



ENM HOLDINGS LIMITED

安寧控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 128)

**Interim Results Announcement
for the six months ended 30 June 2008**

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 2008, together with the unaudited comparative amounts for the corresponding period in 2007.

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 2008 - unaudited
(Expressed in Hong Kong dollars("HK\$"))*

	<i>Notes</i>	Six months ended 30 June	
		2008 <i>(Unaudited)</i> HK\$'000	2007 <i>(Unaudited)</i> HK\$'000
Revenue	3	118,144	118,944
Cost of sales		<u>(49,161)</u>	<u>(48,998)</u>
Gross profit		68,983	69,946
Other income and gains	4	2,928	2,720
Selling and distribution costs		(40,105)	(39,790)
Administrative expenses		(32,357)	(31,896)
Other operating income/(expenses), net		(17,359)	28,993
Excess over cost on acquisition of an additional interest in a subsidiary		6,688	—
Gain on partial disposal of an interest in an associate		9,278	—
Fair value gains/(losses) and write-back of deficits on revaluation of properties, net		2,312	(3,986)
Finance costs	5	(366)	(627)
Share of profits and losses of associates		<u>(2,201)</u>	<u>(2,495)</u>
Profit/(loss) before tax	6	(2,199)	22,865
Tax	7	<u>4,413</u>	—
Profit for the period		2,214	22,865
		=====	=====
Attributable to:			
Equity holders of the Company		2,279	24,813
Minority interests		<u>(65)</u>	<u>(1,948)</u>
		2,214	22,865
		=====	=====
Earnings per share attributable to ordinary equity holders of the Company	8		
— Basic		0.14 cents	1.50 cents
		=====	=====
— Diluted		N/A	N/A
		=====	=====
Dividend per share	9	Nil	Nil
		=====	=====

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008 - unaudited

(Expressed in HK\$)

	<i>Notes</i>	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		80,085	77,303
Investment properties		121,600	113,900
Prepaid land premiums		2,945	2,986
Goodwill		6,610	6,610
Interests in associates		11,861	17,258
Other receivable		5,424	—
Available-for-sale equity investments		<u>39,490</u>	<u>35,448</u>
Total non-current assets		<u>268,015</u>	<u>253,505</u>
Current assets			
Inventories		44,568	41,359
Trade receivables	10	5,476	7,161
Prepayments, deposits and other receivables		28,479	33,656
Prepaid land premiums		77	77
Equity investments at fair value through profit or loss	11	178,387	197,894
Pledged deposits		342	342
Time deposits		473,181	495,798
Cash and bank balances		<u>36,343</u>	<u>46,487</u>
Total current assets		<u>766,853</u>	<u>822,774</u>
Current liabilities			
Trade and other payables	12	31,855	40,973
Interest-bearing bank and other borrowings		1,334	4,712
Current portion of debentures		2,421	2,670
Other loans		5,430	5,349
Tax payable		<u>—</u>	<u>5,497</u>
Total current liabilities		<u>41,040</u>	<u>59,201</u>
Net current assets		<u>725,813</u>	<u>763,573</u>
Total assets less current liabilities		<u>993,828</u>	<u>1,017,078</u>

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Total assets less current liabilities	<u>993,828</u>	<u>1,017,078</u>
Non-current liabilities		
Debentures	3,818	3,462
Interest-bearing bank and other borrowings	68	114
Deferred revenue	<u>21,493</u>	<u>23,015</u>
Total non-current liabilities	<u>25,379</u>	<u>26,591</u>
Net assets	968,449	990,487
	=====	=====
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	16,507	16,507
Reserves	<u>951,057</u>	<u>943,433</u>
	967,564	959,940
Minority interests	<u>885</u>	<u>30,547</u>
Total equity	968,449	990,487
	=====	=====

Notes:

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

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) issued by the Stock Exchange. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2007, except for the application of a new accounting policy for changes in ownership interests in subsidiaries and the adoption of new Hong Kong Financial Reporting Standards (“HKFRSs”) as described below.

Changes in ownership interests in subsidiaries

The excess of the carrying value of the additional net assets of a subsidiary over the consideration paid for the additional interest, arising from the increase in ownership interest in a subsidiary, is credited to the income statement in the period when the increase takes place.

Adoption of new HKFRSs

The following new HKFRSs, which also include HKASs and Interpretations, are adopted for the first time for the current period’s financial statements:

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>

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.

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.

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.

The adoption of the above new and revised HKFRSs has no material impact on the Group’s results of operations and financial position.

2 Impact of issued but not yet effective HKFRSs

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

HKFRS 2 Amendment	<i>Share-based Payment: Vesting Conditions and Cancellations</i> ¹
HKFRS 3 (Revised)	<i>Business Combinations</i> ⁴
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
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ⁴
HKAS 32 and HKAS 1 Amendment	<i>Puttable Financial Instruments and Obligations Arising on Liquidation</i> ¹
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> ²
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i> ¹
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i> ³

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

² Effective for annual periods beginning on or after 1 July 2008

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

⁴ Effective for annual periods beginning on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKAS 1 (Revised) and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to 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	
	Six months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Wholesale and retail of fashion wear and accessories	98,310	95,044	(764)	(4,442)
Telecommunications operations	859	635	(718)	2,089
Resort and recreational club operations	8,410	8,733	4,903	(305)
Investments and treasury	<u>10,565</u>	<u>14,532</u>	<u>(3,911)</u>	<u>34,209</u>
	<u>118,144</u>	<u>118,944</u>	<u>(490)</u>	<u>31,551</u>
	=====	=====		
Unallocated gains and expenses, net			(1,454)	(1,578)
Fair value gains/(losses) and write-back of deficit on revaluation:				
- Investment properties			1,800	(6,355)
- Resort and recreational club properties			512	2,369
Finance costs			(366)	(627)
Share of profits and losses of associates			(2,201)	(2,495)
Tax			<u>4,413</u>	<u>—</u>
Profit for the period			<u>2,214</u>	<u>22,865</u>
			=====	=====

(b) Geographical segments

	Group revenue	
	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	117,193	118,272
Mainland China	<u>951</u>	<u>672</u>
	<u>118,144</u>	<u>118,944</u>
	=====	=====

4 Other income and gains

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2008	2007
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Rental income	452	428
Management fees	516	416
Amortisation of deferred revenue	1,504	1,512
Others	<u>456</u>	<u>364</u>
	2,928	2,720
	=====	=====

5 Finance costs

	Six months ended 30 June	
	2008	2007
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	234	449
Interest on a finance lease	7	7
Accretion of interest on debentures	<u>125</u>	<u>171</u>
	366	627
	=====	=====

6 Profit/(loss) before tax

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

	Six months ended 30 June	
	2008	2007
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	49,056	48,909
Recognition of prepaid land premiums*	41	40
Depreciation*	3,175	5,629
Write-back of accrued payables*	(3,927)	(5,488)
Dividend income [#]	(1,742)	(1,440)
Interest income [#]	(8,822)	(13,092)
Exchange gains, net*	(5,994)	(2,337)
Loss on disposal of items of property, plant and equipment*	260	—
Fair value (gains)/losses and (write-back of deficits) on revaluation of properties, net	(2,312)	3,986
Net fair value (gains)/losses for equity investments at fair value through profit or loss*	23,806	(26,157)
Gains on disposal of equity investments at fair value through profit or loss*	—	(1,361)
	=====	=====

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

The balances are included in "revenue" on the face of the condensed consolidated income statement.

7 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 2008 (Six months ended 30 June 2007: Nil) as the Company and its subsidiaries either did not generate any assessable profits for the period or have available tax losses brought forward from prior years to offset against any assessable profits generated during the period. In the six months ended 30 June 2008, an overprovision for Hong Kong profits tax of HK\$4,413,000 brought forward from prior years was reversed following agreement of the tax assessments with the tax authority.

As at 30 June 2008, deferred tax assets have been recognised in respect of the tax losses of certain subsidiaries of the Group only to the extent required to offset any deferred tax liabilities of the same subsidiaries recognised in connection with depreciation allowance in excess of related depreciation. Deferred tax assets have not been recognised for any other tax losses as such losses have arisen in subsidiaries of the Group that have either been loss-making for some time or whose availability of future taxable profits is unpredictable.

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

(a) Basic earnings per share

The calculation of basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Company for the period of HK\$2,279,000 (Six months ended 30 June 2007: HK\$24,813,000) and the weighted average number of ordinary shares in issue during the period of 1,650,658,676 (Six months ended 30 June 2007: 1,650,658,676).

(b) Diluted earnings per share

Diluted earnings per share amounts for both six-month periods ended 30 June 2008 and 2007 have not been disclosed as no diluting events existed during these periods.

9 Dividend

The directors do not recommend the payment of any interim dividend to shareholders (Six months ended 30 June 2007: Nil).

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 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 30 June 2008, based on the invoice date and net of provisions, is as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within one month	2,250	4,128
Two to three months	489	844
Over three months	<u>2,737</u>	<u>2,189</u>
	5,476 =====	7,161 =====

11 Equity investments at fair value through profit or loss

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Listed equity investments, at market value		
Hong Kong	176,753	197,497
Elsewhere	<u>1,634</u>	<u>397</u>
	178,387	197,894
	=====	=====

The market value of the short term equity investments held as at 30 June 2008 at the date of this announcement was approximately HK\$156,557,000.

12 Trade and other payables

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

CHIEF EXECUTIVE'S STATEMENT

FINANCIAL REVIEW

For the period under review, the Group reported a turnover of HK\$118,144,000 (2007: HK\$118,944,000) which represents a decrease of 1% as compared to the corresponding period in 2007. Consolidated profit attributable to equity holders of the Company amounted to HK\$2,279,000 (2007: HK\$24,813,000) for the period ended 30 June 2008. The significant decline was mainly due to a substantial unrealised loss on the listed securities investments.

LIQUIDITY AND FINANCIAL POSITION

The Group was in solid financial position with cash and deposit holdings of HK\$509,524,000 (31 December 2007: HK\$542,285,000). At 30 June 2008, total borrowings amount to HK\$13,071,000 (31 December 2007: HK\$16,307,000) with HK\$9,185,000 (31 December 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 1.4% at the interim period end date (31 December 2007: 1.7%). The current ratio at 30 June 2008 was 18.7 times (31 December 2007: 13.9 times).

At 30 June 2008, 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, operated by our associated company, Shanghai Landis Hospitality Management Co. Ltd., comprising a 4-star standard hotel with 302 rooms, an international convention centre and a clubhouse, is located in the Putao district of Shanghai. For the hotel business, sales in the first half of 2008 have increased by 30% when compared to last year owing to strong F&B and conference sales. For the clubhouse business, the numbers of membership reached 4,000-person level. Management expects new clubhouse membership to increase significantly with the completion of over 1,000 residential units nearby in the coming years.

In order to enhance membership sales and promote the Club’s group tourist and corporate conference business, existing facilities have been upgraded and new facilities are being introduced. A new SPA, Japanese Restaurant and retail shops are scheduled to be opened in the second half of 2008.

Hong Kong Hilltop Country Club (“Hilltop”)

Hilltop reorganized its management structure in the first half 2008. For the six months ended 30 June 2008, turnover dropped slightly due to keen competition from other new facilities in the same district. The aging of club premises also causes unsatisfactory results in member recruitment.

To enhance Hilltop’s competitiveness and expand its membership base, a major club renovation program to upgrade the premises and facilities is planned. The program will be rolled out on a phased basis and will take 2 to 3 years to complete. Certain improvement works on Hilltop facilities have already commenced as at the date of this report.

Although the club renovation program is expected to have some short term adverse impact on club revenue, Management believes that the program is necessary for the long term benefit of the club and its members. In the meantime, Hilltop is also re-positioning its marketing effort on membership recruitment to better fit the long term growth objectives of the club.

Telecommunications & Technologies

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 (“the JV”) in Shanghai, in which the Group owns an effective interest of 3.6%. During the first half of 2008, the performance of on-line mutual fund trading was adversely affected by the weak performance of PRC stock market. The JV’s turnover for the first half of 2008 was increased by 16% and its net profit was decreased by 71% when compared with the same period in 2007.

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

The disposal of a 10% equity interest in Smartdot to Mr. Jiangxiaodan, CEO and founder of Smartdot, was completed in June 2008. After the disposal, the Group continues to hold a 10% equity interest in Smartdot.

Smartdot is engaged in the development of software and solution projects in the PRC. It recorded operating losses during the first half of 2008 but with the industry practice of recognising most of the revenue from contracts when the projects completed on stage in the latter half of the year, Management believes that there will be a significant improvement in earnings in the second half of 2008.

Wireless Network Card Business

In the past few years, telecom operators like China Unicom and China Mobile have cut down the promotion of “wireless card plus air time bundle package” and the profit margin of wireless card retail business has diminished steadily. As it is the core business of Shanghai ENM Telecom & Technology Limited (“SENMTT”) since its opening in July 2003, SENMTT has been inevitably adversely affected. Moreover, with the uncertainty caused by the coming restructuring and consolidation of the PRC telecom industry, Management has slowed down the operation pending completion of the telecom industry restructuring and setting of new corresponding business strategies.

Retail Fashion

The Swank Shop Limited (“Swank”)

Turnover of HK\$98,000,000 for the first half of 2008 represents a slight upward trend over the same period last year with an improvement of gross profit from 49% to 52%. This was due to favourable market sentiment prior to the Sichuan earthquake in the PRC as well as improved control of internal operation.

Looking ahead, the worldwide economy is slowing down and it would affect consumer spending. However, as the Group has consolidated our shareholder position in Swank in the first half of 2008 (Details are included in “Material Acquisition and Disposal of Investments” section below), we are in a better position to rebuild its brand and franchise value. Our first expansion will be in Beijing, China. A 6,500 sq. ft. new shop will be opened at Jinbao Street early next year.

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 accommodate expected strong growth in the contract research organization (“CRO”) service business, Genovate has established a fully owned, independent service company named Qualitix Clinical Research Co in June 2008, preparing for expansion of its operation to the PRC in 2009. Genovate is also seeking more formulation development and OEM business with Japanese pharmaceutical companies to expand its regional 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.

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 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. After the Disposal, the Group continues to hold 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 thus 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 six months ended 30 June 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 six months ended 30 June 2008.

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 2008 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 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.

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, 22 September 2008