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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 2009**

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 2009.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		231,526	261,920
Cost of sales		<u>(106,586)</u>	<u>(104,055)</u>
Gross profit		124,940	157,865
Other income		6,084	6,103
Selling and distribution costs		(84,718)	(77,809)
Administrative expenses		(70,240)	(66,850)
Other operating income/(expenses), net	5	<u>66,450</u>	<u>(89,967)</u>
Profit/(loss) from operations		42,516	(70,658)
Excess of net assets acquired over cost on acquisition of an additional interest in a subsidiary		—	6,688
Gain on disposal of partial interest in an associate		—	10,173
Fair value gains/(losses) on investment properties		5,000	(24,200)
Write-back of deficits/(deficits) on revaluation of resort and recreational club properties		(265)	512
Finance costs	3	(930)	(820)
Share of profits/(losses) of associates		<u>(549)</u>	<u>7,420</u>
Profit/(loss) before tax		45,772	(70,885)
Income tax credit	4	<u>—</u>	<u>4,413</u>
Profit/(loss) for the year	5	<u>45,772</u>	<u>(66,472)</u>
Attributable to:			
Owners of the Company		45,794	(66,376)
Minority interests		<u>(22)</u>	<u>(96)</u>
		<u>45,772</u>	<u>(66,472)</u>
Earnings/(loss) per share	6		
Basic		<u>2.77 cents</u>	<u>(4.02 cents)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	<u>45,772</u>	<u>(66,472)</u>
Other comprehensive income:		
Exchange differences on translating foreign operations	161	1,692
Release of exchange fluctuation reserve upon disposal of partial interest in an associate	—	(895)
Fair value changes of available-for-sale equity investments	—	(56)
Impairment loss of available-for-sale equity investments recognised in the income statement	—	56
Fair value changes of available-for-sale debt investments	4,313	2,316
Release of revaluation reserve upon disposal of available-for-sale debt investments	(1,469)	—
Gains/(losses) on property revaluation	<u>(2,659)</u>	<u>2,659</u>
Other comprehensive income for the year, net of tax	<u>346</u>	<u>5,772</u>
Total comprehensive income/(loss) for the year	<u><u>46,118</u></u>	<u><u>(60,700)</u></u>
Attributable to:		
Owners of the Company	46,140	(60,717)
Minority interests	<u>(22)</u>	<u>17</u>
	<u><u>46,118</u></u>	<u><u>(60,700)</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009**

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		87,555	80,864
Investment properties		100,700	95,700
Prepaid land premiums		2,832	2,909
Interest in an associate		21,423	20,683
Available-for-sale equity investments		39,420	39,434
Available-for-sale debt investments			
- convertible bonds		24,615	24,746
Held-to-maturity investments		<u>—</u>	<u>13,578</u>
 Total non-current assets		 <u>276,545</u>	 <u>277,914</u>
Current assets			
Inventories		53,490	44,676
Trade and other receivables	8	40,362	36,618
Note receivables		27,230	—
Prepaid land premiums		77	77
Financial assets at fair value through profit or loss	9	198,076	102,707
Option derivatives - convertible bonds		4,170	2,812
Pledged bank deposits		10,342	342
Time deposits		363,514	475,622
Cash and bank balances		<u>53,084</u>	<u>28,810</u>
 Total current assets		 <u>750,345</u>	 <u>691,664</u>
Current liabilities			
Trade and other payables	10	36,606	31,172
Interest-bearing bank and other borrowings		16,011	7,317
Current portion of debentures		293	402
Other loans		<u>5,427</u>	<u>5,427</u>
 Total current liabilities		 <u>58,337</u>	 <u>44,318</u>
 Net current assets		 <u>692,008</u>	 <u>647,346</u>
 Total assets less current liabilities		 <u>968,553</u>	 <u>925,260</u>

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets less current liabilities	<u>968,553</u>	<u>925,260</u>
Non-current liabilities		
Debentures	5,514	5,185
Interest-bearing bank and other borrowings	23	23
Deferred revenue	<u>16,820</u>	<u>19,974</u>
Total non-current liabilities	<u>22,357</u>	<u>25,182</u>
NET ASSETS	<u>946,196</u>	<u>900,078</u>
Capital and reserves		
Issued capital	16,507	16,507
Reserves	<u>928,856</u>	<u>882,716</u>
Equity attributable to owners of the Company	<u>945,363</u>	<u>899,223</u>
Minority interests	<u>833</u>	<u>855</u>
TOTAL EQUITY	<u>946,196</u>	<u>900,078</u>

Notes:

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

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

(a) Presentation of Financial Statements

HKAS 1 (Revised) “Presentation of Financial Statements” affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

(b) Operating Segments

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

The segment accounting policies under HKFRS 8 are stated in note 2 to the financial statements.

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

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 operations	The provision of telecommunications services and the marketing and distribution of network cards and accessories
Resort and recreational club operations	The provision of resort and recreational facilities and catering services
Investments and treasury	Treasury operations and the holding and trading of investments for short 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:

- Corporate administrative expenses;
- Excess of net assets acquired over cost on acquisition of an additional interest in a subsidiary;
- Gain on disposal of partial interest in an associate;
- Share of profits/(losses) of an associate;
- Fair value gains/(losses) on investment properties;
- Write back of deficits/(deficits) on revaluation of resort and recreational properties;
- Finance costs; and
- Income tax credit.

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

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

	Wholesale and retail of fashion wear and accessories <i>HK\$'000</i>	Telecom- munications operations <i>HK\$'000</i>	Resort and recreational club operations <i>HK\$'000</i>	Investments and treasury <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2009					
Revenue from external customers	200,591	—	13,444	17,491	231,526
Segment profit/(loss)	(10,709)	(8,233)	(4,365)	70,237	46,930
<i>Segment profit/(loss) includes:</i>					
Fair value gains on financial assets at fair value through profit or loss, net	—	—	—	54,146	54,146
Fair value gains on option derivatives	—	—	—	2,875	2,875
Gain on disposal of financial assets at fair value through profit or loss, net	—	—	—	8,546	8,546
Gain on disposal of available-for-sale debt investment	—	—	—	1,249	1,249
Gain on disposal of held-to-maturity investments	—	—	—	1,440	1,440
Interest income	—	—	—	9,512	9,512
Write back of accrued payables	—	1,008	—	—	1,008
Depreciation and amortisation	5,128	27	3,103	195	8,453
Charge for inventories allowances	6,927	—	—	—	6,927
Impairment of trade receivables, net	—	—	30	—	30
<i>Other segment information:</i>					
Share of profits/(losses) of an associate	—	—	(549)	—	(549)
Additions to property, plant and equipment	13,195	—	631	4,172	17,998
As at 31 December 2009					
Segment assets	109,601	16,459	165,429	713,978	1,005,467
Segment liabilities	(21,257)	(1,204)	(35,172)	(7,027)	(64,660)
Interest in an associate	<u>—</u>	<u>—</u>	<u>21,423</u>	<u>—</u>	<u>21,423</u>

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

	Wholesale and retail of fashion wear and accessories <i>HK\$'000</i>	Telecom- munications operations <i>HK\$'000</i>	Resort and recreational club operations <i>HK\$'000</i>	Investments and treasury <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2008					
Revenue from external customers	191,433	30,860	16,635	22,992	261,920
Segment profit/(loss)	(13,029)	26,377	4,715	(86,196)	(68,133)
<i>Segment profit/(loss) includes:</i>					
Fair value losses on financial assets at fair value through profit or loss, net	—	—	—	(86,557)	(86,557)
Fair value gains on option derivatives, net	—	—	—	95	95
Loss on disposal of financial assets at fair value through profit or loss, net	—	—	—	(7,443)	(7,443)
Interest income	—	—	—	17,595	17,595
Write back of accrued payables	—	5,997	—	—	5,997
Depreciation and amortisation	4,333	29	2,084	130	6,576
Charge for inventories allowances	8,973	—	—	—	8,973
Impairment of goodwill, trade receivables and available-for-sale equity investment, net	5,873	(4)	16	56	5,941
<i>Other segment information:</i>					
Share of profits/(losses) of associates	—	—	8,332	(912)	7,420
Additions to property, plant and equipment	2,412	—	5,028	—	7,440
As at 31 December 2008					
Segment assets	90,351	19,560	167,446	671,538	948,895
Segment liabilities	(15,675)	(1,955)	(38,978)	(5,552)	(62,160)
Interest in an associate	<u>—</u>	<u>—</u>	<u>20,683</u>	<u>—</u>	<u>20,683</u>

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit or loss		
Total profit or loss of reportable segments	46,930	(68,133)
Corporate administrative expenses	(4,414)	(2,525)
Excess of net assets acquired over cost on acquisition of an additional interest in a subsidiary	—	6,688
Gain on disposal of partial interest in an associate	—	10,173
Share of profits/(losses) of associates	(549)	7,420
Fair value gains/(losses) on investment properties	5,000	(24,200)
Write back of deficits/(deficits) on revaluation of resort and recreational properties	(265)	512
Finance costs	(930)	(820)
Income tax credit	—	4,413
Consolidated profit/(loss) for the year	<u>45,772</u>	<u>(66,472)</u>
Assets		
Total assets of reportable segments	1,005,467	948,895
Interest in an associate	<u>21,423</u>	<u>20,683</u>
Consolidated total assets	<u>1,026,890</u>	<u>969,578</u>
Liabilities		
Total liabilities of reportable segments	(64,660)	(62,160)
Interest-bearing bank and other borrowings	<u>(16,034)</u>	<u>(7,340)</u>
Consolidated total liabilities	<u>(80,694)</u>	<u>(69,500)</u>

Geographical information:

	Revenue		Non-current assets	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong	227,578	230,878	120,842	131,768
Mainland China	3,948	1,089	128,903	119,332
Other Asia Pacific regions	—	1,027	26,800	26,800
Others	—	28,926	—	14
Consolidated total	<u>231,526</u>	<u>261,920</u>	<u>276,545</u>	<u>277,914</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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loans and overdrafts	746	556
Interest on a finance lease	16	14
Accretion of interest on debentures	<u>168</u>	<u>250</u>
	<u><u>930</u></u>	<u><u>820</u></u>

4. Income Tax Credit

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2009 (2008: Nil) as the Company and its subsidiaries 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. Profit/(Loss) for the Year

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Cost of inventories sold [#]	106,386	103,788
Depreciation*	8,376	6,499
Impairment of goodwill*	—	6,610
Recognition of prepaid land premiums*	77	77
Charge for inventories allowances	6,927	8,973
Impairment of an available-for-sale equity investment (transfer from equity)*	—	56
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss*	(54,146)	86,557
Option derivatives - convertible bonds*	(2,875)	(95)
Revaluation of investment properties	(5,000)	24,200
Loss/(gain) on disposal of financial assets at fair value through profit or loss, net*	(8,546)	7,443
Gain on disposal of available-for-sales debt investments*	(1,249)	—
Gain on disposal of held-to-maturity investments*	(1,440)	—
Gain on disposal of available-for-sale equity investments*	(56)	—
Loss on disposal of property, plant and equipment*	3	257
Amortisation of deferred revenue	(3,177)	(3,255)
Write-back of accrued payables*	(1,008)	(5,997)

	2009	2008
	HK\$'000	HK\$'000
Exchange gains, net*	(5,586)	(11,440)
Dividend income from listed equity investments**	(7,895)	(5,340)
Dividend income from an unlisted fund investment**	(84)	(57)
Interest income**	(9,512)	(17,595)
Impairment/(reversal of impairment) of trade receivables, net	30	(725)
Deficits/(write-back of deficits) on revaluation of resort and recreational club properties	<u>265</u>	<u>(512)</u>

* The amounts are included in “Other operating income/(expenses), net” on the face of the consolidated income statement.

** The amounts are included in “Revenue” on the face of the consolidated income statement.

Cost of inventories sold included charge for inventories allowances of HK\$6,927,000 (2008: HK\$8,973,000).

6. Earnings/(Loss) Per Share

The calculation of basic earnings (2008: loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK\$45,794,000 (2008: loss attributable to owners of the Company of HK\$66,376,000) and the weighted average number of ordinary shares of 1,650,658,676 (2008: 1,650,658,676) in issue during the year.

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2009.

7. Dividends

The directors do not recommend the payment of any dividend to shareholders for the year ended 31 December 2009 (2008: Nil).

8. Trade and Other Receivables

Included in the Group’s trade and other receivables as at 31 December 2009 are trade receivables of HK\$2,761,000 (2008: HK\$2,604,000).

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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 1 month	2,376	2,317
2 to 3 months	306	276
Over 3 months	<u>79</u>	<u>11</u>
	<u>2,761</u>	<u>2,604</u>

9. Financial Assets at Fair Value Through Profit or Loss

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Listed equity investments, at fair value:		
Hong Kong	192,337	98,766
Outside Hong Kong	<u>3,174</u>	<u>1,245</u>
Market value of listed equity investments	195,511	100,011
Unlisted fund investments, at fair value:		
Hong Kong	<u>2,565</u>	<u>2,696</u>
	<u>198,076</u>	<u>102,707</u>

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

10. Trade and Other Payables

Included in the Group's trade and other payables as at 31 December 2009 are trade and bills payables of HK\$7,818,000 (2008: HK\$8,902,000). An ageing analysis of the Group's trade and bills payables based on the invoice date, is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 1 month	6,965	6,921
2 to 3 months	514	141
Over 3 months	<u>339</u>	<u>1,840</u>
	<u>7,818</u>	<u>8,902</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 2009.

FINANCIAL RESULTS

Turnover for the year was HK\$231,526,000 (2008: HK\$261,920,000), a decrease of 12% on the year before. The last year's turnover included the recovery of disputed service fees of HK\$29,953,000 by the telecommunications operation. The turnover of the fashion retail business grew by 4.8% despite the difficult retailing environment in the aftermath of the financial tsunami in the first nine months of the year.

The Group's profit attributable to shareholders for the year was HK\$45,794,000 as compared a loss of HK\$66,376,000 for the previous year. The turnaround was mainly attributable to (i) unrealised fair value gains on investments in financial instruments of HK\$57,021,000 (2008: losses of HK\$86,518,000); and (ii) gains on disposal of equity and debt investments of HK\$11,291,000 (2008: losses of HK\$7,443,000) due to the rebound of the global stock market.

BUSINESS REVIEW

Retail Fashion — Swank

Hong Kong

Year 2009 ended in a positive note despite the difficult market sentiment for the first three quarters.

Turnover stood at HK\$197,000,000, 3% higher than 2008 with profit before tax registered at HK\$912,000 against a loss of HK\$7,700,000 in 2008. This was achieved mainly by reducing advertising expenses, and increased trade discount offered by suppliers.

Outlook for 2010 remains optimistic due to the strong rebound on spending by mainland tourists since the last quarter of 2009.

Beijing

Year 2009 saw a turnover of RMB3,300,000 with a loss of RMB11,000,000. The loss was mainly attributable to the stock provision of RMB5,800,000 and the promotional activities for the new shop opening.

The Beijing flagship store is progressing with the turnover steadily increasing. This result gave us confident that the shop is going in the right direction. Management will continue to monitor all data and adjust our merchandising and communication to turn the shop into a profitable unit.

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 members’ recreational and outdoor activities, conferences and dining.

The year 2009 has been a difficult year for Hilltop. Members’ visit has substantially reduced due to the adverse impact brought about by the financial crisis commencing at the end of 2008, and the outburst of swine flu in Hong Kong in May 2009. Hilltop has taken proactive measures to alleviate the impact of these adverse events, that include strengthening marketing and promotion, improving service quality, and increasing communication with members.

While these adverse impact will gradually fadeout, the aging of the club premises and facilities led to a long term shrinking trend in membership base. The club requires a rejuvenation plan to reverse the deteriorating trend. During 2009, Hilltop has made certain improvements to the tennis court, lawn, recreational and F&B facilities. Upgrade of other facilities has continued on an ongoing basis.

VivaSha Club Resort (“VivaSha”)

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

Last year, both the external and internal business environment of VivaSha has been improved. Externally, the opening of Mass Transit Line 7 Xincun Road Station, 8 minutes walk from VivaSha, makes it easier to reach out club members or hotel guests from downtown area. Internally, VivaSha’s management continued to focus on exploring business opportunities to cooperate with other leisure companies in providing various types of new facilities as to improve the utilization rate of space area in the club and the attractiveness to the club members simultaneously. Recently, the worldwide well known child play & music company, Gymboree opened its new store in VivaSha. VivaSha’s management expected the club can increase the publicity

and revenue through this type of cooperation in the future. During 2009, the number of members increased by 25% to 5,000 levels. In view of the 2010 Shanghai Expo, VivaSha's management is optimistic about the performance of VivaSha especially in the hotel and conference sector.

Other Investments

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 CRO (Contract Research Organization) business in the region is under sole responsibility of Qualitix, a wholly owned subsidiary of Genovate. To facilitate the expansion and collaboration of CRO business in the region, Qualitix has spun off its SMO (Site Management Organization) business to an independent wholly owned subsidiary named Unitix during 2009. Unitix established a Shanghai office in collaboration with Genecore of China for joint-development of pharmacogenomic related business in the PRC market. Drug development has continued to make progress.

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

Smartdot is engaged in the development of software and solution projects in the PRC. The negative impact of the 2008 financial tsunami has affected Smartdot's business seriously in 2009 and most of Smartdot's major clients have cut down their IT budgets. Smartdot's management expects its business will be recovered in 2010 with the gradual improvement of the economy.

SinoPay.com Holdings Limited (“SinoPay”)

SinoPay's main business is providing B2C electronic payment, intra-bank fund transfer solution services and online mutual fund trading platform in the PRC through its Joint Venture with China UnionPay, Chinapay e-Payment Service Ltd in Shanghai. After the completion of the merger among three China UnionPay controlled entities - Chinapay e-Payment Service Limited (“Chinapay e-Payment”), Easylink (Guangzhou) Payment Network Co Ltd. and UnionPay Merchant Services Co. Limited (“China UMS”) in September 2009, China e-Payment became a wholly owned subsidiary of China UMS and the original shareholders of China e-Payment became direct shareholders of China UMS. After the merger, the Group has an effective interest of approximately 0.17% in China UMS through its investment in SinoPay.

With the consolidation, China UMS's business scope will include the bankcard acquiring and third-party services, providing the quality, efficient and standardized services for card issuers, merchants and cardholders, plus the e-payment business carried by Chinapay e-Payment, through its far-reaching service network across China. In 2009, China UMS recorded total revenue of RMB1,812,000,000 with net profit attributable to shareholders of RMB175,000,000. China UMS is actively looking for an IPO opportunity in the coming few years.

MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS

On 10 July 2009, the Company entered into a deed of assignment with H.K. Hilltop Country Club Limited ("HK Hilltop") whereby in consideration of the nominal sum of HK\$1.00, HK Hilltop assigned its 20% interest in the registered capital of Shanghai Hilltop Resort Hotel Ltd. ("Shanghai Hilltop") to the Company (the "Assignment"). The Assignment constituted a connected transaction for the Company, details of which are set out in the Company's announcement dated 15 July 2009. The Assignment was completed on 10 July 2009 and Shanghai Hilltop has become a wholly owned subsidiary of the Company.

Subsequent to year end date on 7 February 2010, Cosy Good Limited ("Cosy Good"), a wholly owned subsidiary of the Company, entered into a subscription agreement with two other subscribers and Skyjoy Assets Management Limited ("Skyjoy"), pursuant to which Skyjoy conditionally agreed to issue guaranteed secured convertible bonds due 2015 in the principal amount of HK\$400,000,000, HK\$100,000,000 of which was subscribed by Cosy Good (the "Subscription"). The Subscription constituted a discloseable transaction for the Company, details of which are set out in the Company's announcement dated 7 February 2010.

Save as disclosed above, the Group had no material acquisition and disposal of investments during the year ended 31 December 2009 and up to the date of this announcement.

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2009, the Group was in solid financial position with cash and non-pledged deposit holdings of HK\$416,598,000 (2008: HK\$504,432,000). At 31 December 2009, total borrowings amount to HK\$27,268,000 (2008: HK\$18,354,000) with HK\$21,731,000 (2008: HK\$13,146,000) repayment falling due within one year. The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 2.9% at the year end date (2008: 2.0%). The current ratio at 31 December 2009 was 12.9 times (2008: 15.6 times).

At 31 December 2009, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars and United States dollars and exchange differences were reflected in the audited 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 Euros, Yens and United States dollars. The Group will from time to time review its foreign exchange position and market conditions to determine if any hedging is required.

PLEDGE OF ASSETS

Pledges of the Group's fixed deposits of HK\$10,342,000 (2008: HK\$342,000) were given to banks to secure general banking facilities to the extent of HK\$20,342,000 as at 31 December 2009 (2008: HK\$342,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this announcement, the Group employs a total of 264 full time staff with its main workforce stationed in the Group's offices in Hong Kong. The Group's remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus, external training support, and a performance based share option scheme.

FUTURE OUTLOOK

The Group currently has four Swank shops, and seven free-standing boutiques and points-of-sale in major department stores in Hong Kong, and one Swank flagship in Beijing, PRC. Nevertheless, the economy begins to show signs of recovery, the Group will continue to exercise tight controls on its inventory position and cost structure, and adopt a prudent approach to new expansion plans. However, the Group will continue its strong commitment to the fashion retail industry by introducing more new brands and opening shops at prime locations. The private label program has kick-started with the first collection being introduced into Swank shops by Fall and Winter 2010.

Hilltop has continued to upgrade its club facilities on an ongoing basis. Hilltop is also working with a design architect for a major renovation program that would fit its long term strategy. At the same time, exploring various business options that could regain the momentum for long term membership growth and profitability.

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 balance sheet and net cash position also provide the flexibility to capitalise on investment opportunities when the circumstance arises.

APPRECIATION

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

In the opinion of the Directors, the Company has complied with the Code Provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2009, except for the deviation from Code Provision A.2.1 and Code Provision A.4.1 of the CG Code.

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Joseph Wing Kong LEUNG took up the position of the Acting Chief Executive Officer in addition to his role of being the Chairman of the Company upon the retirement of Mr. James C. NG in June 2009. The 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.

REVIEW BY AUDIT COMMITTEE

The Company's consolidated results for the year ended 31 December 2009 have been reviewed by the Audit Committee of the Company. The Audit Committee comprises two Non-Executive Directors, namely Mr. Raymond Wai Pun LAU and Mr. Raymond Shing Loong WONG, and three Independent Non-executive Directors, namely Dr. Cecil Sze Tsung CHAO, Dr. Jen CHEN and Mr. Ian Grant ROBINSON.

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. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG, the Non-executive Directors are Mr. Raymond Wai Pun LAU and Mr. Raymond Shing Loong WONG, and the Independent Non-executive Directors are Dr. Cecil Sze Tsung CHAO, Dr. Jen CHEN and Mr. Ian Grant ROBINSON.

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

Hong Kong, 16 April 2010