

## CHAIRMAN'S STATEMENT

I am pleased to present the 2006 annual report of ENM Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2006.

### RESULTS

For the year ended 31 December 2006, the Group recorded a turnover of HK\$227,206,000, representing a slight decrease of 6% as compared with HK\$242,536,000 for the previous year. The drop in turnover was mainly due to the stiff market competition in the retail fashion business and the negative effect resulting from the relocation of retail shops during the year.

The Group reported a profit attributable to shareholders of HK\$12,047,000, an increase of 10% as compared to HK\$10,923,000 for the previous year. This was mainly attributable to the surplus on revaluation of group properties of HK\$12,545,000. However, the retail fashion business did not perform as anticipated and made a negative contribution to the Group during the year.

### LOOKING AHEAD

VivaSha Club Resort ("VivaSha") had its soft opening in March 2006. The Board is so far satisfied with the performance in the soft opening period and VivaSha will have its grand opening in 2007. The Board believes that VivaSha will benefit from the continuing robust travel demand in the Mainland, buoyant global tourisms, business travel and the economic growth in Shanghai.

Swank currently has 13 shops and department store counters with a total shopping floor area of 23,800 square feet. In the coming year, those non-performing shops will be strategically closed when their leases expire, while continuing to open new stores at prime locations to enhance Swank's profitability. Swank will continue exercising tight controls on all overheads while maintaining its service quality.

The Group continues to look for investment opportunities with good potential in order to enhance the Group's value and profitability. The Group's strong balance sheet and net cash position also provide the flexibility to capitalise on investment opportunities when the circumstance arises.

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**APPRECIATION**

I would like to take this opportunity to thank my fellow directors, dedicated employees, our supportive shareholders and our business partners for their confidence and continued support of the Group.

**Joseph Wing Kong LEUNG**

*Chairman*

Hong Kong, 23 April 2007