



**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 2007**

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 2007, together with the unaudited comparative amounts for the corresponding period in 2006.

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 2007 - unaudited*

*(Expressed in Hong Kong dollars)*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2007</b>	<b>2006</b>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	<b>118,944</b>	102,488
<b>Cost of sales</b>		<u><b>(48,998)</b></u>	<u>(42,139)</u>
<b>Gross profit</b>		<b>69,946</b>	60,349
<b>Other income and gains</b>	4	<b>2,720</b>	1,635
<b>Selling and distribution costs</b>		<b>(39,790)</b>	(33,326)
<b>Administrative expenses</b>		<b>(31,896)</b>	(33,982)
<b>Other operating income, net</b>		<b>28,993</b>	3,691
<b>Fair value gains/(losses) and write-back of deficits on revaluation of properties, net</b>		<b>(3,986)</b>	2,218
<b>Finance costs</b>	5	<b>(627)</b>	(459)
<b>Share of profits and losses of associates</b>		<u><b>(2,495)</b></u>	<u>(2,351)</u>
<b>Profit/(loss) before tax</b>	6	<b>22,865</b>	(2,225)
<b>Tax</b>	7	<u>—</u>	<u>—</u>
<b>Profit/(loss) for the period</b>		<b>22,865</b>	(2,225)
		=====	=====
<b>Attributable to:</b>			
Equity holders of the Company		<b>24,813</b>	552
Minority interests		<u><b>(1,948)</b></u>	<u>(2,777)</u>
		<b>22,865</b>	(2,225)
		=====	=====
<b>Earnings per share attributable to ordinary equity holders of the Company</b>	8		
— Basic		<b>1.50 cents</b>	0.03 cents
		=====	=====
— Diluted		<b>N/A</b>	N/A
		=====	=====
<b>Dividend per share</b>	9	<b>Nil</b>	Nil
		=====	=====

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007 - unaudited

(Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>30 June 2007 (Unaudited) \$'000</b>	31 December 2006 (Audited) \$'000
<b>Non-current assets</b>			
Property, plant and equipment		81,564	84,638
Investment properties		121,280	123,900
Prepaid land premiums		3,023	3,063
Goodwill		6,610	6,610
Interests in jointly-controlled entities		—	—
Interests in associates		19,017	20,511
Available-for-sale investments		<u>35,503</u>	<u>35,503</u>
Total non-current assets		<u>266,997</u>	<u>274,225</u>
<b>Current assets</b>			
Inventories		42,727	37,481
Trade receivables	10	5,483	8,701
Prepayments, deposits and other receivables		51,208	33,267
Prepaid land premiums		77	77
Equity investments at fair value through profit or loss		183,122	154,612
Derivative financial instruments		—	104
Pledged deposits		342	342
Time deposits		470,699	495,074
Cash and bank balances		<u>28,351</u>	<u>27,148</u>
Total current assets		<u>782,009</u>	<u>756,806</u>
<b>Current liabilities</b>			
Trade and other payables	11	39,199	47,662
Interest-bearing bank and other borrowings		11,220	9,268
Current portion of debentures		3,505	4,102
Other loans		5,276	5,304
Tax payable		<u>5,497</u>	<u>5,497</u>
Total current liabilities		<u>64,697</u>	<u>71,833</u>
<b>Net current assets</b>		<u>717,312</u>	<u>684,973</u>
<b>Total assets less current liabilities</b>		<u>984,309</u>	<u>959,198</u>

	<b>30 June 2007 (Unaudited) \$'000</b>	31 December 2006 (Audited) \$'000
<b>Total assets less current liabilities</b>	<b><u>984,309</u></b>	<u>959,198</u>
<b>Non-current liabilities</b>		
Debentures	3,781	3,754
Interest-bearing bank and other borrowings	160	206
Deferred income	<u>24,385</u>	<u>25,821</u>
Total non-current liabilities	<u>28,326</u>	<u>29,781</u>
<b>Net assets</b>	<b>955,983</b>	929,417
	=====	=====
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	16,507	16,507
Reserves	<u>913,911</u>	<u>885,397</u>
	<b>930,418</b>	901,904
<b>Minority interests</b>	<u>25,565</u>	<u>27,513</u>
<b>Total equity</b>	<b>955,983</b>	929,417
	=====	=====

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 on The Stock Exchange of Hong Kong Limited (“Listing Rules”) issued by The Stock Exchange of Hong Kong Limited. 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 2006, except for the adoption of the following new Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) for the first time for the current period’s financial statements:

HKAS 1 Amendment	Capital Disclosure
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

HKAS 1 Amendment affects the disclosures about qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 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 and also incorporates many of the disclosure requirements of HKAS 32 *Financial Instruments: Disclosure and Presentation*.

HK(IFRIC)-Int 7 addresses the requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and requires an entity to restate its financial statements in accordance with HKAS 29.

HK(IFRIC)-Int 8 addresses the application of HKFRS 2 *Share-based Payments* to particular transactions in which the entity cannot identify specifically some or all of the goods or services received.

HK(IFRIC)-Int 9 addresses the application of HKAS 39 *Financial Instruments: Recognition and Measurement* that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract, and prohibits subsequent reassessment throughout the life of the contract except for exceptional circumstances.

HK(IFRIC)-Int 10 addresses the interaction between the requirements of HKAS 34 and the recognition of impairment losses on goodwill in HKAS 36 *Impairment of Assets* and certain financial assets in HKAS 39, and that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The adoption of these new HKFRSs did not have any impact on the financial position or performance of the Group. The full disclosures required under HKAS 1 and HKFRS 7 will be made in the annual financial statements of the Company and the Group for the year ending 31 December 2007.

## **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 8	Operating Segments
HKAS 23 (Revised)	Borrowing Costs
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Report*.

HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 January 2009. The revision to HKAS 23 removes the option of immediately recognising borrowing costs, that are directly attributable to the acquisition, construction or production of a qualifying asset, as an expense. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise such borrowing costs as part of the cost of the asset.

HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1 March 2007 and 1 January 2008, respectively.

The Group expects that the adoption of the above pronouncements will not have significant impact on the financial position or performance of 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/(loss)	
	Six months ended 30 June 2007 (Unaudited) \$'000	2006 (Unaudited) \$'000	Six months ended 30 June 2007 (Unaudited) \$'000	2006 (Unaudited) \$'000
Wholesale and retail of fashion wear and accessories	95,044	76,577	(4,442)	(6,973)
Telecommunications operations	635	1,595	2,089	(998)
Resort and recreational club operations	8,733	9,939	(305)	(56)
Investments and treasury	<u>14,532</u>	<u>14,377</u>	<u>34,209</u>	<u>7,845</u>
	<u>118,944</u>	<u>102,488</u>	<u>31,551</u>	<u>(182)</u>
Unallocated gains and expenses, net			(1,578)	(1,451)
Fair value gains/(losses) and write-back of deficits on revaluation :				
- Investment properties			(6,355)	1,981
- Resort and recreational club properties			2,369	237
Finance costs			(627)	(459)
Share of profits and losses of associates			(2,495)	(2,351)
Tax			<u>—</u>	<u>—</u>
Profit/(loss) for the period			<u>22,865</u>	<u>(2,225)</u>

(b) *Geographical segments*

	<b>Group revenue</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<b>\$'000</b>	<b>\$'000</b>
Hong Kong	<b>118,272</b>	100,845
Mainland China	<b>672</b>	1,639
Other Asia Pacific regions	<b>—</b>	<b>4</b>
	<b>118,944</b>	102,488
	<b>=====</b>	<b>=====</b>

**4 Other income and gains**

An analysis of other income and gains is as follows:

	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<b>\$'000</b>	<b>\$'000</b>
Rental income	<b>428</b>	28
Management fees	<b>416</b>	1,279
Amortisation of deferred income	<b>1,512</b>	—
Others	<b>364</b>	<b>328</b>
	<b>2,720</b>	1,635
	<b>=====</b>	<b>=====</b>

**5 Finance costs**

	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<b>\$'000</b>	<b>\$'000</b>
Interest on bank loans and overdrafts wholly repayable within five years	<b>449</b>	273
Interest on a finance lease	<b>7</b>	7
Accretion of interest on debentures	<b>171</b>	<b>179</b>
	<b>627</b>	459
	<b>=====</b>	<b>=====</b>

## 6 Profit/(loss) before tax

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

	Six months ended 30 June	
	2007 <i>(Unaudited)</i> \$'000	2006 <i>(Unaudited)</i> \$'000
Cost of inventories sold	48,909	42,053
Amortisation of prepaid land premiums*	40	39
Depreciation*	5,629	4,046
Write-back of accrued payables*	(5,488)	(4,931)
Dividend income <sup>#</sup>	(1,440)	(1,653)
Interest income <sup>#</sup>	(13,092)	(11,764)
Exchange gains, net*	(2,337)	(2,555)
Gain on disposal of items of property, plant and equipment	—	(26)
Fair value (gains)/losses and (write-back of deficits) on revaluation of properties, net	3,986	(2,218)
Net fair value gains for equity investments at fair value through profit or loss*	(27,518)	(1,276)
	=====	=====

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

<sup>#</sup> 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 2007 (Six months ended 30 June 2006: Nil) 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 against any assessable profits generated during the period.

As at 30 June 2007, deferred tax assets have been recognised in respect of the tax losses of certain subsidiaries of the Group only to the extent 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 \$24,813,000 (Six months ended 30 June 2006: \$552,000) and the weighted average number of ordinary shares in issue during the period of 1,650,658,676 (Six months ended 30 June 2006: 1,650,658,676).

(b) *Diluted earnings per share*

Diluted earnings per share amounts for both six-month periods ended 30 June 2007 and 2006 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 2006: 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 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 30 June 2007, based on the invoice date and net of provisions, is as follows:

	<b>30 June 2007 (Unaudited) \$'000</b>	31 December 2006 (Audited) \$'000
Within one month	<b>2,864</b>	5,847
Two to three months	<b>298</b>	290
Over three months	<b><u>2,321</u></b>	<u>2,564</u>
	<b>5,483</b>	8,701
	=====	=====

**11 Trade and other payables**

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

## **CHIEF EXECUTIVE'S STATEMENT**

### **FINANCIAL REVIEW**

For the period under review, the Group reported a turnover of HK\$118,944,000 (2006: HK\$102,488,000) which represents an increase of 16% as compared to the corresponding period in 2006. Consolidated profit attributable to equity holders of the Company amounted to HK\$24,813,000 (2006: HK\$552,000) for the period ended 30 June 2007.

## **LIQUIDITY AND FINANCIAL POSITION**

The Group was in solid financial position with cash and deposit holdings of HK\$499,050,000 (31 December 2006: HK\$522,222,000). At 30 June 2007, total borrowings amount to HK\$23,942,000 (31 December 2006: HK\$22,634,000) with HK\$20,001,000 (31 December 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 2.6% at the interim period end date (31 December 2006: 2.5%). The current ratio at 30 June 2007 was 12.1 times (31 December 2006: 10.5 times).

At 30 June 2007, 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, comprising a 4-star Hotel with 320 rooms, a Clubhouse and an International Convention Center, is located in the Putao district of Shanghai. Club Management has further refined the facilities and strengthened staff training since the Club's soft opening in 2006. Overall performance of VivaSha has been satisfactory. Club Management plans to redesign 44,000 square feet of the Clubhouse into a spa which is expected to enhance Club membership sales and help promote the Club's group tourist and corporate conference business.

#### ***Hong Kong Hilltop Country Club***

The 10th anniversary celebration of the establishment of HKSAR did not bring in as much business as forecasted, and total turnover for the interim period is below that of last year. Business has also been affected by a new supply of 4 to 5-star hotels in the Tsuen Wan area.

Despite these factors, club operations have remained steady. Management expects to take advantage of the urban renewal of Tsuen Wan by focussing on the Club's membership activities and conferencing capabilities.

## **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 this year developed on-line mutual fund trading. In the first half of 2007, the JV recorded profits of RMB16,855,000.

The proposed merger between Chinapay e-Payment Service Ltd and Easylink, a counterpart of the JV in Guangdong, was suspended. All shareholders of SinoPay have instead signed a Memorandum of Understanding to launch a restructuring of SinoPay. After the restructuring, all JV shares held by SinoPay will be transferred to their ultimate shareholders.

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

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

Standard industry practice is for the majority of new contracts and projects to be signed and started during the second half of the year. This led to accounting losses during the first half of the year although management believes that there will be a significant improvement in earnings in the second half of the year.

### ***Wireless Network Card Business***

Apart from the wireless network card business with China Unicom and China Mobile, Shanghai ENM Telecom & Technology Limited has started to expand its sales mix to include other electronic and telecommunication products, such as the POS machine. With the sales of the new products, management expects to expand the business’ customer base.

## **Retail Fashion**

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

The relocation of a number of shops at the end of 2006, coupled with a strong retail environment, has increased sales turnover from the same period last year. Gross profit has also shown improvement. Although shop occupancy costs have increased with the market, overall performance has improved since last year.

Swank is also revamping its marketing strategy, focussing both its advertising and promotion activities on further enhancing the brand image.

## **Bio-Medical**

### ***Genovate Biotechnology Company Limited (“Genovate”)***

Genovate is a fully integrated pharmaceutical company which 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.

Genovate’s two major new drug products - Urotrol for the treatment of urinary incontinence and Diabetrol Slow Release (“SR”) for the treatment of diabetes, have been well received by the market. To increase its manufacturing output, Genovate filed an AFM (Accredit for Foreign Manufacture) with the Japanese health authority in March 2007, which is expected to be approved by the end of 2007 and will kick off OEM business with Japanese pharmaceutical companies. Genovate is also exploring an OEM partnership with one of the largest drug distributors in the US.

In the field of new drug development, Genovate has research programs in collaboration with government institutes including the Industrial Technology Research Institute (ITRI) of Taiwan and the National Health Research Institute (NHRI). These research programs focus on specialty drugs for the treatment of gout, obesity and vomiting.

## **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 2007.

## **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 2007 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, 14 September 2007