Interim Report 2007

安寧控股有限公司
ENM Holdings Limited
(Stock Code: 0128)

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.

This 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
(Expressed in Hong Kong dollars)

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

The notes on pages 6 to 16 form part of this interim financial report.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

(Expressed in Hong Kong dollars)

	Notes	**30 June 2007 *(Unaudited)* *$'000***	31 December 2006 *(Audited)* *$'000*
Non-current assets			
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	10	**35,503**	35,503
Total non-current assets		**266,997**	274,225
Current assets			
Inventories		**42,727**	37,481
Trade receivables	11	**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		**28,351**	27,148
Total current assets		**782,009**	756,806
Current liabilities			
Trade and other payables	12	**39,199**	47,662
Interest-bearing bank and other borrowings		**11,220**	9,268
Current portion of debentures	13	**3,505**	4,102
Other loans	18(b)	**5,276**	5,304
Tax payable		**5,497**	5,497
Total current liabilities		**64,697**	71,833
Net current assets		**717,312**	684,973
Total assets less current liabilities – page 3		**984,309**	959,198

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2007
(Expressed in Hong Kong dollars)

	Notes	**30 June 2007 (Unaudited) $'000**	31 December 2006 (Audited) $'000
Total assets less current liabilities – page 2		**984,309**	959,198
Non-current liabilities			
Debentures	13	**3,781**	3,754
Interest-bearing bank and other borrowings		**160**	206
Deferred income		**24,385**	25,821
Total non-current liabilities		**28,326**	29,781
Net assets		**955,983**	929,417
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	15	**16,507**	16,507
Reserves	16	**913,911**	885,397
		930,418	901,904
Minority interests	16	**25,565**	27,513
Total equity		**955,983**	929,417

The notes on pages 6 to 16 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Note	**2007**	2006
		(Unaudited)	*(Unaudited)*
		$'000	*$'000*
Total equity at 1 January		**929,417**	919,342
Changes in equity during the period:			
Exchange differences on translation of financial statements of foreign operations	16	**3,701**	1,145
Net gains recognised directly in equity		**3,701**	1,145
Profit/(loss) for the period		**22,865**	(2,225)
Total recognised income and expense for the period		**26,566**	(1,080)
Total equity at 30 June		**955,983**	918,262
Total recognised income and expense for the period attributable to:			
Equity holders of the Company		**28,514**	1,697
Minority interests		**(1,948)**	(2,777)
		26,566	(1,080)

The notes on pages 6 to 16 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2007	2006
	(Unaudited)	*(Unaudited)*
	$'000	*$'000*
Net cash outflow from operating activities	**(21,795)**	(7,003)
Net cash inflow/(outflow) from investing activities	**38,404**	(31,730)
Net cash inflow/(outflow) from financing activities	**790**	(4,393)
Net increase/(decrease) in cash and cash equivalents	**17,399**	(43,126)
Cash and cash equivalents at beginning of period	**27,148**	126,829
Effect of foreign exchange rate changes, net	**–**	4
Cash and cash equivalents at end of period	**44,547**	83,707
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**28,351**	32,251
Non-pledged time deposits with original maturity of less than three months when acquired	**16,196**	51,456
	44,547	83,707

The notes on pages 6 to 16 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

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 *Financial Reporting in Hyperinflationary Economies*
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.

1 BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

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 these 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 Six months ended 30 June		Contribution to profit/(loss) Six months ended 30 June	
	2007	2006	**2007**	2006
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
	$'000	*$'000*	***$'000***	*$'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	**14,532**	14,377	**34,209**	7,845
	118,944	102,488	**31,551**	(182)
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			**–**	–
Profit/(loss) for the period			**22,865**	(2,225)

(b) Geographical segments

	Group revenue Six months ended 30 June	
	2007	2006
	(Unaudited)	*(Unaudited)*
	$'000	*$'000*
Hong Kong	**118,272**	100,845
Mainland China	**672**	1,639
Other Asia Pacific regions	**–**	4
	118,944	102,488

4 OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

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

5 FINANCE COSTS

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

6 PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2007	2006
	(Unaudited)	*(Unaudited)*
	$'000	*$'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#	**(1,440)**	(1,653)
Interest income#	**(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.

\# 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 AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2007	31 December 2006
	(Unaudited)	*(Audited)*
	$'000	*$'000*
Overseas listed equity investments, at fair value	**125**	125
Unlisted equity investments, at cost less impairment loss	**35,378**	35,378
	35,503	35,503

The above investments consist of investments in equity securities which are designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The fair values of listed equity investments are based on quoted market prices. The unlisted equity investments are carried at cost, less any impairment losses, because the directors are of the opinion that their fair values cannot be measured reliably. Such investments are non-derivative and mainly represent investments in the shares of entities principally involved in medical drug development, manufacturing and distribution or electronic payment and intra-bank fund transfer services.

11 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:

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

12 TRADE AND OTHER PAYABLES

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

13 DEBENTURES

Each debenture holder is entitled to be a debenture member of the Hilltop Country Club (the "Club") operated by a subsidiary of the Group, Hill Top Country Club Limited, subject to the rules and by-laws of the Club so long as the debentures shall remain outstanding, and has the right to use and enjoy all the facilities of the Club free from the payment of monthly subscription. At 30 June 2007, the redeemable periods of the Group's debentures carried at amortised costs were as follows:

	30 June 2007 *(Unaudited)* *$'000*	31 December 2006 *(Audited)* *$'000*
Within one year	**3,505**	4,102
In the second year	**2,328**	2,557
In the third to fifth years, inclusive	**1,453**	1,197
	3,781	3,754
	7,286	7,856

All redeemable debentures are denominated in Hong Kong dollars, interest-free and may be renewed upon maturity subject to the Group's consent.

The carrying amounts of the redeemable debentures approximate to their fair values.

14 SHARE OPTIONS

At 30 June 2007, the outstanding share options were as follows:

Date of grant	Exercise price	Number of share options outstanding at 30 June 2007
1 December 1999	$1.804	**48,000**
1 August 2000	$0.630	**264,000**
		312,000

These share options are exercisable before 29 December 2007.

At 30 June 2007, the Company had 312,000 share options outstanding under the share option schemes operated by the Company. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 312,000 additional ordinary shares of the Company and additional share capital of $3,120 and share premium of $249,792 (before issue expenses).

15 SHARE CAPITAL

	30 June 2007 *(Unaudited)* *$'000*	31 December 2006 *(Audited)* *$'000*
Authorised:		
100,000,000,000 (31 December 2006: 100,000,000,000) ordinary shares of $0.01 each	**1,000,000**	1,000,000
Issued and fully paid:		
1,650,658,676 (31 December 2006: 1,650,658,676) ordinary shares of $0.01 each	**16,507**	16,507

In 2002, the Company underwent a capital reorganisation scheme, details of which are set out in note 32 on the Company's statutory financial statements for the year ended 31 December 2006.

16 RESERVES

	Attributable to equity holders of the Company							
	Share premium account (Unaudited) $'000	Capital redemption reserve (Unaudited) $'000	Special reserve (Unaudited) $'000	Exchange reserve (Unaudited) $'000	Property, plant and equipment revaluation reserve (Unaudited) $'000	Accumulated losses (Unaudited) $'000	Total (Unaudited) $'000	Minority interests (Unaudited) $'000
At 1 January 2006	1,189,721	478	808,822	1,718	3,114	(1,132,425)	871,428	31,407
Exchange realignment	–	–	–	1,145	–	–	1,145	–
Profit/(loss) for the period	–	–	–	–	–	552	552	(2,777)
At 30 June 2006	1,189,721	478	808,822	2,863	3,114	(1,131,873)	873,125	28,630
At 1 January 2007	1,189,721	478	808,822	2,633	4,121	(1,120,378)	885,397	27,513
Exchange realignment	–	–	–	3,701	–	–	3,701	–
Profit/(loss) for the period	–	–	–	–	–	24,813	24,813	(1,948)
At 30 June 2007	**1,189,721**	**478**	**808,822**	**6,334**	**4,121**	**(1,095,565)**	**913,911**	**25,565**

17 CONTINGENT LIABILITIES

At 30 June 2007, the Company or the Group had the following significant contingent liabilities:

(a) One of the telecommunications content providers of a subsidiary issued a letter through its solicitors in March 2002 claiming damages of US$1,500,000 (equivalent to $11,670,000) from that subsidiary in relation to changes of rates applied by that subsidiary for services delivered by the content provider. The claimant also disputed traffic volumes generated in the past and claimed to have been underpaid by at least US$2,736,000 (equivalent to $21,286,000).

Management studied the allegations raised and sought legal advice on the subsidiary's legal rights and liabilities. Upon advice, the subsidiary has sought to refute most of the allegations and made a counterclaim of approximately US$6,215,000 (equivalent to $48,353,000) in September 2002 for the return of sums advanced on account of the content provider due to uncollectibles, discrepancies arising on reconciliation of traffic volumes and other related items. Thereafter, there has been no communication in respect of the mentioned claims between the subsidiary and the content provider.

In view of the above, management considers it unlikely that any loss will arise, and accordingly, no provision has been made in the financial statements.

(b) The Company had corporate guarantees executed as part of the security for general banking facilities granted to certain subsidiaries to the extent of $342,000 (31 December 2006: $342,000).

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) The Group's material transactions with related parties during the period were as follows:

	Notes	Six months ended 30 June	
		2007	2006
		(Unaudited)	*(Unaudited)*
		$'000	*$'000*
Rental expenses and building management fees paid to related companies	(i)	**943**	874
Rental income, including amortisation of deferred income, from an associate	(ii)	**1,912**	—

Notes:

(i) The rental expenses and building management fees paid to related companies controlled by a substantial shareholder of the Company were determined by reference to relevant industry practice.

(ii) The rental income from an associate arose from the lease of resort and recreational club properties in accordance with an operating lease arrangement signed with the associate.

(b) As at 30 June 2007, the unsecured loans from a minority shareholder of a subsidiary denominated in foreign currencies amounted to RMB1,216,241 (31 December 2006: RMB1,216,241) and US$521,859 (31 December 2006: US$521,859). The loans are interest-free and have no fixed terms of repayment. The carrying amounts of these loans approximate to their fair values.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	*(Unaudited)*
	$'000	*$'000*
Short term employee benefits	**5,576**	5,775
Post-employment benefits	**90**	92
Total compensation paid to key management personnel	**5,666**	5,867

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial assets and liabilities mainly comprise interest-bearing bank and other borrowings, trade receivables and payables, and cash and bank balances, and are, in the normal course of business, exposed to foreign currency risk, interest rate risk and credit risk. The Group's risk management strategy aims to minimise the adverse effects of financial risks on the financial performance of the Group and the board reviews and agrees policies, as summarised below, for managing each of these risks. It is the Group's policy that financial instruments, if any, are only used to hedge underlying commercial exposures and are not held or sold for speculative purposes.

(a) Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from purchases of fashion wear and accessories in foreign currencies.

The Group does not currently have any hedge arrangement for elimination of the foreign currency risk exposures and will continue to monitor such exposures and market conditions to determine if any hedging is required in the future.

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings.

As the Group is due to fully settle its interest-bearing bank borrowings in the coming year and the corresponding interest rate risk is not expected to be significant, the Group has not used any interest rate swap to hedge its exposure to interest rate risk.

(c) Credit risk

The Group only allows minimal credit sales to its long term customers with good settlement history and has no significant concentration of credit risk. The Group's credit risk is effectively mitigated by its combination of cash and credit card sales.

20 POST BALANCE SHEET EVENT

Up to the date of this report, excluding the equity investment at fair value through profit or loss with a carrying value of $2,434,000 as at 30 June 2007 which the Group has disposed of for a realised gain of $333,000 during July 2007, the aggregate market value of the Group's other equity investments at fair value through profit or loss held as at 30 June 2007 has declined by approximately $9,424,000.

21 APPROVAL OF INTERIM FINANCIAL REPORT

The unaudited interim financial report was approved and authorised for issue by the board of directors on 14 September 2007.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of ENM Holdings Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 1 to 16 which comprises the condensed consolidated balance sheet of ENM Holdings Limited as at 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
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Hong Kong

14 September 2007

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the reporting period (2006: Nil).

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.

PLEDGE OF ASSETS

Pledges of the Group's fixed deposits of US$44,000 (31 December 2006: US$44,000) were given to banks to secure general banking facilities to the extent of US$44,000 as at 30 June 2007 (31 December 2006: US$44,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employs a total of 261 full time staff with its main workforce stationed in the Group's offices in Hong Kong. The Group's remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus, external training support, and a performance based share option scheme.

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 has 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 diabeties, 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.

AUDIT COMMITTEE

The Company has an audit committee which was established pursuant to the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises of one non-executive director and three independent non-executive directors of the Company. The interim financial report for the six months ended 30 June 2007 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established pursuant to the requirements of the Listing Rules. The remuneration committee comprises of two independent non-executive directors namely Dr Cecil Sze Tsung CHAO and Mr. Ian Grant ROBINSON and one executive director namely Mr. Joseph Wing Kong LEUNG.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2007, the interest of a director in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, was as follows:

Long position in ordinary shares of HK$0.01 each of the Company:

Name of director	Number of shares held through a controlled corporation	Percentage of the Company's issued share capital
Mr. Joseph Wing Kong LEUNG	200,000	0.012%

Save as disclosed above, as at 30 June 2007, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SHARE OPTION SCHEME

In an Extraordinary General Meeting of the Company held on 14 June 2002, the shareholders of the Company formally approved the termination of the share option scheme adopted on 30 December 1997 (the "Old Scheme") and the adoption of a new share option scheme (the "New Scheme"), in compliance with the amended Chapter 17 of the Listing Rules and for the purpose of providing the Company with flexible means of providing incentives and rewards to executive directors and employees for their contribution to the Group. A summary of the principal terms of the New Scheme was sent to the shareholders of the Company in a circular dated 28 May 2002. All new options shall be granted under the terms and conditions of the New Scheme. No options have yet been granted under the New Scheme.

All outstanding options granted under the Old Scheme shall remain valid and exercisable under the provisions of the Old Scheme.

Details of the outstanding share options as at 30 June 2007 were as follows:

	Number of options outstanding at the beginning of the period	Number of options lapsed during the period	Number of options outstanding at the period end	Date granted	Price per share on exercise of options
Granted under the Old Scheme:					
Employees	312,000	—	312,000	1 December 1999 to 1 August 2000	HK$0.63 to HK$1.804

Share options under the Old Scheme are exercisable before 29 December 2007.

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 30 June 2007, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of HK$0.01 each of the Company:

Name	Direct interests	Indirect interests	Number of shares held	Percentage of the Company's issued share capital
Diamond Leaf Limited	162,216,503	—	162,216,503	9.8%
Solution Bridge Limited	408,757,642	—	408,757,642	24.8%
Ms Nina KUNG (deceased) *(Note)*	—	570,974,145	570,974,145	34.6%

Note: The interest disclosed under Ms Nina KUNG (deceased) represents her deemed interests in the shares of the Company by virtue of her interests in Diamond Leaf Limited and Solution Bridge Limited.

Save as disclosed above, as at 30 June 2007, no person had registered an interest in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code during the six months ended 30 June 2007.

BOARD OF DIRECTORS

As at the date of this report, 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