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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

The Board of Directors (the "Board") of ENM Holdings Limited (the "Company") herein present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012, together with the unaudited comparative amounts for the corresponding period in 2011.

The interim report has not been audited, but has been reviewed by the Company's audit committee and the Company's auditor.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	**Six months ended 30 June** **2012** ***HK$'000*** ***(unaudited)***	2011 *HK$'000* *(unaudited)*
Continuing operations			
Revenue		**153,115**	147,318
Cost of sales		**(61,851)**	(57,955)
Gross profit		**91,264**	89,363
Other income		**3,086**	3,276
Selling and distribution costs		**(56,704)**	(50,638)
Administrative expenses		**(39,849)**	(34,269)
Depreciation and amortisation		**(9,373)**	(7,256)
Other operating gains/(losses), net		**15,521**	(2,571)
Profit/(loss) from operations		**3,945**	(2,095)
Fair value losses on investment properties, net		**(800)**	(2,400)
Deficits write-back on revaluation of resort and recreational club properties		**1,200**	831
Finance costs	4	**(359)**	(434)
Share of losses of an associate		**(1,849)**	(241)
Profit/(loss) before tax		**2,137**	(4,339)
Income tax expense	5	**-**	-
Profit/(loss) for the period from continuing operations		**2,137**	(4,339)
Discontinued operation			
Profit for the period from discontinued operation	6	**-**	37,064
Profit for the period	7	**2,137**	32,725

CONDENSED CONSOLIDATED INCOME STATEMENT (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Six months ended 30 June **2012** *HK$'000* *(unaudited)*	2011 *HK$'000* *(unaudited)*
Attributable to:			
Owners of the Company			
Profit/(loss) from continuing operations		**2,145**	(4,339)
Profit from discontinued operation		**-**	37,088
Profit attributable to owners of the Company		**2,145**	32,749
Non-controlling interests			
Loss from continuing operations		**(8)**	-
Loss from discontinued operation		**-**	(24)
Loss attributable to non-controlling interests		**(8)**	(24)
		2,137	32,725

	Note	Six months ended 30 June **2012** *HK$* *(unaudited)*	2011 *HK$* *(unaudited)*
Earnings/(loss) per share			
From continuing and discontinued operations			
- basic	8(a)(i)	**0.13 cents**	1.98 cents
- diluted	8(b)	**N/A**	N/A
From continuing operations			
- basic	8(a)(ii)	**0.13 cents**	(0.26 cents)
- diluted	8(b)	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period	**2,137**	32,725
Other comprehensive income/(loss):		
Exchange differences on translating foreign operations	**4**	48
Fair value changes of available-for-sale equity investments	**50,427**	-
Fair value changes of available-for-sale debt investments	**4,588**	(1,809)
Release of revaluation reserve to the income statement upon disposal of available-for-sale debt investments	**-**	(4,538)
Release of revaluation reserve to the 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)**	-
Other comprehensive income/(loss) for the period, net of tax	**41,561**	(6,299)
Total comprehensive income for the period	**43,698**	26,426
Attributable to:		
Owners of the Company	**43,706**	26,450
Non-controlling interests	**(8)**	(24)
	43,698	26,426

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Note	**30 June 2012** ***HK$'000*** ***(unaudited)***	31 December 2011 *HK$'000* *(audited)*
Non-current assets			
Property, plant and equipment		**100,196**	101,910
Investment properties		**97,200**	98,000
Intangible assets		**1,509**	1,551
Interest in an associate		**17,492**	18,965
Financial assets at fair value through profit or loss	10	**132,400**	123,600
Available-for-sale equity investments		**90,410**	39,983
Available-for-sale debt investments - note receivables		**39,413**	20,697
Total non-current assets		**478,620**	404,706
Current assets			
Inventories		**69,321**	56,053
Trade receivables	11	**3,116**	3,471
Prepayments, deposits and other receivables		**58,150**	31,860
Financial assets at fair value through profit or loss	10	**192,199**	211,847
Available-for-sale equity investments		**-**	23,849
Pledged bank deposits		**11,000**	11,000
Time deposits		**277,831**	293,896
Cash and bank balances		**76,281**	79,785
Total current assets		**687,898**	711,761
Current liabilities			
Trade and other payables	12	**39,409**	36,895
Interest-bearing bank and other borrowings		**7,348**	1,508
Current portion of debentures		**1,792**	2,602
Total current liabilities		**48,549**	41,005
Net current assets		**639,349**	670,756
Total assets less current liabilities		**1,117,969**	1,075,462

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
AT 30 JUNE 2012

	30 June 2012 *HK$'000* *(unaudited)*	31 December 2011 *HK$'000* *(audited)*
Total assets less current liabilities	**1,117,969**	1,075,462
Non-current liabilities		
Debentures	**3,563**	3,246
Deferred revenue	**9,065**	10,573
Total non-current liabilities	**12,628**	13,819
NET ASSETS	**1,105,341**	1,061,643
Capital and reserves		
Issued capital	**16,507**	16,507
Reserves	**1,087,933**	1,044,227
Equity attributable to owners of the Company	**1,104,440**	1,060,734
Non-controlling interests	**901**	909
TOTAL EQUITY	**1,105,341**	1,061,643

Notes:

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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed financial statements should be read in conjunction with the 2011 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 2011 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 2012. 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	(Discontinued operation) Tele-communications operation	Resort and recreational club operations	Investments and treasury	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
6 months ended 30 June 2012:					
Revenue from external customers	**139,629**	-	**7,353**	**6,133**	**153,115**
Segment profit/(loss)	**890**	-	**(2,065)**	**8,319**	**7,144**
As at 30 June 2012:					
Segment assets	**164,715**	-	**164,823**	**819,488**	**1,149,026**
6 months ended 30 June 2011:					
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
As at 31 December 2011:					
Segment assets, audited	140,414	-	170,077	787,011	1,097,502

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Reconciliations of segment profit or loss:		
Total profit or loss of reportable segments	**7,144**	37,546
Unallocated corporate administrative expenses	**(3,199)**	(2,577)
Share of losses of an associate	**(1,849)**	(241)
Fair value losses on investment properties, net	**(800)**	(2,400)
Deficits write-back on revaluation of resort and recreational club properties	**1,200**	831
Finance costs	**(359)**	(434)
Elimination of discontinued operation	**-**	(37,064)
Consolidated profit/(loss) for the period from continuing operations	**2,137**	(4,339)

4. Finance Costs

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Interest on bank loans and overdrafts	**299**	356
Interest on finance leases	**-**	1
Accretion of interest on debentures	**60**	77
	359	434

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 2012 and 2011 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 equipments are ceased to be used.

The results of the discontinued operation for the six months ended 30 June 2011, which have been included in condensed consolidated income statement, are as follows:

	HK$'000
	(unaudited)
Revenue	43,205
Administrative expenses	(6,111)
Depreciation and amortisation	(12)
Other operating losses, net	(18)
Profit before tax	37,064
Income tax expense	-
Profit for the period	37,064

The revenue from discontinued operation for the six months ended 30 June 2011 represented the recovery of disputed services fee income amounting to approximately US$5,500,000 from an international telecommunications carrier arose in previous years. No revenue and expenses were recognised for the discontinued operation for the six months ended 30 June 2012.

7. Profit for the Period

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Cost of inventories sold^	**61,783**	57,868
Interest income#	**(4,390)**	(3,521)
Dividend income#	**(1,744)**	(1,819)
Amortisation of intangible assets	**42**	42
Depreciation	**9,331**	7,226
Directors' remuneration	**4,377**	3,768
Foreign exchange gains, net*	**(3,933)**	(860)
Losses/(gains) from financial assets at fair value through profit or loss, net*:		
Held-for-trading		
Interest income	**(1,009)**	(352)
Fair value losses, net	**13,000**	16,803
Gain on disposal, net	**(1,305)**	(1,152)
	10,686	15,299
Designated as such upon initial recognition		
Interest income	**(9,524)**	(7,895)
Fair value losses	**725**	134
	(8,799)	(7,761)
Gain on disposal of available-for-sales debt investments*	**-**	(4,004)
Gain on disposal of available-for-sales equity investments*	**(13,475)**	-
Gain on disposal of property, plant and equipment*	**-**	(62)
Fair value losses on investment properties, net	**800**	2,400
Charge for inventories allowances	**8,325**	2,581
Write back of accrued payables*	**-**	(23)

^ Cost of inventories sold included charge for inventories allowances of HK$8,325,000 (2011: HK$2,581,000).

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

* These amounts are included in "Other operating gains/(losses), 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$2,145,000 (2011: HK$32,749,000) and the weighted average number of ordinary shares of 1,650,658,676 (2011: 1,650,658,676) in issue during the period.

(ii) From continuing operations

The calculation of basic earnings (2011: loss) per share from continuing operations attributable to owners of the Company is based on the profit for the period from continuing operations attributable to owners of the Company of HK$2,145,000 (2011: loss of HK$4,339,000) and the denominator used is the same as that detailed above for basic earnings per share.

(iii) From discontinued operation

For the six months ended 30 June 2011, the calculation of basic earnings per share from discontinued operation of 2.25 HK cents is based on the profit for the period from discontinued operation attributable to the owners of the Company of HK$37,088,000 and the denominator used is 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 2012 and 2011.

9. Dividends

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2012 (2011: Nil).

10. Financial Assets at Fair Value Through Profit or Loss

	30 June 2012 *HK$'000* ***(unaudited)***	31 December 2011 *HK$'000* *(audited)*
Listed investments, at fair value:		
Hong Kong	**164,715**	175,582
Outside Hong Kong	**15,478**	24,308
Market value of listed investments	**180,193**	199,890
Unlisted investments, at fair value:		
Convertible bonds	**132,400**	123,600
Others	**12,006**	11,957
	144,406	135,557
	324,599	335,447
Analysed as:		
Current assets	**192,199**	211,847
Non-current assets	**132,400**	123,600
	324,599	335,447

11. 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:

	30 June 2012 *HK$'000* ***(unaudited)***	31 December 2011 *HK$'000* *(audited)*
Within 1 month	**2,560**	3,185
2 to 3 months	**529**	262
Over 3 months	**27**	24
	3,116	3,471

12. Trade and Other Payables

Included in the Group's trade and other payables as at 30 June 2012 are trade and bills payables of HK$14,630,000 (31 December 2011: HK$11,328,000).

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:

	30 June 2012 *HK$'000* *(unaudited)*	31 December 2011 *HK$'000* *(audited)*
Within 1 month	**14,511**	11,288
2 to 3 months	**103**	23
Over 3 months	**16**	17
	14,630	11,328

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

Turnover from continuing operations for the six months ended 30 June 2012 was HK$153,115,000, slightly increased by 4% as compared with the corresponding period last year.

The Group's profit attributable to owners of the Company for the six months ended 30 June 2012 was HK$2,145,000 compared to HK$32,749,000 for the corresponding period last year. The decrease in profit was mainly attributable to the fact that no profit was recognised from the discontinued telecommunications operation for the six months ended 30 June 2012. For the corresponding period in 2011, 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 from continuing operations for the six months ended 30 June 2012 as compared with a loss for the corresponding period last year. 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.

BUSINESS REVIEW

Retail Fashion

Swank Hong Kong

After two years of continuous growth, the retail market has begun to soften since the second quarter in 2012. This is a classic case of a retail market whose growth derives mainly from tourists and more importantly tourists from one single country. Swank like many of our competitors, cannot escape the fate of this downturn but did manage to lessen this adverse situation at the expense of higher discount given during sales period which started in June.

Turnover for the first six month of the year still registered with a slight increase of 4% over the same period last year arriving at HK$131,900,000 due to the strong growth in the second quarter performance. Gross profit stood at HK$78,000,000, a 6% improvement with gross profit margin at 59%, one percentage point higher than the same period last year. Profit after tax was HK$7,600,000 as opposed to HK$6,800,000 over the same period last year.

We are cautious but optimistic about the retail fashion operation for the second half of the year because of the business pattern that the fall and winter months always provide better contribution than the first half of the year.

Swank China

Despite its rapid growth, China has not been immune from the global slow-down. The pace of the retail sales has decelerated but the consumer sentiment remains positive coupled with the double-digit wage increase.

Our turnover reached RMB6,200,000, a 24% increase over the same period last year. Swank Beijing at the JinBao Place Mall, Beijing accounted for 88% of the total turnover and others came from Swank Beijing Outlet and Swank Xian. Loss after tax was RMB2,500,000 compared with a breakeven position of last year. This was caused mainly by the increase in inventories provision.

We are excited towards the last quarter of this year as we will witness the fully renovated Xian shop in Century Ginwa Bell Tower by October 2012 as well as the Shanghai shop in Takashimaya Department Store by November 2012.

Cesare di Pino

Cesare di Pino is a 100% Italian menswear brand from design to production all originated from Italy and is focusing to develop a nationwide retail network in China. Management is pleased to report that the first standalone store was opened in June 2012 at the JinBao Place Mall, Beijing. Cesare di Pino has successfully entered into mainland China and more effort will be made to further enhance the branding of Cesare di Pino as one of the top Italian menswear brands.

Notwithstanding the slowing down of the growth in China economy (in particular the first half of the year), management believes that a cautious expansion plan is necessary to achieve a distribution network building in the second half of the year. Despite the weaken demand across all sectors of the China economy, management is confident that the luxury retail sector will be least affected and that the easing in the money supply and lower interest rate in China will help boost the domestic demand.

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.

During 2011, Hilltop has upgraded the club facilities and re-directed marketing efforts for new revenue sources. These efforts have led to improvement in certain line of business during the first half of 2012. However, it will take time for the new revenue to fully compensate the business loss caused by the license requirement imposed by the government. As a result, overall revenue has decreased over the same period last year. Hilltop will continue to suffer losses and management is finding way to stop the loss situation.

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 the PRC partner, Shanghai Xingyuan Shiyei Company Limited ("Xingyuan") in 1992. Shanghai Hilltop constructed a recreational club named "Shanghai Hilltop Country Club" (currently known as "Viva Shanghai Club Resort" or "VivaSha") which was operated by Shanghai Hilltop itself since the partial completion of construction in December 1999 and until June 2003. In June 2003, Shanghai Hilltop entered into a subcontracting agreement with Shanghai Landis Hospitality Management Co. Ltd. ("Shanghai Landis"), a 35% associate of the Group, pursuant to which the operation of the said country club was sub-contracted to Shanghai Landis for the period from 1 July 2003 to 30 June 2016. Currently, VivaSha, with gross floor area of 41,000 square meters, is a complex of clubhouse, convention center and 298 hotel rooms.

Due to oversupply in hotel rooms in Shanghai after the 2010 World Expo and the aging of the premises since the reopening in 2007, the occupancy rate and average room rate of VivaSha continue to drop. For the first half of 2012, total sales of VivaSha were HK$19,200,000 with an operating loss of around HK$5,300,000.

In view of (i) the remaining approximately 10 years land use right together with buildings and all fixtures having to be reverted to the PRC partner at no cost and without consideration after expiry of the co-operative joint venture; (ii) the possible substantial capital required for renovation of "Viva Shanghai Club Resort" for it to continue operation in a competitive manner; and (iii) the uncertainty in the worldwide economy, the Board considers that it is appropriate time for the Group to realise the fair value of its investments in Shanghai Hilltop and Shanghai Landis to avoid any further volatility in the coming few years. After lengthy negotiation, the Group and Xingyuan entered into two agreements of transfer of equity interest on 4 August 2012 to dispose the Group's entire interest in Shanghai Hilltop and a 35% interest in Shanghai Landis with a total consideration of RMB70,000,500.

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. The Group's investment portfolio of financial instruments held for trading including equities and bonds for short-term investment suffered fair value losses. As of 30 June 2012, the total carrying value of the Group's investment portfolio of financial instruments held for trading was HK$192,200,000. For the six months ended 30 June 2012, the total net fair values losses on financial assets held for trading amounted to HK$11,700,000.

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 ("Lerthai").

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. Lerthai obtained the pre-sales approval certificates in the third quarter of 2011 and has also started its sale campaign in the same time. The whole Project is scheduled to be completed in 2013. Topping-out of all buildings took place in March 2012 and Skyjoy expects to have its commercial mall to be opened in the second half of 2012.

Genovate Biotechnology Company Limited ("Genovate")

Genovate is a fully integrated specialty pharmaceutical company that focuses on new drug development, drug manufacturing, drug marketing and distribution in Taiwan and the region. Genovate's stocks have been publicly traded in Taiwan since 12 January 2012. The Group has 12.38% shareholdings in Genovate.

In March 2012, Taiwan Food and Drug Administration ("TFDA") approved Genovate's first oral disintegrating antidepressant drug "Apa-Mirtazapine". This new and patient friendly solid dosage will further strengthen Genovate's market competitiveness. Anticlot drug PMR phase II protocol received both Institutional Review Board and TFDA approval in April 2012 and patient enrolment will start in July 2012.

In May 2012, Genovate received the TFDA approval of a newer generation of antibiotic sponsored by its OEM partner Daiichi-Sankyo. Genovate expect the OEM business to have more than 20% increase in 2013 as the result of this new approval.

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

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

In January 2012, the Group entered into shares transfer agreements with Smartdot's CEO and a company formed by Smartdot's staff respectively, to dispose all its shareholdings in Smartdot at a profit. The disposal transaction of Smartdot shares has contributed HK$13,500,000 to the Group's profit and loss in the first half of 2012. Total proceeds have been received in escrow accounts in the PRC pending for 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 is subject to the shareholders' approval at an extraordinary general meeting of the Company to be convened.

Save as disclosed above, the Group had no other material acquisition and disposal of investments during the six months ended 30 June 2012 and up to the date of this announcement.

LIQUIDITY AND FINANCIAL POSITION

At 30 June 2012, the Group was in solid financial position with cash and non-pledged deposit holdings of HK$354,112,000 (31 December 2011: HK$373,681,000). At 30 June 2012, total borrowings amounted to HK$12,703,000 (31 December 2011: HK$7,356,000) with HK$9,140,000 (31 December 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 1.2% at the interim period end date (31 December 2011: 0.7%). The current ratio at 30 June 2012 was 14.2 times (31 December 2011: 17.4 times).

At 30 June 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 unaudited financial statements. 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.

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 2012.

CORPORATE GOVERNANCE CODE

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 "New 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 New CG Code throughout the period from 1 April 2012 to 30 June 2012, save for the following:

Under Code Provision A.2.1 of each of the Former CG Code and the New 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 New 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. The Company has complied Code Provision A.4.1 of each of the Former CG Code and the New CG Code since 1 March 2012.

Under Code Provision A.6.7 of the New CG Code, Non-executive Directors should attend general meetings of the Company. 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 due to their respective business commitments.

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, 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, 29 August 2012