319	923,680	1,261,387
Segment liabilities	(45,625)	-	(21,648)	(13,907)	(81,180)
Interest in an associate	-	-	17,059	-	17,059

2. Segment Information (Cont'd)

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

	Wholesale and retail of fashion wear and accessories	(Discontinued operation) Telecom- munications operation	Resort and recreational club operations	Investments and treasury	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2011:					
Revenue from external customers	287,033	43,205	15,353	31,099	376,690
Segment profit/(loss)	27,028	37,278	(435)	(13,435)	50,436
<i>Segment profit/(loss) includes:</i>					
Fair value losses on financial assets at fair value through profit or loss, net	-	-	-	(55,292)	(55,292)
Loss on disposal of financial assets at fair value through profit or loss, net	-	-	-	(1,195)	(1,195)
Gain on disposal of available-for-sale debt investments	-	-	-	4,004	4,004
Interest income from:					
- Financial assets at fair value through profit or loss	-	-	-	17,808	17,808
- Other financial assets	-	-	-	7,564	7,564
Write-back of accrued payables	-	23	-	-	23
Depreciation and amortisation	10,038	25	3,951	1,447	15,461
Charge for inventories allowances	4,512	-	-	-	4,512
Impairment of trade receivables, net	-	5	30	-	35
Impairment loss reversed/(recognised) for:					
- Available-for-sale equity investment	-	-	-	(1,333)	(1,333)
- Loan and other receivables	-	-	-	7,500	7,500
<i>Other segment information:</i>					
Share of losses of an associate	-	-	(2,197)	-	(2,197)
Additions to property, plant and equipment	7,573	-	2,666	735	10,974
As at 31 December 2011:					
Segment assets	140,414	-	170,077	787,011	1,097,502
Segment liabilities	(26,234)	-	(23,177)	(3,905)	(53,316)
Interest in an associate	-	-	18,965	-	18,965

2. Segment Information (Cont'd)

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

	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Profit or loss		
Total profit or loss of reportable segments	27,603	50,436
Unallocated corporate administrative expenses	(6,187)	(4,962)
Share of losses of an associate	(1,976)	(2,197)
Fair value gains/(losses) on investment properties, net	1,400	(3,700)
Deficits write-back/(deficits) on revaluation of resort and recreational club properties	2,623	(2,491)
Finance costs	(750)	(865)
Elimination of discontinued operation	-	(37,278)
	<u>22,713</u>	<u>(1,057)</u>
Assets		
Total assets of reportable segments	1,261,387	1,097,502
Interest in an associate	17,059	18,965
	<u>1,278,446</u>	<u>1,116,467</u>
Liabilities		
Total liabilities of reportable segments	(81,180)	(53,316)
Interest-bearing bank and other borrowings	(2,390)	(1,508)
	<u>(83,570)</u>	<u>(54,824)</u>

Geographical information:

	Revenue		Non-current assets	
	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Hong Kong	318,681	316,429	294,427	240,902
Mainland China	14,310	13,832	100,328	102,450
Other Asia Pacific regions	3,999	3,206	198,168	61,354
Others	251	18	-	-
Discontinued operation	-	43,205	-	-
	<u>337,241</u>	<u>376,690</u>	<u>592,923</u>	<u>404,706</u>
Consolidated total	<u>337,241</u>	<u>376,690</u>	<u>592,923</u>	<u>404,706</u>

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

3. Finance Costs

	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Interest on bank loans and overdrafts	629	709
Interest on a finance lease	-	1
Accretion of interest on debentures	<u>121</u>	<u>155</u>
	<u>750</u>	<u>865</u>

4. Income Tax Expense

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2012 (2011: Nil) as the Company and its subsidiaries (including continuing and discontinued operations) either did not generate any assessable profits for the year or have available tax losses brought forward from prior years to offset against any assessable profits generated during the year.

5. Discontinued Operation

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

The results of the discontinued operation for the year ended 31 December 2011, which have been included in consolidated income statement, are as follows:

	<i>HK\$'000</i>
Revenue	43,205
Other income	908
Administrative expenses	(7,603)
Depreciation and amortisation	(25)
Other operating gains, net	<u>793</u>
Profit before tax	37,278
Income tax expense (<i>note 4</i>)	<u>-</u>
Profit for the year	<u>37,278</u>

The revenue from discontinued operation for the year ended 31 December 2011 represents the recovery of disputed services fee income amounting to approximately US\$5,500,000 from an international telecommunications carrier which arose in previous year.

6. Profit for the Year

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

	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Cost of inventories sold #	136,745	124,257
Dividend income ^	(5,763)	(23,535)
Depreciation	19,850	15,376
Amortisation of intangible assets	85	85
Charge for inventories allowances	16,009	4,512
Losses/(gains) from financial assets at fair value through profit or loss, net *: <ul style="list-style-type: none"> Held-for-trading <ul style="list-style-type: none"> Interest income Fair value losses/(gains), net Losses/(gains) on disposal, net Designated as such upon initial recognition <ul style="list-style-type: none"> Interest income Fair value losses/(gains), net 	(1,992)	(1,097)
	(697)	52,338
	(1,643)	1,195
	(4,332)	52,436
	(20,158)	(16,711)
	(3,731)	2,954
	(23,889)	(13,757)
Interest income from other financial assets ^	(9,116)	(7,564)
Fair value losses/(gains) on investment properties, net	(1,400)	3,700
Gain on disposal of available-for-sales debt investments *	(1,566)	(4,004)
Gain on disposal of available-for-sales equity investments *	(13,475)	-
Loss on disposal of property, plant and equipment *	5	34
Impairment loss of property, plant and equipment *	490	-
Amortisation of deferred revenue	(3,122)	(3,156)
Write-back of accrued payables *	(382)	(23)
Foreign exchange gains, net *	(2,572)	(9,772)
Deficits/(deficits write-back) on revaluation of resort and recreational club properties	(2,623)	2,491
Recovery of loan and other receivables *	-	(7,500)
Impairment loss of available-for-sale equity investments *	-	1,333

* These amounts are included in "Other operating gain/(losses), net" from continuing and discontinued operation.

^ These amounts are included in "Revenue" from continuing operations.

Cost of inventories sold included charge for inventories allowances of HK\$16,009,000 (2011: HK\$4,512,000).

7. 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 year attributable to owners of the Company of HK\$22,770,000 (2011: HK\$36,253,000) and the weighted average number of ordinary shares of 1,650,658,676 (2011: 1,650,658,676) in issue during the year.

(ii) From continuing operations

The calculation of basic earnings/(loss) per share from continuing operations attributable to owners of the Company is based on the profit for the year from continuing operations attributable to owners of the Company of HK\$22,770,000 (2011: loss of HK\$1,057,000) and the denominator used is the same as that detailed above for basic earnings per share.

(iii) From discontinued operation

For the year ended 31 December 2011, the calculation of basic earnings per share from the discontinued operation of 2.26 HK cents is based on the profit for the year from discontinued operation attributable to the owners of the Company of HK\$37,310,000 and the denominator used is the same as that 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 two years ended 31 December 2012 and 2011.

8. Dividends

The directors do not recommend the payment of any dividend to shareholders for the year ended 31 December 2012 (2011: Nil).

9. Financial Assets at Fair Value Through Profit or Loss

	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Listed investments, at fair value:		
Hong Kong	172,146	175,582
Outside Hong Kong	<u>17,246</u>	<u>24,308</u>
Market value of listed investments	<u>189,392</u>	<u>199,890</u>
Unlisted investments, at fair value:		
Convertible bonds	147,489	123,600
Others	<u>23,214</u>	<u>11,957</u>
	<u>170,703</u>	<u>135,557</u>
	<u><u>360,095</u></u>	<u><u>335,447</u></u>
Analysed as:		
Current assets	212,606	211,847
Non-current assets	<u>147,489</u>	<u>123,600</u>
	<u><u>360,095</u></u>	<u><u>335,447</u></u>

10. Trade and Other Receivables

Included in the Group's trade and other receivables as at 31 December 2012 are trade receivables of HK\$4,636,000 (2011: HK\$3,471,000).

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

An ageing analysis of the trade receivables, based on the invoice date and net of impairment, is as follows:

	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Within 1 month	4,257	3,185
2 to 3 months	371	262
Over 3 months	<u>8</u>	<u>24</u>
	<u><u>4,636</u></u>	<u><u>3,471</u></u>

11. Trade and Other Payables

Included in the Group's trade and other payables as at 31 December 2012 are trade and bills payables of HK\$21,568,000 (2011: HK\$11,328,000). An ageing analysis of the Group's trade and bills payables, based on the invoice date, is as follows:

	<u>2012</u> <i>HK\$'000</i>	<u>2011</u> <i>HK\$'000</i>
Within 1 month	20,004	11,288
2 to 3 months	1,116	23
Over 3 months	448	17
	<u>21,568</u>	<u>11,328</u>

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012.

FINANCIAL RESULTS

Turnover from continuing operations for the year was HK\$337,241,000 (2011: HK\$333,485,000), a slight increase of 1.1% on the year before. The Group's profit attributable to owners of the Company for the year ended 31 December 2012 was HK\$22,770,000 compared to HK\$36,253,000 for the last year. The decrease in profit was mainly attributable to the fact that no profit was recognised from the discontinued telecommunications operation for the year ended 31 December 2012. For the year ended 31 December 2011, the Group recorded a profit of HK\$37,278,000 from the discontinued operation mainly because the Group recovered disputed services fee of approximately HK\$43,205,000 arose from the discontinued telecommunications operation in previous years which was one-off and non-recurring income. Nevertheless, the Group recorded a profit of HK\$22,713,000 from the continuing operations for the year ended 31 December 2012 as compared with a loss for 2011. Such turnaround was mainly attributable to the gain on disposal of 8.95% equity interest in Beijing Smartdot Technologies Co. Ltd. of approximately HK\$13,500,000 and substantial improvement in the performance of the Group's financial instrument investment.

BUSINESS REVIEW

Retail Fashion

The Swank – Hong Kong

The year 2012 The Swank Hong Kong witnessed a roller coaster year with strong sales in the first quarter and then slowed down in the second and third quarters and pickup again in the last quarter. Turnover for the year ended 31 December 2012 was HK\$293,200,000 against HK\$273,300,000 of last year, a 7% growth.

Gross profit margin slightly increased and gross profit was HK\$173,900,000, an increase of 10% over last year of HK\$158,200,000.

Profit after tax was HK\$20,200,000 as compared to last year of HK\$29,100,000 representing a drop of 31% compare with last year. This was mainly due to the increase of occupancy and labour cost as well as depreciation.

The Swank Hong Kong has opened two shops during 2012:

- Brunello Cucinelli in Harbour City in April 2012.
- Paule Ka in Pacific Place in December 2012.

In addition, The Swank Hong Kong has taken over the exclusive franchise operation of Just Cavalli in Hong Kong since February 2012.

The Swank – China

The total turnover of The Swank China was RMB11,000,000 almost stagnant compare to 2011. These were the results of the softening retail market and the renovation of Jin Bao Place in Beijing for six months. Loss after tax was RMB7,000,000 compared with a breakeven position with a marginal profit last year. This was mainly caused by the increase in charge for inventory allowance.

The Swank at Takashimaya in Shanghai was opened in December 2012 and like any new shop it is going through its infant stage and we are optimistic of the future of this shop going forward.

Cesare di Pino

In June 2012, we opened our first standalone store in Beijing. A further two shops will be added in Beijing by the end of 2013. Management is targeting to expand the retail network and is focusing mainly on the tier one and two cities in the northern part of China.

China economy was showing signs of recovery in the second half of 2012 despite the continuing sluggish performance in Europe and the USA. A large supply of retail space will be made available across the whole of China in the next few years. However, for the more distinguished and traditional high-end shopping malls, particularly in tier one and two cities, we anticipate that rent will remain stable or still in the stage of upward cycle.

Resort and Recreational Club Operations

Hong Kong Hilltop Country Club (“Hilltop”)

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

During 2012, Hilltop has focused more on banquet and conference. Revenue from these sources has partially compensated the business loss for group lodging as a result of license requirement.

Shanghai Hilltop Resort Hotel Limited (“Shanghai Hilltop”)

Shanghai Hilltop is a Sino-foreign co-operative joint venture established in the PRC by the Company and Shanghai Xingyuan Shiyei Company Limited (“Xingyuan”) in 1992 for a period of 30 years for operating of a resort club in Putao District, Shanghai. In June 2003, Shanghai Hilltop entered into a sub-contracting agreement with Shanghai Landis Hospitality Management Co. Ltd. (“Shanghai Landis”), a 35% associate of the Group, for the period from 1 July 2003 to 30 June 2016. At present, the resort club is operated under the name of “VivaSha” with 298 guest rooms, club house, convention and various sport facilities.

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

Accordingly, Xingyuan made the first deposit into the escrow account in October 2012 and the Company has completed the capitalisation of shareholders' loan USD8,898,610 to Shanghai Hilltop as registered capital in January 2013 pursuant to the Shanghai Hilltop disposal agreement. Since then, the handover of Shanghai Hilltop and Shanghai Landis to Xingyuan is taking place gradually. As additional time is required for the application for the Hilltop Transfer Approval and Landis Transfer Approval (defined in the Circular of the Company dated 4 September 2012), all parties to the agreements have agreed to extend the long stop date for obtaining such approvals from 31 March 2013 to 31 August 2013. A separate announcement in respect of this extension will be made by the Company on the same date of this announcement.

Financial Instruments Investments

Due to the deterioration of Euro debt crisis and the slow down of worldwide economy, the Hong Kong stock market as well as the global financial market were volatile during the first half of 2012. Under this investment environment, the Group took a strategy to increase its investment proportion in fixed income products in order to limit the investment risk and maintain stable income.

For the full year 2012, the investment portfolio of financial instruments held for trading and available-for-sales debt investment (excluding the investment in convertible bonds issued by Skyjoy Assets Management Limited and Genovate shares) contributed HK\$15,924,000 total gain (2011: total loss HK\$39,664,000) to the Group. As of 31 December 2012, the total carrying value of the Group's investment portfolio of financial instruments held for trading and available-for-sales debt investment was HK\$278,329,000.

Other Investments

Skyjoy Assets Management Limited ("Skyjoy")

The Group through its wholly owned subsidiary, Cosy Good Limited, subscribed HK\$100,000,000 with 12% coupon rate Convertible Bonds issued by Skyjoy in 2010. Skyjoy is the beneficial owner of a commercial real estate project named Lerthai Commercial Plaza (勒泰中心) (the "Project") in the city centre of Shijiazhuang, Hebei Province, PRC through its wholly owned subsidiary, Shijiazhuang Lerthai Property Development Company Limited ("Lerthai"). Lerthai Commercial Plaza includes four tower buildings (office, services apartment and hotels) on top of a commercial mall (retail shops, hyper-market, restaurants, cinema and car park, etc.). The site area and gross floor area of the Project are approximately 62,000 square meters and 623,000 square meters respectively.

The commercial mall has its grand opening in December 2012 and the whole Project is scheduled to be completed in 2013. The management of Skyjoy projects that the property sales of the Project will be improved after the opening of the commercial mall.

Genovate Biotechnology Company Limited ("Genovate")

Genovate is a fully integrated specialty pharmaceutical company that focuses on new drug development, drug manufacturing, drug marketing and distribution in Taiwan and the region. The Group has 12.38% shareholdings in Genovate, which has been listed on the Taiwan GreTai Securities Market (Open Market) since 12 January 2012.

Phase Ia clinical trial for anti-diabetic drug DBPR108 to study “first in man” has gone smoothly. The result for both safety and pharmacokinetic evaluation is satisfactory. The license for Mainland China market was granted to CSPC Pharmaceutical Group Limited (one of the largest new drug development pharmaceutical company in China), an important milestone to expedite the clinical development of DBRP108 in the world’s second largest diabetic market.

In December 2012, Genovate received the Taiwan Food and Drug Administration’s approval of anti-fungal mouthwash MycostatinOS which was acquired from BMS. The approval of MycostatinOS will enrich Genovate product pipeline in cancer supportive care.

Beijing Smartdot Technologies Co. Ltd. (“Smartdot”)

Smartdot is engaged in the development of office automation software and solution projects in the PRC. The Group had sold all its shareholdings in Smartdot to Smartdot’s CEO and a company formed by Smartdot’s staff respectively at total proceeds of RMB17,900,000 in January 2012. This disposal has contributed approximately HK\$13,500,000 gain to the Group in 2012. Total proceeds have been received in escrow accounts in PRC pending approval of relevant government authorities including SAFE for repatriation to Hong Kong.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

On 16 January 2012, Lion Dragon Limited, an indirect wholly owned subsidiary of the Company, entered into agreements of transfer of equity interest to dispose to Weixingfeng (Tianjin) Investment Partnership Enterprise and Mr. Jiangxiaodan respectively 5.39% and 3.56% equity interest in Smartdot at the consideration of RMB10,802,450 (equivalent to approximately HK\$13,179,000) and RMB7,125,000 (equivalent to approximately HK\$8,693,000) respectively (the “Smartdot Disposal”). The Smartdot Disposal constituted a discloseable transaction for the Company, details of which are set out in the Company’s announcement dated 16 January 2012. The registration of transfer of equity interests in Smartdot was completed on 29 January 2012 with the foreign exchange clearance for sale proceeds in progress. The Group now ceases to hold any equity interest in Smartdot.

On 4 August 2012, (i) the Company entered into an agreement of transfer of equity interest to conditionally dispose to Xingyuan the entire registered capital in Shanghai Hilltop at the consideration of RMB46,750,000 (equivalent to approximately HK\$57,503,000) and (ii) Jackpot International Business Inc. (“Jackpot”), an indirect wholly owned subsidiary of the Company, together with other vendors and Xingyuan entered into an agreement of transfer of equity interest pursuant to which Jackpot conditionally dispose to Xingyuan 35% equity interest in Shanghai Landis at the consideration of RMB23,250,500 (equivalent to approximately HK\$28,598,000) (collectively the “Shanghai Hilltop Disposal”). The Shanghai Hilltop Disposal constituted a discloseable and connected transaction for the Company, details of which are set out in the Company’s announcement dated 4 August 2012. The Shanghai Hilltop Disposal was approved by shareholders of the Company at the extraordinary general meeting of the Company held on 24 September 2012.

Save as disclosed above, the Group had no other material acquisition and disposal of investments during the year ended 31 December 2012 and up to the date of this announcement.

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2012, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$332,839,000 (2011: HK\$373,681,000). At 31 December 2012, total borrowings amounted to HK\$6,572,000 (2011: HK\$7,356,000) with HK\$4,165,000 (2011: HK\$4,110,000) repayment falling due within one year. The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 0.6% at the year end date (2011: 0.7%). The current ratio at 31 December 2012 was 9.3 times (2011: 17.4 times).

At 31 December 2012, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars, Renminbi and United States dollars and exchange differences were reflected in the audited financial statements. All bank borrowings of the Group are on a floating rate basis. All club debentures of Hilltop are interest free.

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

PLEDGE OF ASSETS

Pledges of the Group's fixed deposits of HK\$11,000,000 (2011: HK\$11,000,000) were given to banks to secure general banking facilities to the extent of HK\$31,000,000 as at 31 December 2012 (2011: HK\$21,000,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this announcement, the Group employs 286 staff. The Group's remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus and external training support.

PROSPECTS AND STRATEGIES

Retail Fashion

Outlook for the year 2013 has to be viewed as challenging with escalating rental, reduced consumption of Mainland tourists and soft retail sales.

There will be two new shops opening in Year 2013: Flagship store of Brunello Cucinelli at The New World Tower in April 2013 and Just Cavalli at Festival Walk in the fourth quarter of 2013. The opening of Zhong Da International shop in Xian is progressing well and tentatively scheduled to be opened in April 2013.

We continue to commit to the Fashion and our customers by introducing more new brands, improving our brand mix and opening shops at prime location, both in Hong Kong and the PRC. Our other focus is our private label "Cesare di Pino". Through a sound business and marketing plans, the brand awareness shall be further enhanced.

Resort and Recreational Club Operations

To turn around Hilltop's loss situation, Management will endeavor new possible themes to the club for sustaining business growth, and continue to identify suitable collaboration partners for Hilltop's long term development.

Investments

The Group continues to look for investment opportunities with good potential in order to enhance the Group's value and profitability. The Group's strong financial and net cash position also provide the flexibility to capitalise on investment opportunities when the circumstance arises.

APPRECIATION

I welcome Ms. Kim WONG who assumed the role of Chief Operating Officer of The Swank in November 2012. The Group will benefit from Ms. Wong's extensive experience and knowledge in the luxury retail.

Dr. Cecil Sze Tsung CHAO and Mr. Raymond Shing Loong WONG resigned as Directors of the Company with effect from 1 January 2013. I would like to take this opportunity to express my sincere gratitude to Dr. Chao and Mr. Wong for their valuable contribution to the Company during their tenure of service.

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

On 1 April 2012, the Code on Corporate Governance Practices (the "Former CG Code") set out in Appendix 14 of the Listing Rules was amended and renamed as Corporate Governance Code and Corporate Governance Report (the "CG Code").

In the opinion of the Directors, the Company complied with the Code Provisions of the Former CG Code throughout the period from 1 January 2012 to 31 March 2012 and the Code Provisions of the CG Code throughout the period from 1 April 2012 to 31 December 2012, save for the following:

Under Code Provision A.2.1 of each of the Former CG Code and 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 each of the Former CG Code and the CG Code, Non-executive Directors should be appointed for a specific term and subject to re-election. Before 1 March 2012, the Non-executive and Independent Non-executive Directors of the Company were not appointed for a specific term, and were subject to retirement by rotation in accordance with the Company's Articles of Association. On 1 March 2012, a letter of appointment was formally issued to each Non-executive Director (including Independent Non-executive Director), and the term of appointment is three years, subject to retirement by rotation in accordance with the Company's Articles of Association. The Company has complied Code Provision A.4.1 of each of the Former CG Code and the CG Code since 1 March 2012.

Under Code Provision A.6.7 of the CG Code, Non-executive Directors should attend general meetings of the Company. Due to other business engagements, Dr Cecil Sze Tsung CHAO and Mr. David Kwok Kwei LO, Independent Non-executive Directors, were unable to attend the 2012 Annual General Meeting of the Company held on 19 June 2012, and Mr. David Kwok Kwei LO and Mr. Ian Grant ROBINSON, Independent Non-executive Directors, were unable to attend the Extraordinary General Meeting of the Company held on 24 September 2012.

REVIEW BY AUDIT COMMITTEE

The Company's consolidated results for the year ended 31 December 2012 have been reviewed by the Audit Committee of the Company.

APPOINTMENT OF MEMBER OF INVESTMENT COMMITTEE

The Board announces that Mr. Victor Yiu Keung CHIANG, Executive Director, has been appointed as a member of Investment Committee of the Company with effect from 22 March 2013.

BOARD OF DIRECTORS

As at the date of this announcement, 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 and the Independent Non-executive Directors are Dr. Jen CHEN, Mr. David Kwok Kwei LO, Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG.

By order of the Board
ENM Holdings Limited
Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Hong Kong, 22 March 2013