



安寧控股有限公司
ENM Holdings Limited

(Stock Code: 0128)



Interim Report 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.

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

	Notes	Six months ended 30 June	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Revenue	3	118,144	118,944
Cost of sales		(49,161)	(48,998)
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	19(d)	6,688	—
Gain on partial disposal of an interest in an associate	19(e)	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		(2,201)	(2,495)
Profit/(loss) before tax	6	(2,199)	22,865
Tax	7	4,413	—
Profit for the period		2,214	22,865
Attributable to:			
Equity holders of the Company		2,279	24,813
Minority interests		(65)	(1,948)
		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

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008 - unaudited

(Expressed in HK\$)

	Notes	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	10	39,490	35,448
Total non-current assets		268,015	253,505
Current assets			
Inventories		44,568	41,359
Trade receivables	11	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	12	178,387	197,894
Pledged deposits		342	342
Time deposits		473,181	495,798
Cash and bank balances		36,343	46,487
Total current assets		766,853	822,774
Current liabilities			
Trade and other payables	13	31,855	40,973
Interest-bearing bank and other borrowings		1,334	4,712
Current portion of debentures	14	2,421	2,670
Other loans	19(b)	5,430	5,349
Tax payable		—	5,497
Total current liabilities		41,040	59,201
Net current assets		725,813	763,573
Total assets less current liabilities - page 3		993,828	1,017,078

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

As at 30 June 2008 - unaudited

(Expressed in HK\$)

	Notes	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Total assets less current liabilities - page 2		993,828	1,017,078
Non-current liabilities			
Debentures	14	3,818	3,462
Interest-bearing bank and other borrowings		68	114
Deferred revenue		21,493	23,015
Total non-current liabilities		25,379	26,591
Net assets		968,449	990,487
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	16	16,507	16,507
Reserves	17	951,057	943,433
		967,564	959,940
Minority interests	17	885	30,547
Total equity		968,449	990,487

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 2008 - unaudited

(Expressed in HK\$)

		Six months ended 30 June	
Notes	2008	2007	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
	990,487	929,417	
Total equity at 1 January			
Changes in equity during the period:			
Exchange differences on translation of financial statements of foreign operations	1,996	3,701	
Surplus on revaluation	3,461	—	17
Net gains recognised directly in equity	5,457	3,701	
Profit for the period	2,214	22,865	
Total recognised income and expense for the period	7,671	26,566	
Acquisition of an additional interest in a subsidiary	(29,709)	—	17
Total equity at 30 June	968,449	955,983	
Total recognised income and expense for the period attributable to:			
Equity holders of the Company	7,624	28,514	
Minority interests	47	(1,948)	
	7,671	26,566	

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 2008- unaudited

(Expressed in HK\$)

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash inflow/(outflow) from operating activities	29	(21,795)
Net cash inflow/(outflow) from investing activities	(169,132)	38,404
Net cash inflow/(outflow) from financing activities	(3,625)	790
Net increase/(decrease) in cash and cash equivalents	(172,728)	17,399
Cash and cash equivalents at beginning of period	271,576	27,148
Effect of foreign exchange rate changes, net	611	—
Cash and cash equivalents at end of period	99,459	44,547
Analysis of balances of cash and cash equivalents		
Cash and bank balances	36,343	28,351
Non-pledged time deposits with original maturity of less than three months when acquired	63,116	16,196
	99,459	44,547

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

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in HK\$)

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.

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

Adoption of new HKFRSs (continued)

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 these 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 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) 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	10,565	14,532	(3,911)	34,209
	<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 deficits 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			4,413	–
Profit for the period			<u>2,214</u>	<u>22,865</u>

(b) Geographical segments

	Group revenue	
	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Hong Kong	117,193	118,272
Mainland China	951	672
	<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 <i>(Unaudited)</i> HK\$'000	2007 <i>(Unaudited)</i> <i>HK\$'000</i>
Rental income	452	428
Management fees	516	416
Amortisation of deferred revenue	1,504	1,512
Others	456	364
	2,928	2,720
	2,928	2,720

5 FINANCE COSTS

	Six months ended 30 June	
	2008 <i>(Unaudited)</i> HK\$'000	2007 <i>(Unaudited)</i> <i>HK\$'000</i>
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	125	171
	366	627
	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
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
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 AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Overseas listed equity investments, at fair value	70	70
Unlisted equity investments, at cost less impairment loss	39,420	35,378
	39,490	35,448

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, electronic payment and intra-bank fund transfer services or software development and solution projects.

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 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	2,737	2,189
	5,476	7,161

12 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	1,634	397
	178,387	197,894

At the date of approval of the interim report, the market value of the short term equity investments held as at 30 June 2008 was approximately HK\$156,557,000.

13 TRADE AND OTHER PAYABLES

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

14 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 2008, the redeemable periods of the Group's debentures carried at amortised costs were as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within one year	<u>2,421</u>	<u>2,670</u>
In the second year	335	385
In the third to fifth years, inclusive	<u>3,483</u>	<u>3,077</u>
	3,818	3,462
	<u>6,239</u>	<u>6,132</u>

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.

15 SHARE OPTIONS

As at 30 June 2008 and in the six months then ended, no share option of the Company was outstanding.

16 SHARE CAPITAL

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Authorised:		
100,000,000,000 (31 December 2007: 100,000,000,000) ordinary shares of HK\$0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
1,650,658,676 (31 December 2007: 1,650,658,676) ordinary shares of HK\$0.01 each	<u>16,507</u>	<u>16,507</u>

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 2007.

17 RESERVES

	Attributable to equity holders of the Company							
	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Special reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Property revaluation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Minority interests (Unaudited) HK\$'000
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	<u>1,189,721</u>	<u>478</u>	<u>808,822</u>	<u>6,334</u>	<u>4,121</u>	<u>(1,095,565)</u>	<u>913,911</u>	<u>25,565</u>
At 1 January 2008	1,189,721	478	808,822	8,243	—	(1,063,831)	943,433	30,547
Surplus on revaluation	—	—	—	—	3,461	—	3,461	—
Exchange realignment	—	—	—	1,884	—	—	1,884	112
Profit/(loss) for the period	—	—	—	—	—	2,279	2,279	(65)
Acquisition of an additional interest in a subsidiary	—	—	—	—	—	—	—	(29,709)
At 30 June 2008	<u>1,189,721</u>	<u>478</u>	<u>808,822</u>	<u>10,127</u>	<u>3,461</u>	<u>(1,061,552)</u>	<u>951,057</u>	<u>885</u>

18 CONTINGENT LIABILITIES

At 30 June 2008, 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 HK\$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 HK\$21,286,000).

Management studied the allegations raised and sought legal advice on the subsidiary's legal rights and liabilities. Upon advice, the subsidiary sought to refute most of the allegations and made a counterclaim of approximately US\$6,215,000 (equivalent to HK\$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) A bank guarantee given to a lessor in lieu of the Group's shop rental deposit amounted to HK\$531,000 (31 December 2007: HKD531,000).
- (c) The Company had corporate guarantees executed as part of the security for general banking facilities granted to certain subsidiaries to the extent of HK\$342,000 (31 December 2007: HK\$342,000).

19 RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended 30 June	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Rental expenses and building management fees paid to related companies	(i)	1,125	943
Rental income from an associate	(ii)	452	400
Purchase of fashion accessories from a company in which the spouse of a director of a subsidiary of the Group has a controlling interest	(iii)	583	—
		<u>1,125</u>	<u>943</u>

Notes:

- (i) The rental expenses and building management fees paid to related companies controlled by a substantial shareholder of the Company were in accordance with a tenancy agreement and determined by reference to prevailing market prices.
- (ii) The rental income from an associate arose from the lease of resort and recreational club properties in accordance with an operating lease arrangement agreed with the associate.
- (iii) The fashion accessories purchased by a subsidiary of the Group were at prices agreed between the subsidiary and the related party.
- (b) As at 30 June 2008, the unsecured loans from a minority shareholder of a subsidiary denominated in foreign currencies amounted to RMB1,216,241 (31 December 2007: RMB1,216,241) and US\$521,859 (31 December 2007: US\$521,859). The loans are interest-free and have no fixed terms of repayments. 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	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Short term employee benefits	6,166	5,576
Post-employment benefits	36	90
Total compensation paid to key management personnel	<u>6,202</u>	<u>5,666</u>

19 RELATED PARTY TRANSACTIONS (continued)

- (d) On 15 May 2008, the Group completed the acquisition of an additional 40% equity interest in Kenmure Limited (“Kenmure”) from Kenmure’s minority shareholders at an aggregate consideration of HK\$22,000,000. Kenmure is an investment holding company which holds a 100% equity interest in The Swank Shop Limited, the Group’s subsidiary principally engaged in the wholesale and retail of fashion wear and accessories. In this connection, the Group recognised a discount on acquisition of HK\$6,688,000 based on the excess of the 40% consolidated net assets of Kenmure, as included in the Group’s consolidated balance sheet as at the completion date of the acquisition, over the consideration of the acquisition plus transaction costs.
- (e) On 12 June 2008, the Group completed the disposal of a 10% equity interest in Beijing Smartdot Technologies Co. Limited (“Smartdot”), a 20%-owned associate of the Group prior to the disposal, to another shareholder of Smartdot for a consideration of RMB12,000,000 (equivalent to HK\$13,320,000). In this connection, the Group recognised a gain on disposal of HK\$9,278,000 based on the excess of the consideration for the disposal over the 10% share of the net assets of Smartdot, as included in the Group’s consolidated balance sheet as at the completion date of the disposal.

20 APPROVAL OF INTERIM FINANCIAL REPORT

The unaudited interim financial report was approved and authorised for issue by the board of directors on 22 September 2008.

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 2008 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

18/F, Two International Finance Centre

8 Finance Street, Central

Hong Kong

22 September 2008

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the reporting period (2007: Nil).

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.

PLEDGE OF ASSETS

Pledges of the Group's fixed deposits of US\$44,000 (31 December 2007: US\$44,000) were given to banks to secure general banking facilities to the extent of US\$44,000 as at 30 June 2008 (31 December 2007: US\$44,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employs a total of 247 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, 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.

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 2008 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 2008, 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 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
Joseph Wing Kong LEUNG	200,000	0.012%

Save as disclosed above, as at 30 June 2008, 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 adoption of a share option scheme (the "Scheme"), in compliance with the amended Chapter 17 of the Listing Rules and for the purpose of providing the Company with a flexible means of giving incentives and rewards to executive directors and employees for their contributions to the Group. A summary of the principal terms of the Scheme was sent to the shareholders of the Company in a circular dated 28 May 2002. No option has been granted under the Scheme since its inception.

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 2008, 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 2008, 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 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.

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 2008.

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, 22 September 2008

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Joseph Wing Kong LEUNG (*Chairman*)
James C. NG (*Chief Executive Officer*)
Derek Wai Choi LEUNG
Wing Tung YEUNG

NON-EXECUTIVE DIRECTOR

Raymond Wai Pun LAU

INDEPENDENT NON-EXECUTIVE DIRECTORS

Cecil Sze Tsung CHAO
Jen CHEN
Ian Grant ROBINSON

QUALIFIED ACCOUNTANT

Victor Yiu Keung CHIANG

COMPANY SECRETARY

Pui Man CHENG

AUDITORS

Ernst & Young
18th Floor
Two International Finance Centre
8 Finance Street
Central, Hong Kong

SHARE REGISTRARS

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

UBS AG
United Commercial Bank
Hang Seng Bank Limited
The Hongkong & Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Suite 1502, 15th Floor
Chinachem Golden Plaza
77 Mody Road, Tsimshatsui East
Kowloon, Hong Kong

INCORPORATION IN HONG KONG

27 April 1966

LISTING

16 November 1972

NO. OF EMPLOYEES

247

WEB SITE

www.enmholdings.com

STOCK CODE

Hong Kong Stock Exchange: 0128
American Depositary Receipt: ENMHY

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