



ENM Holdings Limited

(incorporated in Hong Kong with limited liability)

(stock code: 128)

Interim Results Announcement for the six months ended 30 June 2006

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 2006, together with the unaudited comparative amounts for the corresponding period in 2005.

The interim financial report has not been audited, but has been reviewed by the Company’s audit committee and the Company’s auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006 - unaudited

(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June	
		2006 (Unaudited) \$'000	2005 (Unaudited) \$'000
Revenue	2	102,488	113,328
Cost of sales		<u>(42,139)</u>	<u>(51,707)</u>
Gross profit		60,349	61,621
Other income and gains	3	1,635	3,452
Selling and distribution costs		(33,326)	(34,578)
Administrative expenses		(33,982)	(35,392)
Other operating income, net		3,691	15,894
Fair value change/write-back of deficits on revaluation of properties		2,218	—
Finance costs	4	(459)	(250)
Share of profits and losses of associates		<u>(2,351)</u>	<u>(1,432)</u>
Profit/(loss) before tax	5	(2,225)	9,315
Tax	6	<u>—</u>	<u>—</u>
Profit/(loss) for the period		<u>(2,225)</u>	<u>9,315</u>
Profit/(loss) attributable to:			
Equity holders of the Company		552	8,941
Minority interests		<u>(2,777)</u>	<u>374</u>
		<u>(2,225)</u>	<u>9,315</u>
Earnings per share attributable to ordinary equity holders of the Company	7		
- Basic		<u>0.03 cents</u>	<u>0.54 cents</u>
- Diluted		<u>N/A</u>	<u>N/A</u>
Dividend per share		<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2006 - unaudited

(Expressed in Hong Kong dollars)

	<i>Notes</i>	30 June 2006 (Unaudited) \$'000	31 December 2005 (Audited) \$'000
Non-current assets			
Property, plant and equipment		77,018	80,326
Investment properties		112,700	109,700
Prepaid land premiums		3,101	3,140
Goodwill		6,610	6,610
Interests in associates		20,461	17,348
Interests in jointly-controlled entities		—	—
Available-for-sale equity investments		<u>35,503</u>	<u>35,503</u>
Total non-current assets		<u>255,393</u>	<u>252,627</u>
Current assets			
Inventories		35,831	34,920
Trade receivables	8	5,428	7,105
Prepayments, deposits and other receivables		38,501	37,407
Prepaid land premiums		77	77
Equity investments at fair value through profit or loss		156,553	148,736
Pledged deposits		342	342
Time deposits		488,473	515,379
Cash and bank balances		<u>32,251</u>	<u>29,246</u>
Total current assets		<u>757,456</u>	<u>773,212</u>
Current liabilities			
Trade and other payables	9	48,911	55,270
Interest-bearing bank and other borrowings		91	3,978
Current portion of debentures		2,816	1,684
Other loans		5,230	5,230
Tax payable		<u>5,497</u>	<u>5,497</u>
Total current liabilities		<u>62,545</u>	<u>71,659</u>
Net current assets		<u>694,911</u>	<u>701,553</u>
Total assets less current liabilities		950,304	954,180

	<i>Notes</i>	30 June 2006 (Unaudited) \$'000	31 December 2005 (Audited) \$'000
Non-current liabilities			
Debentures		5,435	6,673
Interest-bearing bank and other borrowings		251	297
Deferred revenue		<u>26,356</u>	<u>27,868</u>
Total non-current liabilities		<u>32,042</u>	<u>34,838</u>
Net assets		<u>918,262</u>	<u>919,342</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		16,507	16,507
Reserves		<u>873,125</u>	<u>871,428</u>
		889,632	887,935
Minority interests		<u>28,630</u>	<u>31,407</u>
Total equity		<u>918,262</u>	<u>919,342</u>

Notes:

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

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements of the Group for the year ended 31 December 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

There was no material impact on the basis of preparation of the unaudited condensed consolidated interim financial statements arising from the adoption of the above-mentioned new and revised accounting standards.

2 Revenue and segmental information

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

(a) Business segments

	Group revenue		Contribution to profit/(loss)	
	Six months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Wholesale and retail of fashion wear and accessories	76,577	92,620	(6,973)	1,164
Telecommunications services	1,595	2,976	(998)	5,493
Resort and recreational club operations	9,939	8,848	(56)	(1,129)
Investments and treasury	14,377	8,884	7,845	6,559
	<u>102,488</u>	<u>113,328</u>	(182)	12,087
Unallocated gains and expenses, net			(1,451)	(1,090)
Fair value change/write-back of deficits on revaluation of				
- Investment properties			1,981	—
- Resort and recreational club properties			237	—
Finance costs			(459)	(250)
Share of profits and losses of associates			(2,351)	(1,432)
Tax			—	—
			<u>(2,225)</u>	<u>9,315</u>

(b) Geographical segments

	Group revenue	
	Six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Hong Kong	100,845	110,312
Mainland China	1,639	2,152
Other Asia Pacific regions	4	807
European Union	—	54
Others	—	3
	<u>102,488</u>	<u>113,328</u>

3 Other income and gains

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2006	2005
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$'000	\$'000
Sub-leasing rental income	28	502
Management fees	1,279	1,599
Others	<u>328</u>	<u>1,351</u>
	<u>1,635</u>	<u>3,452</u>

4 Finance costs

	Six months ended 30 June	
	2006	2005
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$'000	\$'000
Interest on bank loans and overdrafts wholly repayable within five years	273	250
Interest on a finance lease	7	—
Accretion of interest on debentures	<u>179</u>	<u>—</u>
	<u>459</u>	<u>250</u>

5 Profit/(Loss) before tax

The Group's profit/(loss) before tax was determined after charging/(crediting):

	Six months ended 30 June	
	2006	2005
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$'000	\$'000
Cost of inventories sold	42,053	50,197
Amortisation of prepaid land premiums	39	39
Depreciation	4,046	3,718
Dividend income	(1,653)	(1,264)
Interest income	(11,764)	(7,619)
Exchange gains, net	(2,555)	(3,099)
Gain on disposal of items of property, plant and equipment	(26)	(31)
Fair value change/write-back of deficits on revaluation of properties	(2,218)	—
Net fair value gains on equity investments at fair value through profit or loss	<u>(1,276)</u>	<u>(4,752)</u>

6 Tax

No provision for Hong Kong profits tax and overseas income tax has been made in the condensed consolidated income statement for the six months ended 30 June 2006 as the Company and its subsidiaries either did not generate any assessable profits for the period or had available tax losses brought forward from prior years to offset the assessable profits generated during the period (Six months ended 30 June 2005: Nil).

No provision for deferred tax liabilities has been made as at 30 June 2006 as the Company and its subsidiaries had tax losses brought forward which were sufficient to offset the taxable temporary differences at that date. Deferred tax assets have not been recognised in respect of these tax losses as they arose in subsidiaries that have either been loss-making for some time or whose availability of future taxable profits is unpredictable.

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the period of \$552,000 (Six months ended 30 June 2005: \$8,941,000) and the weighted average of 1,650,658,676 (Six months ended 30 June 2005: 1,650,658,676) ordinary shares in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for both periods have not been disclosed as no diluting events existed during these periods.

8 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 strengths 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 the trade receivables as at 30 June 2006, based on the invoice date and net of provisions, is as follows:

	30 June 2006 (Unaudited) \$'000	31 December 2005 (Audited) \$'000
Within 1 month	2,871	4,347
2 to 3 months	216	232
Over 3 months	<u>2,341</u>	<u>2,526</u>
	<u>5,428</u>	<u>7,105</u>

9 Trades and other payables

All trade and other payables of the Group are unsecured, interest-free and repayable within one month or on demand.

DIVIDENDS

The directors do not recommend the payment of an interim dividend for the reporting period (2005: HK\$Nil).

CHIEF EXECUTIVE'S STATEMENT

FINANCIAL REVIEW

For the period under review, the Group reported a turnover of HK\$102,488,000 (2005: HK\$113,328,000) which represents a decrease of 9.6% as compared to the corresponding period in 2005. Consolidated profit attributable to equity holders of the Company amounted to HK\$552,000 (2005: HK\$8,941,000). Consolidated loss for the period, including minority interest, amounted to HK\$2,225,000 (2005: Profit HK\$9,315,000). The minority interest comes from our non-wholly owned retail subsidiary which suffered operating loss due to relocation of retail shops and narrowing margins.

LIQUIDITY AND FINANCIAL POSITION

The Group was in solid financial position with cash and deposit holdings of HK\$520,724,000 (31 December 2005: HK\$544,625,000). At 30 June 2006, total borrowings amount to HK\$13,823,000 (31 December 2005: HK\$17,862,000) with HK\$8,137,000 (31 December 2005: HK\$10,892,000) 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 1.6% at the interim period end date (31 December 2005: 2%). The current ratio at 30 June 2006 was 12.1 times (31 December 2005: 10.8 times).

At 30 June 2006, 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 interim financial report. 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 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.

BUSINESS REVIEW

Resort and Recreational Club Operations

VivaSha Club Resort ("VivaSha")

VivaSha, comprised of a 4-star Hotel Building with 320 rooms, a Clubhouse Building and an International Convention Centre, had its soft opening at the end of March 2006. Club management had organized different kinds of events, including international conferences, wedding receptions, conventions, product seminars, etc., to test and smooth out the daily operation of the club. Management was satisfied with the operating performance of the club during the past few months.

Based on the high occupancy and average room rate in hotels in Shanghai in the first half of 2006 and the coming peak season for conventions and exhibitions, Management believes the performance of VivaSha this year should be satisfactory.

Hong Kong Hilltop Country Club (“Hilltop”)

Hilltop achieved a turnover 15% over the same period last year. It is primarily due to increased revenue from lodging. Food and beverage remained satisfactory.

Given the improvement of tourism and conference activities, Management expects continuous improvement for the remainder of the year.

Telecommunications & Technologies

SinoPay.com Holdings Limited (“SinoPay”)

SinoPay’s main business is providing B2C electronic payment and Intra-bank fund transfer solution services in PRC through its Joint Venture, Chinapay e-Payment Service Ltd (“the JV”) in Shanghai, with China UnionPay.

The proposed merger between Chinapay e-Payment Service Ltd and Easylink, a counterpart of the JV in Guangdong controlled by China UnionPay at present for higher operating efficiency and market share, is in progress. Management believes that the merger between the two companies is highly synergistic and should result in significant improvement in the performance of the JV. The merger is targeted to be completed in 2006.

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

Smartdot is engaged in the development of software and solution projects in China. Its core businesses are e-government projects and office automation.

During the first six months of 2006, Smartdot recorded a steady growth on its turnover by 14% increase to RMB23,290,000. The business of distributing WBCR, an IBM software product for business flow and control management, is at its initial stage and is targeted to have contribution to Smartdot’s income soon. In addition, due to standard industry practice, most of the new contracts and projects will be signed and started during the second half of the year; therefore, Management believes that the growth on its full year revenue will be satisfactory.

Wireless Network Card Business

Shanghai ENM Telecom & Technology Limited has developed solid business collaborations with China Mobile and China Unicom to market mobile internet access services in Shanghai. The wireless internet access market is growing steadily in China because more customers are recognizing the benefits this service brings. Management continues to look for opportunities to promote other telecommunication products with telecom operators under the similar cooperation model with China Unicom.

Retail Fashion

The Swank Shop Limited (“Swank”)

The first half of 2006 saw the closure of a number of shops, including shops in New World Centre, Ocean Centre and Mitsukoshi Department Store, due to natural expiration of leases, resulting in a decrease of revenue.

Our new shops in IFC however showed an improved result compared with the same period last year. The opening of Swank Men’s boutique and Givenchy boutique in Ocean Centre in this summer, together with the relocation of Swank Men’s in Pacific Place in September to a larger space accommodating a ladies section as well, substantially improve our retail / distribution system.

Bio-Medical

Genovate Biotechnology Company Limited (“Genovate”)

Genovate (founded in Taiwan in 1993 by Genelabs Technologies, Inc. of the USA) is a fully integrated pharmaceutical company, encompassing in its operation: new drug development and new formulation capability, clinical trials for local and international pharmaceutical companies, drug manufacturing, drug marketing and distribution in Taiwan.

In 2006, Urotrol continuously penetrated the urinary incontinence market with good recommendation from both doctors and patients. More and more doctors are prescribing Urotol, due to less incidence of the dry mouth side effect. On the other hand, sales for Glusafe are maturing due to intense market competition. Diabetrol SR, Genovate’s other once-a-day antidiabetic drug has received positive market acceptance. As several medical centres have started to prescribe Diabetrol SR, sales are expected to grow significantly in 2006.

With regard to new drug discovery, Genovate has initiated two programs in collaboration with the government research institute ITRI. One is antigout NCE and the other is an antiemetic patch. Genovate’s product pipeline will be further strengthened after these two products reach clinical development.

In May 2006, Genovate and Ocean Bright Co., Ltd. (“Ocean Bright”) (Stock no 3266) jointly announced a merger plan under which 1.7 shares of Genovate will exchange for 1 newly issued share of Ocean Bright. After the merger, the existing shareholders of Genovate will hold approximately 66% of the merged company. The merger plan was approved by both companies’ shareholders in June 2006. The merger, however, is subject to approval of the Taiwan GreTai Securities Market.

Ocean Bright is a major pharmaceutical products distributor in Taiwan and a long working partner of Genovate. The Board of Genovate believes that the merger will provide synergy by combining the distribution strength of Ocean Bright and the research & development capability of Genovate such that the merged company will become more competitive in the Taiwan pharmaceutical market.

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 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the directors of the Company are aware of any information that would reasonably indicate that the Company is not or was not for any part of the six months ended 30 June 2006 in compliance with the Code Provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules except for the deviations in respect of the service term and rotation of directors under Code Provisions A.4.1 and A.4.2 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.

Under Code Provision A.4.2 of the CG Code, all directors appointed to fill casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In order to comply with the Code Provision A.4.2 of the CG Code, relevant amendments to the Articles of Association of the Company were proposed and approved by the shareholders at the Annual General Meeting of the Company held on 2 June 2006. Code Provision A.4.2 of the CG Code has been fully complied with thereafter.

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. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG; the non-executive director of the Company is Mr. Raymond Wai Pun LAU; 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

Hong Kong, 20 September 2006

Please also refer to the published version of this announcement in The Standard.