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ENM HOLDINGS LIMITED

安寧控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 00128)

CONNECTED TRANSACTION SURRENDER AGREEMENT

This announcement is made pursuant to Rule 14A.35 of the Listing Rules.

Reference is made to the announcement of the Company dated 30 November 2021 in relation to the connected transaction relating to the Tenancy Agreement.

SURRENDER AGREEMENT

The Board announces that on 6 September 2024, the Company as tenant entered into the Surrender Agreement with the Landlords, pursuant to which the Company shall surrender the Surrendered Premises under the Tenancy Agreement with effect from 12 September 2024 and the tenancy in respect of the Surrendered Premises under the Tenancy Agreement shall absolutely cease and be terminated and both parties (the “Parties”) shall release each other from all liabilities and obligations arising from or under the Tenancy Agreement.

Whereas pursuant to the Tenancy Agreement, the Company shall reinstate the Surrendered Premises to “Bare-shell” condition and deliver up vacant possession of the same at the expiration or sooner determination of the tenancy term. Pursuant to the Surrender Agreement, the Company will deliver the Surrendered Premises to the Landlords in its “as is” condition on the Date of Surrender by paying the Landlords a non-refundable forbearance fee in the sum of HK\$1,182,000 in lieu of carrying out the reinstatement work.

FINANCIAL EFFECT OF THE SURRENDER AGREEMENT

Pursuant to HKFRS 16, the Company has recognised a right-of-use asset in respect of the Tenancy Agreement. The unaudited value of the remaining right-of-use asset in respect of the Tenancy Agreement as of the Date of Surrender is approximately HK\$523,000. It is estimated that the Company will record a gain of approximately HK\$71,000 from the entering into of the Surrender Agreement. Therefore, the entering into of the Surrender Agreement will not result in any material impact to the financial position of the Company.

The actual amounts of reduction in right-of-use of assets and the gain recognised by the Group arising from the execution of the Surrender Agreement for the year ending 31 December 2024 will be subject to final audit by the Company's auditors.

REASONS FOR THE SURRENDER AGREEMENT

After assessing the Group's latest requirement for office premises space and noted a reduction, Management had investigated and reviewed various options to downsize the office premises. The Board has concluded that the most cost-effective option is to surrender the Surrendered Premises under the Tenancy Agreement earlier than the expiration of the tenancy term to the Landlords and rent a smaller office premises.

The terms of the Surrender Agreement have been arrived at arm's length negotiations between the Parties and are on normal commercial terms. The Directors, including the independent non-executive Directors of the Company, consider that the Surrender Agreement is entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the Surrender Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Hung Han WONG, a non-executive Director, who is also a director of Dorfolk Investments Limited, being one of the Landlords, has abstained from voting on the Board resolutions for approving the Surrender Agreement. Saved as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Surrender Agreement and is required to abstain from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Company will recognise the execution of the Surrender Agreement as a disposal of right-of-use of assets in its consolidated statement of financial position, and the transactions contemplated thereunder shall be regarded as disposal of assets under the definition of transaction set out in Rule 14.04(1)(a) and Rule 14A.24(1) of the Listing Rules.

As at the date of this announcement, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai jointly hold approximately 44.28% of the issued shares of the Company as trustees of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang and are substantial shareholders of the Company.

The Landlords are companies controlled by Mr. JONG, Yat Kit and Mr. WONG, Tak Wai as joint and several administrators of the estate of Kung, Nina also known as Nina Kung and Nina T H Wang, and of the estate of Wang Teh Huei alias Teh Huei Wang, hence, the Landlords are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Surrender Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the Surrender Agreement are less than 5% and the total consideration is less than HK\$3,000,000, the Surrender Agreement and the transactions contemplated thereunder are fully exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

Upon entering into the Surrender Agreement, the tenancy of the Surrendered Premises is to be terminated in advance. Accordingly, the Company is subject to the announcement requirement under the Note to Rule 14A.35 of the Listing Rules.

GENERAL

The principal activities of the Company are investment holding and securities trading. The principal activities of its subsidiaries comprise the retail of fashion wear and accessories, investment holding and securities trading.

The Landlords are engaged in property investment for rental income.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Company”	ENM Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange

“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Date of Surrender”	12 September 2024, being the date the Company shall deliver the Surrendered Premises to the Landlords
“Director(s)”	the director(s) of the Company
“Tenancy Agreement”	the tenancy agreement dated 30 November 2021, entered into between the Company as tenant and the Landlords in relation to the Surrendered Premises for a term of three years from 1 December 2021 to 30 November 2024, details of which were set out in the announcement of the Company dated 30 November 2021
“Group”	the Company and its subsidiaries
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlords”	Ying Ho Company Limited, Cheong Ming Investment Co., Limited, Dorfolk Investments Limited, Kwong Fook Investors And Developers Limited, The World Realty Limited, On Lee Investment Company Limited, Yau Fook Hong Company Limited, and Tsing Lung Investment Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Surrendered Premises”	Suites 3301-3302, 33rd Floor, Tower 2, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong
“Shareholders”	shareholder(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender Agreement”	the surrender agreement dated 6 September 2024 entered into between the Company as tenant and the Landlords in relation to the surrender of the Surrendered Premises and a side letter dated 6 September 2024
“%”	per cent.

By order of the Board
Penny Soh Peng CROSBIE-WALSH
Executive Director
and Chief Executive Officer

Hong Kong, 6 September 2024

As at the date of this announcement, the Directors of the Company are:

Executive Director:

Penny Soh Peng CROSBIE-WALSH (Chief Executive Officer)

Non-executive Director:

Hung Han WONG (Non-executive Chairman)

Independent Non-executive Directors:

Kin Wing CHEUNG

Imma Kit Sum LING

Hin Fun Anthony TSANG