



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 2007

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 2007.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

(Expressed in Hong Kong dollars)

	Notes	2007 \$'000	2006 \$'000
Revenue	3	266,027	227,206
Cost of sales		<u>(109,266)</u>	<u>(97,521)</u>
Gross profit		156,761	129,685
Other income and gains	4	6,558	5,103
Selling and distribution costs		(81,967)	(72,231)
Administrative expenses		(66,651)	(66,200)
Other operating income, net	6	58,565	2,509
Fair value gains/(losses) and write-back of deficits on revaluation of properties, net		(10,332)	12,545
Finance costs	5	(1,291)	(1,077)
Share of profits and losses of associates		<u>(6,388)</u>	<u>(2,852)</u>
Profit before tax	6	55,255	7,482
Tax	7	<u>—</u>	<u>—</u>
Profit for the year		55,255	7,482
		=====	=====
Attributable to:			
Equity holders of the Company		52,426	12,047
Minority interests		<u>2,829</u>	<u>(4,565)</u>
		55,255	7,482
		=====	=====

	<i>Notes</i>	2007 \$'000	2006 \$'000
Dividends	8	Nil	Nil
		=====	=====
Earnings per share attributable to ordinary equity holders of the Company	9		
— Basic		3.18 cents	0.73 cents
		=====	=====
— Diluted		N/A	N/A
		=====	=====

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

(Expressed in Hong Kong dollars)

	<i>Notes</i>	2007 \$'000	2006 \$'000
Non-current assets			
Property, plant and equipment		77,303	84,638
Investment properties		113,900	123,900
Prepaid land premiums		2,986	3,063
Goodwill		6,610	6,610
Interests in associates		17,258	20,511
Available-for-sale equity investments		<u>35,448</u>	<u>35,503</u>
Total non-current assets		<u>253,505</u>	<u>274,225</u>
Current assets			
Inventories		41,359	37,481
Trade receivables	10	7,161	8,701
Prepayments, deposits and other receivables		33,656	33,267
Prepaid land premiums		77	77
Equity investments at fair value through profit or loss	11	197,894	154,612
Derivative financial instruments		—	104
Pledged deposits		342	342
Time deposits		495,798	495,074
Cash and bank balances		<u>46,487</u>	<u>27,148</u>
Total current assets		<u>822,774</u>	<u>756,806</u>
Current liabilities			
Trade and other payables	12	40,973	47,662
Interest-bearing bank and other borrowings		4,712	9,268
Current portion of debentures		2,670	4,102
Other loans		5,349	5,304
Tax payable		<u>5,497</u>	<u>5,497</u>
Total current liabilities		<u>59,201</u>	<u>71,833</u>
Net current assets		<u>763,573</u>	<u>684,973</u>
Total assets less current liabilities		<u>1,017,078</u>	<u>959,198</u>

	2007 \$'000	2006 \$'000
Total assets less current liabilities	<u>1,017,078</u>	<u>959,198</u>
Non-current liabilities		
Debentures	3,462	3,754
Interest-bearing bank and other borrowings	114	206
Deferred revenue	<u>23,015</u>	<u>25,821</u>
Total non-current liabilities	<u>26,591</u>	<u>29,781</u>
Net assets	990,487	929,417
	=====	=====
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	16,507	16,507
Reserves	<u>943,433</u>	<u>885,397</u>
	959,940	901,904
Minority interests	<u>30,547</u>	<u>27,513</u>
Total equity	990,487	929,417
	=====	=====

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, 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, equity investments and derivative financial instruments 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 and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no effect on the financial statements.

HKFRS 7	<i>Financial Instruments: Disclosures</i>
HKAS 1 Amendment	<i>Capital Disclosures</i>
HK(IFRIC)-Int 8	<i>Scope of HKFRS 2</i>
HK(IFRIC)-Int 9	<i>Reassessment of Embedded Derivatives</i>
HK(IFRIC)-Int 10	<i>Interim Financial Reporting and Impairment</i>

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) *HKFRS 7 Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) *Amendment to HKAS 1 Presentation of Financial Statements - Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in the financial statements.

(c) *HK(IFRIC)-Int 8 Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees (including executive directors) for identified services provided in accordance with the Company's share option schemes, the interpretation has had no effect on the financial statements.

(d) *HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group does not have any embedded derivative requiring separation from the host contract, the interpretation has had no effect on the financial statements.

(e) *HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

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 8	<i>Operating Segments</i> ¹
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> ¹
HKAS 23 (Revised)	<i>Borrowing Costs</i> ¹
HK(IFRIC)-Int 11	<i>HKFRS 2 - Group and Treasury Share Transactions</i> ²
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i> ⁴
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> ³
HK(IFRIC)-Int 14	<i>HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 January 2008

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specified how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

HKAS 1 has been revised to separate owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions in the revised standard, the Group shall apply the revised standard on a prospective basis to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009.

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Wholesale and retail of fashion wear and accessories	214,168	174,710	8,040	(11,039)
Telecommunications operations	3,535	2,985	6,999	(3,397)
Resort and recreational club operations	17,134	19,268	4,723	3,725
Investments and treasury	<u>31,190</u>	<u>30,243</u>	<u>56,333</u>	<u>11,618</u>
	<u>266,027</u>	<u>227,206</u>	<u>76,095</u>	<u>907</u>
Unallocated expenses			(2,829)	(2,041)
Fair value gains/(losses) on investment properties			(18,600)	9,982
Write-back of deficits on revaluation of resort and recreational club properties			8,268	2,563
Finance costs			(1,291)	(1,077)
Share of profits and losses of associates			(6,388)	(2,852)
Tax			<u>—</u>	<u>—</u>
Profit for the year			<u>55,255</u>	<u>7,482</u>

(b) *Geographical segments*

	Group revenue	
	2007	2006
	\$'000	\$'000
Hong Kong	262,413	224,132
Mainland China	1,234	3,070
Other Asia Pacific regions	—	4
Others	<u>2,380</u>	<u>—</u>
	266,027	227,206
	=====	=====

4 Other income and gains

An analysis of other income and gains is as follows:

	2007	2006
	\$'000	\$'000
Rental income	894	455
Management fees	1,014	1,833
Others	<u>4,650</u>	<u>2,815</u>
	6,558	5,103
	=====	=====

5 Finance costs

	2007	2006
	\$'000	\$'000
Interest on bank loans and overdrafts wholly repayable within five years	935	704
Interest on a finance lease	14	14
Accretion of interest on debentures	<u>342</u>	<u>359</u>
	1,291	1,077
	=====	=====

6 Profit before tax

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

	2007 \$'000	2006 \$'000
Cost of inventories sold	108,988	97,272
Depreciation*	9,710	8,944
Amortisation of deferred revenue	(3,335)	(1,852)
Recognition of prepaid land premiums*	77	77
Impairment of other receivables*	—	4,480
Write-back of accrued payables*	(12,570)	(8,060)
Fair value losses/(gains), net :		
Available-for-sale equity investments (transfer from equity)*	55	—
Equity investments at fair value through profit or loss*	(38,147)	2,065
Derivative instruments – a transaction not qualifying as a hedge*	104	(104)
Gains on disposal of equity investments at fair value through profit or loss, net*	(4,626)	(1,308)
Loss/(gain) on disposal of items of property, plant and equipment*	(5,168)	66
Exchange gains, net*	(8,579)	(8,791)
Fair value losses/(gains) on revaluation of investment properties	18,600	(9,982)
Write-back of deficits on revaluation of resort and recreational club properties	(8,268)	(2,563)
Dividend income from listed investments#	(5,122)	(4,765)
Interest income#	(26,068)	(25,478)
	=====	=====

* The balances are included in "Other operating income, 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 2007 (2006: 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.

8 Dividends

The directors do not recommend the payment of any dividend to shareholders (2006: Nil).

9 Earnings per share attributable to ordinary equity holders of the Company

(a) Basic earnings per share

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of \$52,426,000 (2006: \$12,047,000), and the weighted average number of ordinary shares in issue during the year of 1,650,658,676 (2006: 1,650,658,676).

(b) Diluted earnings per share

Diluted earnings per share amounts for the years ended 31 December 2007 and 2006 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:

	2007 \$'000	2006 \$'000
Within 1 month	4,128	5,847
2 to 3 months	844	290
Over 3 months	<u>2,189</u>	<u>2,564</u>
	7,161	8,701
	=====	=====

11 Equity investments at fair value through profit or loss

	2007 \$'000	2006 \$'000
Listed equity investments, at market value:		
Hong Kong	197,497	153,881
Elsewhere	<u>397</u>	<u>731</u>
	197,894	154,612
	=====	=====

The market value of the short term equity investments held as at 31 December 2007 at the date of announcement was approximately \$179,353,000.

12 Trade and other payables

Included in trade and other payables as at 31 December 2007 were trade and bills payables of \$12,893,000 (2006: \$25,948,000). An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	2007 \$'000	2006 \$'000
Within 1 month	4,704	5,700
2 to 3 months	281	274
Over 3 months	<u>7,908</u>	<u>19,974</u>
	12,893 =====	25,948 =====

CHIEF EXECUTIVE'S STATEMENT

FINANCIAL REVIEW

For the year under review, the Group reported a turnover of HK\$266,027,000 (2006: HK\$227,206,000) which represents an increase of 17% as compared to 2006. Consolidated profit attributable to equity holders of the Company amounted to HK\$52,426,000 (2006: HK\$12,047,000) which represents 335% increase as compared to last year. Earnings per share was HK\$3.18 cents (2006: HK\$0.73 cents).

LIQUIDITY AND FINANCIAL POSITION

At 31 December 2007, the Group was in solid financial position with cash and deposit holdings of HK\$542,285,000 (2006: HK\$522,222,000). At 31 December 2007, total borrowings stood at HK\$16,307,000 (2006: HK\$22,634,000) with HK\$12,731,000 (2006: HK\$18,674,000) 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 1.7% at the year end date (2006: 2.5%). The current ratio at 31 December 2007 was 13.9 times (2006: 10.5 times).

At 31 December 2007, 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. 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 is required.

BUSINESS REVIEW

Resort and Recreational Club Operations

VivaSha Club Resort (“VivaSha”)

VivaSha, comprising a 4-star Hotel with 302 rooms, a Clubhouse and an International Convention Centre, is located in the Putao district of Shanghai.

Membership recruitment activities have been successful. As at the end of 2007, total membership numbers had increased to about 3,400.

In 2008, Club Management plans to work with SPA and specialty restaurant operators, to widen its services. This is expected to enhance membership sales and help to promote the Club’s group tourist and corporate conference business.

Hong Kong Hilltop Country Club (“Hilltop”)

Turnover at Hilltop was slightly lower than the previous year. This has been a result of keen competition from the hotel sector for conference and banquet revenues, as well as the premises showing signs of age. Management is planning to renovate the buildings and facilities in 2008 in order to expand Hilltop’s membership base.

Telecommunications & Technologies

SinoPay.com Holdings Limited (“SinoPay”)

SinoPay’s main business is providing B2C electronic payment and intra-bank fund transfer solution services in the PRC through its Joint Venture with China UnionPay, Chinapay e-Payment Service Ltd (“the JV”) in Shanghai. In order to diversify its income contribution sources, the JV has this year developed on-line mutual fund trading platform, the results of which have fulfilled our expectations. In 2007, the JV recorded a turnover of RMB164,500,000 with a net profit of RMB29,000,000; representing 245% and 195% growth in turnover and net profit respectively.

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

On 17 December 2007, Lion Dragon Limited, a wholly-owned subsidiary of the Company, entered into a Share Transfer Agreement to dispose of 10% of the equity interest in Smartdot to Mr. Jiangxiaodan, CEO and founder of Smartdot, at a consideration of RMB12,000,000 (equivalent to approximately HK\$12,720,000). The disposal is expected to be completed in the first half of 2008. After the disposal, Lion Dragon Limited will continue to hold a 10% equity interest in Smartdot.

Smartdot is engaged in the development of software and solution projects in the PRC. Given the prevailing keen competition in the software industry in the PRC, the Board considered that it was an appropriate time to realise part of its investment in Smartdot. Due to the write off of certain deferred expenditures incurred in previous years, Smartdot reported a net loss in 2007.

Wireless Network Card Business

Building on its wireless network card business with China Unicom and China Mobile, Shanghai ENM Telecom & Technology Limited has expanded its sales mix to other electronic and telecommunication products, such as POS machines. Management expects to expand its current customer base in 2008 with the sale of more new products.

Retail Fashion

The Swank Shop Limited (“Swank”)

Swank produced encouraging results in 2007 with turnover of HK\$214,168,000, up 23% from the previous year.

The bullish economy, tighter management control and more focused merchandising program all contributed to this performance.

Gross profit increased by 4 percentage point from 47% to 51%. Although shop occupancy costs increased by 25% from the previous year, overall shop expenses reduced to 41% on turnover as compared with 45% in 2006. Head office expenses also improved to 10% on sales as opposed to 13% in 2006. These improvements contributed to Swank posting a net profit of HK\$7,300,000 of which HK\$5,168,000 was derived from the sale of property.

On the operation front, two new boutiques were opened during the year.

- (i) A New branch of Kenzo mono brand boutique was opened in December 2007 in Ocean Centre, Kowloon. Management are confident that this boutique will perform strongly once the Louis Vuitton flagship store (the largest in Asia) opens opposite to the boutique in March 2008 as this will drastically increase foot traffic in the area.
- (ii) A Brunello Cucinelli boutique was opened in September 2007 in the IFC Mall, Hong Kong. This is the first Brunello Cucinelli boutique established in HK and with the brand’s proven track record within Swank multi-label shops, it should perform well starting in the Spring/Summer 2008 season.

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.

Branded products reported significant sales growth in 2007 due to strong market demand for Urotrol for the treatment of urinary incontinence and Diabetrol Slow Release for the treatment of diabetics. Contract service business in the area of CRO (contract research organization) and OEM also reported more than 20% growth in sales. With the AFM (Accredit for Foreign Manufacture) approval by the Japan Ministry of Health (Labour & Welfare) in December 2007, Genovate is actively seeking more formulation development and OEM business with Japanese pharmaceutical companies to expand its overseas business.

Research programs in collaboration with government institutes including the Industrial Technology Research Institute (ITRI) of Taiwan and the National Health Research Institute (NHRI) have continued to progress. These research programs focus on specialty drugs for the treatment of gout and metabolic disorder. There are two new formulation drug projects in the pipeline - one for Intermittent Claudication and the other for anti-vomiting. Genovate plans to file an IND (Investigatory New Drug) for both projects in 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 2007, 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 2007 have been reviewed by the Audit Committee of the Company. The Audit Committee comprises one Non-Executive Director, Mr. Raymond Wai Pun LAU 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. 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, 28 March 2008