



**ENM HOLDINGS LIMITED**

**安寧控股有限公司**

(Incorporated in Hong Kong with limited liability)

(Stock code: 128)

**Results Announcement  
for the year ended 31 December 2008**

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 2008.

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>261,920</b>	266,027
<b>Cost of sales</b>		<b><u>(104,055)</u></b>	<u>(109,266)</u>
<b>Gross profit</b>		<b>157,865</b>	156,761
<b>Other income and gains</b>	4	<b>6,103</b>	6,558
<b>Selling and distribution costs</b>		<b>(77,809)</b>	(81,967)
<b>Administrative expenses</b>		<b>(66,850)</b>	(66,651)
<b>Other operating income/(expenses), net</b>	6	<b>(89,967)</b>	58,565
<b>Excess over cost on acquisition of an additional interest in a subsidiary</b>		<b>6,688</b>	—
<b>Gain on disposal of partial interest in an associate</b>		<b>10,173</b>	—
<b>Fair value losses and write-back of deficits on revaluation of properties, net</b>		<b>(23,688)</b>	(10,332)
<b>Finance costs</b>	5	<b>(820)</b>	(1,291)
<b>Share of profits and losses of associates</b>		<b><u>7,420</u></b>	<u>(6,388)</u>
<b>Profit / (loss) before tax</b>	6	<b>(70,885)</b>	55,255
<b>Tax</b>	7	<b><u>4,413</u></b>	<u>—</u>
<b>Profit / (loss) for the year</b>		<b>(66,472)</b>	55,255
<b>Attributable to:</b>			
Equity holders of the Company		<b>(66,376)</b>	52,426
Minority interests		<b><u>(96)</u></b>	<u>2,829</u>
		<b>(66,472)</b>	55,255
<b>Dividends</b>	8	<b>Nil</b>	Nil
<b>Earnings / (loss) per share attributable to ordinary equity holders of the Company</b>	9		
— Basic		<b>(4.02 cents)</b>	3.18 cents
— Diluted		<b>N/A</b>	N/A

# CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>80,864</b>	77,303
Investment properties		<b>95,700</b>	113,900
Prepaid land premiums		<b>2,909</b>	2,986
Goodwill		—	6,610
Interests in associates		<b>20,683</b>	17,258
Available-for-sale equity investments		<b>39,434</b>	35,448
Available-for-sale debt investments			
– convertible bonds		<b>24,746</b>	—
Held-to-maturity investments		<b>13,578</b>	—
Total non-current assets		<b><u>277,914</u></b>	<u>253,505</u>
<b>Current assets</b>			
Inventories		<b>44,676</b>	41,359
Trade receivables	10	<b>2,604</b>	7,161
Prepayments, deposits and other receivables		<b>34,014</b>	33,656
Prepaid land premiums		<b>77</b>	77
Financial assets at fair value through profit or loss	11	<b>102,707</b>	197,894
Option derivatives – convertible bonds		<b>2,812</b>	—
Pledged deposits		<b>342</b>	342
Time deposits		<b>475,622</b>	495,798
Cash and bank balances		<b>28,810</b>	46,487
Total current assets		<b><u>691,664</u></b>	<u>822,774</u>
<b>Current liabilities</b>			
Trade and other payables	12	<b>31,172</b>	40,973
Interest-bearing bank and other borrowings		<b>7,317</b>	4,712
Current portion of debentures		<b>402</b>	2,670
Other loans		<b>5,427</b>	5,349
Tax payable		—	5,497
Total current liabilities		<b><u>44,318</u></b>	<u>59,201</u>
<b>Net current assets</b>		<b><u>647,346</u></b>	<u>763,573</u>
<b>Total assets less current liabilities</b>		<b><u>925,260</u></b>	<u>1,017,078</u>

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Total assets less current liabilities</b>	<b><u>925,260</u></b>	<u>1,017,078</u>
<b>Non-current liabilities</b>		
Debentures	<b>5,185</b>	3,462
Interest-bearing bank and other borrowings	<b>23</b>	114
Deferred revenue	<b><u>19,974</u></b>	<u>23,015</u>
Total non-current liabilities	<b><u>25,182</u></b>	<u>26,591</u>
<b>Net assets</b>	<b>900,078</b>	990,487
	=====	=====
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	<b>16,507</b>	16,507
Reserves	<b><u>882,716</u></b>	<u>943,433</u>
	<b>899,223</b>	959,940
<b>Minority interests</b>	<b><u>855</u></b>	<u>30,547</u>
<b>Total equity</b>	<b>900,078</b>	990,487
	=====	=====

Notes:

## **1 Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, land and buildings, resort and recreational club properties, certain available-for-sale equity and debt investments, derivative financial instruments and financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year’s financial statements.

HKAS 39 and HKFRS 7 Amendments	<i>Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 - Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The adoption of these new interpretations and amendments has had no financial effect on the financial statements and there have been no significant changes to the accounting policies applied in the financial statements.

## 2 Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of HKFRS</i> <sup>2</sup>
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> <sup>1</sup>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment - Vesting Conditions and Cancellations</i> <sup>1</sup>
HKFRS 3 (Revised)	<i>Business Combinations</i> <sup>2</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments</i> <sup>1</sup>
HKFRS 8	<i>Operating Segments</i> <sup>1</sup>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> <sup>1</sup>
HKAS 23 (Revised)	<i>Borrowing Costs</i> <sup>1</sup>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> <sup>2</sup>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i> <sup>1</sup>
HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement - Eligible Hedged Items</i> <sup>2</sup>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement - Embedded Derivatives</i> <sup>5</sup>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> <sup>3</sup>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i> <sup>1</sup>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i> <sup>4</sup>
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners</i> <sup>2</sup>
HK(IFRIC)-Int 18	<i>Transfer of Assets from Customers</i> <sup>2</sup>

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs*\* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>5</sup> Effective for annual periods beginning on or after 30 June 2009

\* Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

### 3 Revenue and segment information

An analysis of the Group's revenue and results by business segment and an analysis of the Group's revenue by geographical segment are as follows:

#### (a) Business segments

	Group revenue		Contribution to profit/(loss)	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Wholesale and retail of fashion wear and accessories	191,433	214,168	(13,029)	8,040
Telecommunications Operations	30,860	3,535	26,377	6,999
Resort and recreational club operations	16,635	17,134	4,715	4,723
Investments and treasury	<u>22,992</u>	<u>31,190</u>	<u>(86,196)</u>	<u>56,333</u>
	<u>261,920</u>	<u>266,027</u>	<u>(68,133)</u>	<u>76,095</u>
Unallocated expenses			(2,525)	(2,829)
Excess 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 losses on revaluation of investment properties, net			(24,200)	(18,600)
Write-back of deficits on revaluation of resort and recreational club properties			512	8,268
Finance costs			(820)	(1,291)
Share of profits and losses of associates			<u>7,420</u>	<u>(6,388)</u>
Profit / (loss) before tax			<u>(70,885)</u>	<u>55,255</u>
Tax			<u>4,413</u>	<u>—</u>
Profit / (loss) for the year			<u>(66,472)</u>	<u>55,255</u>

(b) *Geographical segments*

	<b>Group revenue</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>230,878</b>	262,413
Mainland China	<b>1,089</b>	1,234
Other Asia Pacific regions	<b>1,027</b>	—
Others	<b>28,926</b>	<b>2,380</b>
	<b>261,920</b>	266,027
	=====	=====

**4 Other income and gains**

An analysis of other income and gains is as follows:

	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Rental income	<b>1,209</b>	894
Management fees	<b>1,143</b>	1,014
Others	<b>3,751</b>	<b>4,650</b>
	<b>6,103</b>	6,558
	=====	=====

**5 Finance costs**

	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank loans and overdrafts wholly repayable within five years	<b>556</b>	935
Interest on a finance lease	<b>14</b>	14
Accretion of interest on debentures	<b>250</b>	<b>342</b>
	<b>820</b>	1,291
	=====	=====

## 6 Profit / (loss) before tax

The Group's profit / (loss) before tax is arrived at after charging/(crediting):

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	<b>103,788</b>	108,988
Depreciation*	<b>6,499</b>	9,710
Impairment of goodwill*	<b>6,610</b>	—
Write-down of inventories to net realisable value	<b>8,973</b>	1,000
Impairment of available-for-sale equity investments (transfer from equity)*	<b>56</b>	55
Recognition of prepaid land premiums*	<b>77</b>	77
Fair value losses/(gains), net :		
Financial assets at fair value through profit or loss*	<b>86,557</b>	(38,147)
Derivative instruments – transactions not qualifying as hedges*	-	104
Option derivatives - convertible bonds*	<b>(95)</b>	—
Fair value losses on revaluation of investment properties, net	<b>24,200</b>	18,600
Loss/(gain) on disposal of financial assets at fair value through profit or loss, net*	<b>7,443</b>	(4,626)
Loss/(gain) on disposal of items of property, plant and equipment*	<b>257</b>	(5,168)
Amortisation of deferred revenue	<b>(3,255)</b>	(3,335)
Write-back of accrued payables*	<b>(5,997)</b>	(12,570)
Exchange gains, net*	<b>(11,440)</b>	(8,579)
Dividend income from listed equity investments#	<b>(5,340)</b>	(5,122)
Dividend income from unlisted investments#	<b>(57)</b>	—
Interest income#	<b>(17,595)</b>	(26,068)
Impairment/(reversal of impairment) of trade receivables, net	<b>(725)</b>	206
Write-back of deficits on revaluation of resort and recreational club properties	<b>(512)</b>	(8,268)
	=====	=====

\* The balances are included in "Other operating income / (expenses), net" on the face of the consolidated income statement.

# The balances are included in "Revenue" on the face of the consolidated income statement.

## 7 Tax

No provision for Hong Kong profits tax and overseas income tax has been made for the year ended 31 December 2008 (2007: 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. The current year tax credit represents overprovision for Hong Kong profits tax in prior years.

## 8 Dividends

The directors do not recommend the payment of any dividend to shareholders (2007: Nil).

## 9 Earnings / (loss) per share attributable to ordinary equity holders of the Company

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$66,376,000 (2007: profit of HK\$52,426,000), and the weighted average of 1,650,658,676 (2007: 1,650,658,676) ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed as there were no diluting events during these years.

## 10 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 aged analysis of trade receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 1 month	<b>2,317</b>	4,128
2 to 3 months	<b>276</b>	844
Over 3 months	<b><u>11</u></b>	<u>2,189</u>
	<b>2,604</b>	7,161
	=====	=====

## 11 Financial assets at fair value through profit or loss

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Listed equity investments, at market value:		
Hong Kong	<b>98,766</b>	197,497
Elsewhere	<b>1,245</b>	397
Unlisted fund investment, at fair value:		
Hong Kong	<b><u>2,696</u></b>	<u>—</u>
	<b>102,707</b>	197,894
	=====	=====

The aggregate market value of the short term listed equity investments held as at 31 December 2008 at the date of announcement was approximately HK\$101,702,000.

## 12 Trade and other payables

Included in trade and other payables as at 31 December 2008 were trade and bills payables of HK\$8,902,000 (2007: HK\$12,893,000). An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	<b>6,921</b>	4,704
2 to 3 months	<b>141</b>	281
Over 3 months	<b>1,840</b>	7,908
	<b>8,902</b>	12,893
	=====	=====

## CHIEF EXECUTIVE OFFICER'S STATEMENT

### FINANCIAL REVIEW

For the year under review, the Group reported a turnover of HK\$261,920,000 (2007: HK\$266,027,000) which represents a decrease of 1.5% as compared to 2007. Consolidated loss attributable to equity holders of the Company amounted to HK\$66,376,000 (2007: Profit of HK\$52,426,000). Loss per share was HK4.02 cents (2007: Earnings of HK3.18 cents).

### LIQUIDITY AND FINANCIAL POSITION

At 31 December 2008, the Group was in solid financial position with cash and non-pledged deposits held of HK\$504,432,000 (2007: HK\$542,285,000). At 31 December 2008, total borrowings stood at HK\$18,354,000 (2007: HK\$16,307,000) with HK\$13,146,000 (2007: HK\$12,731,000) repayment falling due within one year. The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 2.0% at the year end date (2007: 1.7%). The current ratio at 31 December 2008 was 15.6 times (2007: 13.9 times).

At 31 December 2008, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars and United States dollars. Exchange differences were reflected in the audited financial statements. Other than the fixed interest rate of 3% for the finance lease arrangement, all borrowings of the Group are either on a floating rate basis or interest free.

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

## **BUSINESS REVIEW**

2008 was a tumultuous year in which a global trend of asset deflation prevailed. Management held firm to the belief that financial markets were overheated, and as a result have not made any significant investments in the equity market over the year. With the global economic downturn proving to be larger and more far-reaching than previously anticipated, management believes the liquidity position we have maintained at over HK\$500,000,000 will be a tremendous asset over the next two years as distressed asset opportunities arise.

As a result of the financial tsunami, several of our investments have suffered significant fair value loss of over HK\$100,000,000. The Company's investment in China Motor Bus Co., Ltd., a real estate holding company, was marked down by HK\$48,800,000, representing a 37% loss from last year's closing price. However, management believes that China Motor Bus Co., Ltd.'s underlying assets remain strong. The investment in AcrossAsia Ltd. suffered a mark down of HK\$25,900,000, a loss of 90% from last year. The remaining value of the investment in AcrossAsia Ltd. of HK\$2,900,000 will not have any major impact on our balance sheet.

Stocks, comprising mainly H-Shares, mostly acquired at IPO prices over the past 2 years incurred a loss of HK\$19,400,000. The future value of these stock holdings will depend on the performance of H-Shares in the coming years.

The Shanghai real estate market has slowed down in 2008, causing the VivaSha Club's market value to decrease by HK\$22,600,000. However, as discussed in the following section under VivaSha, both the location and the neighborhood are improving. Management is proactively improving the club's services to take advantage of this positive change in surroundings. Management believes that in the long term, these enhancements and the expected recovery of the Shanghai real estate market will be positively reflected in the club's value.

### **Resort and Recreational Club Operations**

#### ***VivaSha Club Resort ("VivaSha")***

VivaSha, with a 10 acre site, is the largest clubhouse and convention center in the Putao district of Shanghai. The resort also boasts a 4-star hotel with 302 rooms.

The mobility of the local population has been greatly improved by the completion of the new Central Highway and will be further improved by the soon-to-be-completed Mass Transit No. 7. The neighborhood surrounding the resort is improving. Management has put in place programs to take advantage of these rapid changes and to provide better service to club members. A full range of new services have been introduced including a spa, massage treatments, a snacks & BBQ restaurant, a golf simulator, swimming classes and a interactive video games room.

VivaSha has performed satisfactorily during the year despite the effects of natural disasters and the economic slowdown in China. The number of memberships has been sustained at above 4,000.

### ***Hong Kong Hilltop Country Club (“Hilltop”)***

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

As the aging of the club premises has limited the club’s ability to expand its membership base, management has decided to rejuvenate the club facilities and premises. The first phase of upgrading the club facilities was completed in 2008 and included improvements to the tennis court, lawn and car park. The second phase will focus on the main club house and guest rooms. Management believes that the renovation program will provide a strong platform for revitalizing the club and increasing membership.

While the renovation program is expected to have some short term adverse impact on club revenue, management believes the program will provide long term benefits to the club and its members. In the meantime, Hilltop is also undergoing certain organization and management changes to better fit with its long term growth objectives.

### **Telecommunications & Technologies**

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

The global financial crisis and the weak performance of the PRC stock market continue to affect the performance of the on-line mutual fund trading business of ChinaPay e-Payment Service Ltd (the “JV”), SinoPay’s joint venture with China UnionPay. The JV recorded a turnover of RMB124,460,000 with a net profit of RMB8,510,000 in 2008, representing 24% and 60% declines in revenue and net profit respectively when compared with RMB164,500,000 turnover and RMB21,310,000 profit in 2007.

The proposed merger between ChinaPay e-Payment Service Ltd, Easylink (Guangzhou) Payment Network Co Ltd. and China UnionPay Merchant Services Co. Limited, which also engage in on-line and POS payment businesses, is proceeding. A new JV contract has been signed and approval is being sought from the government authority. The merger is targeted to be completed in 2009. Management believes that the merger will enhance the profitability of the new JV in its future development.

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

Smartdot is engaged in the development of software and solution projects in the PRC. Smartdot recorded revenue of RMB122,570,000 with an operating profit of RMB14,350,000 in 2008, representing a 25% increase in revenue and a 46% increase in operating profit when compared with 2007 results.

Smartdot has invited IBM Global Services (China) Co. Limited (9%) and China Soft Investments Corporation (10.45%) to be new strategic investors in the company. The management of Smartdot believes that the sound background of the new investors in PRC IT industry will bring synergies to Smartdot’s future development.

After the disposal of a 10% equity interest in Smartdot in the first half of 2008, the Group maintains a 10% equity interest in Smartdot. Details of the disposal are set out in the first paragraph of “Material Acquisition and Disposal of Investments” section.

## **Retail Fashion**

### ***The Swank Shop Limited (“Swank”)***

Total turnover for 2008 was HK\$191,199,000, 11% down from 2007 and the gross profit margin was down by 3 percentage point to 48%. Tourist traffic has decreased but core customers continued to be well served by our staff and merchandise.

In 2008, we have increased our equity position in Swank to 100%. Details of the acquisition are set out in the second paragraph of “Material Acquisition and Disposal of Investments” section. The rebuilding of the brand is continuing. Our first shop in China has been opened in April 2009 in Beijing. Our mono brands, Roberto Cavilli, Kenzo, Brunello Cucinelli and Black & White continue to perform well. The Kenzo shop in IFC Mall is being remodelled, and a new Kenzo shop has been opened in Harbour City.

## **Bio-Medical**

### ***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.

To facilitate the expansion of the CRO (Contract Research Organization) business to China, Genovate established a wholly owned subsidiary named Qualitix Clinical Research in July 2008 fully dedicated to the CRO business, which is expected to generate strong revenue growth in 2009.

The metabolic disorder drug project in collaboration with National Health Research Institute has successfully received government sponsorship for preclinical to Phase I development in two years time. Two new patented formulation drugs, namely Gra-patch for Antivomiting and PMR for Intermittent Claudication, were filed as IND (Investigatory New Drug) in Taiwan in December 2008 and January 2009 respectively.

## **MATERIAL ACQUISITION AND DISPOSAL OF INVESTMENTS**

On 17 December 2007, Lion Dragon Limited, a wholly-owned subsidiary of the Company, entered into a share transfer agreement with Jiangxiaodan to dispose of a 10% equity interest in Beijing Smartdot Technologies Co. Ltd. (“Smartdot”) at a consideration of RMB12,000,000 (equivalent to HK\$13,320,000) (the “Disposal”). The Disposal was completed on 12 June 2008. At 31 December 2008, the Group still held a 10% equity interest in Smartdot.

On 21 January 2008, e-Media (Asia) Limited, a wholly-owned subsidiary of the Company, entered into agreements with Kenmure Limited’s minority shareholders to acquire an aggregate additional 40% interest in Kenmure Limited at a total cash consideration of HK\$22,000,000 (the “Acquisition”). Kenmure Limited owns the entire interest of Swank, the Fashion Business of the Group. The Acquisition constituted a major and connected transaction for the Company, details of which are set out in the Company’s circular dated 14 April 2008. The Acquisition was approved by the Company’s independent shareholders at the extraordinary general meeting held on 30 April 2008. The Acquisition was completed on 15 May 2008 and Kenmure Limited has become a wholly-owned subsidiary of the Company.

Save as disclosed above, the Group had no material acquisition and disposal of investments during the year ended 31 December 2008.

## **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") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2008, except for the deviation in respect of the service term of directors under Code Provision A.4.1 of the CG Code.

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 2008 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 of the Company are Mr. Joseph Wing Kong LEUNG (Chairman), Mr. James C. NG (Chief Executive Officer), Mr. Raymond Siu Wing CHAN, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG; the non-executive directors of the Company are Mr. Raymond Wai Pun LAU and Mr. Raymond Shing Loong WONG; and the independent non-executive directors of the Company are Dr. Cecil Sze Tsung CHAO, Dr. Jen CHEN and Mr. Ian Grant ROBINSON.

By order of the Board  
**James C. Ng**  
*Chief Executive Officer*

Hong Kong, 16 April 2009