

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**ENM HOLDINGS LIMITED**

**安寧控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00128)**

**CONNECTED TRANSACTION AND  
CONTINUING CONNECTED TRANSACTION IN RELATION TO  
AN OFFER LETTER FOR A TENANCY**

The Board announces that on 19 February 2016, the Tenant (being a wholly-owned subsidiary of the Company) accepted the Offer Letter provided by the Landlord for the lease of the Premises. In addition, pursuant to the Offer Letter, the Company shall, prior to the commencement of the lease term of the Premises, provide with the Landlord a corporate guarantee up to HK\$8,800,000 to ensure the punctual performance by the Tenant of all its obligations under the Offer Letter and the formal tenancy agreement in respect of the Premises during the lease term.

As at the date of this announcement, Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai jointly hold approximately 44.28% of the issued shares of the Company. Each of them is a trustee of the Estate of Kung, Nina also known as Nina Kung and Nina T H Wang and Nina Teh Huei Wang. Since the Landlord is a company controlled by each of them as joint and several administrators of the Estate of Nina Kung and is an associate of connected persons of the Company under Chapter 14A of the Listing Rules, therefore (i) the acceptance of the Offer Letter by the Tenant constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules; and (ii) the provision of the Guarantee by the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (as defined in the Listing Rules) in respect of (i) the Annual Caps for the transactions contemplated under the Offer Letter; and (ii) the maximum guaranteed amount under the Guarantee individually are more than 0.1% but less than 5%, each of the acceptance of the Offer Letter by the Tenant and the provision of the Guarantee by the Company is subject to the reporting and announcement but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Offer Letter will be included in the annual report of the Company for each of the relevant financial years. The Company will also observe the annual review and other requirements regarding continuing connected transactions under Chapter 14A of the Listing Rules, if and when applicable, from time to time.

## THE OFFER LETTER

The Offer Letter constitutes valid, legally binding and enforceable obligations to both the Landlord and the Tenant and its principal terms are summarised below:

- Date : 19 February 2016
- Landlord : Grand Monrovia Enterprises Limited
- Tenant : White Haven Limited
- Premises : 2nd floor to 4th floor of Chinachem Central I, Nos. 22 & 22A, Des Voeux Road Central, Hong Kong, together with a terrace at the 3rd floor. The total lettable area is approximately 10,293 square feet.
- Use : For the operation of a membership city club (the “**City Club**”). It is expected that the City Club will feature a restaurant, bar, terrace, lounge area, and private rooms intended for the members’ corporate dining, socialising and relaxation purposes.
- Lease term : Five years commencing from the actual date of handover and delivery to the Tenant possession of the Premises (see below)
- Rent : HK\$587,000 per calendar month for the first three years of the lease term, and HK\$632,000 per calendar month for the 4th year and the 5th year of the lease term, both exclusive of government rates, management fee and air-conditioning charges
- Rent-free period : First three months of the lease term

- Management fee : HK\$72,008 per calendar month, subject to review based upon increase in the costs of service provided
- Payment : Rent and management fee payable monthly in advance on the first day of each calendar month
- Deposit : An initial deposit equivalent to one month's rent shall be payable by the Tenant upon signing of the Offer Letter. The Tenant shall pay an additional deposit equivalent to two months' rent and three months' management fee upon signing of the formal tenancy agreement in respect of the Premises as detailed below (the "**Formal Tenancy Agreement**"). The deposits may have to be topped-up by the Tenant from time to time such that it maintains an amount equivalent to three months' rent and management fee.
- Option to renew : The Tenant has an option to renew the tenancy of the Premise for a further term of three years at the then fair market rent by three months' prior written notice. The Company will take such necessary steps to ensure compliance with all applicable rules under Chapter 14A of the Listing Rules upon exercise of such option by the Tenant.
- Possession : As the building where the Premises will be located is still under construction, possession of the Premises shall be handed over and delivered to the Tenant no later than 15 days after the issuance of an occupation permit in respect of the Premises by the Building Authority (the "**Occupation Permit**").

In the event that possession of the Premises shall not be handed over and delivered to the Tenant on or before 1 September 2016 (the "**Proposed Handover Date**"), the Landlord shall be entitled to postpone the handover date to a later date (the "**First Postponed Handover Date**") which will be not more than three months from the Proposed Handover Date.

In the event that possession of the Premises still shall not be available by the First Postponed Handover Date, the Landlord shall be entitled to further postpone the handover date to a later date (the “**Second Postponed Handover Date**”) which will be not more than three months from the First Postponed Handover Date.

Notwithstanding the above, if possession of the Premises shall not be handed over and delivered to the Tenant by the Proposed Handover Date, the First Postponed Handover Date or the Second Postponed Handover Date (as the case may be), either the Landlord or the Tenant shall be entitled to terminate the Offer Letter without prejudice to the Landlord’s rights and remedies in respect of any antecedent claim or breach against the Tenant. Upon such termination, the Landlord shall forthwith return all deposits and payments paid by the Tenant without interest.

Formal Tenancy Agreement : The Tenant shall be required within 15 days upon receipt of notice by the Landlord that the Occupation Permit had been issued to enter into a formal tenancy agreement in respect of the Premises with the Landlord which will carry the principal terms of the Offer Letter.

## **OPINION FROM THE INDEPENDENT FINANCIAL ADVISER**

Rule 14A.52 of the Listing Rules stipulates that the period of an agreement for a continuing connected transaction must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. As the tenancy under the Offer Letter will be of a term of five years, VBG Capital Limited has been appointed by the Company as an independent financial adviser to explain why a longer period is required and to confirm that it is normal business practice for agreements of this type to be of such duration.

In formulating its opinion, the Independent Financial Adviser has taken into consideration of the following principal factors:

- (i) it is intended that the Premises will be used for the operation of the City Club, as an additional feature which would add value to the Group’s club business and serve as a “stand-alone” business to enhance the revenue of the Group;

- (ii) the Premises with an aggregate lettable area of approximately 10,293 square feet comprise the whole of 2/F., whole of 3/F. plus Terrace, and whole of 4/F., of Chinachem Central I, a building which is located at prime site in Central district;
- (iii) as advised by the management of the Company, when determining the lease term under the Offer Letter, they have taken into account, among other factors, (i) the high capital investment and pre-operation expenses of the City Club, which provides incentives to secure a lease with a longer term to avoid relocation upon expiry of the lease term under the Offer Letter; and (ii) the longer lease term under the Offer Letter which is able to reduce unnecessary uncertainties and disruptions to the City Club's membership, and allow time to build up member's loyalty and reputation and thereby expanding its membership number; and
- (iv) with reference to the Valuation, the rents for the Premises under the Offer Letter are fair and reasonable as compared to the prevailing market rates.

Moreover, the Valuation indicates that the Valuer has considered lease agreements of similar nature in Hong Kong with a term of more than three years and it is common for similar lease agreements to be of such duration. The Independent Financial Adviser has further reviewed the latest annual reports published by several Hong Kong-listed companies which are engaged in the hotel and entertainment related business and noted that those comparable companies also have lease duration of more than five years.

Based on the above, the Independent Financial Adviser is of the opinion that the lease term of five years under the Offer Letter is necessary and it is normal business practice for lease agreements of this type to be of such duration.

## ANNUAL CAPS

The Annual Caps for the transactions contemplated under the Offer Letter for each of the six financial years ending 31 December 2016, 2017, 2018, 2019, 2020 and 2021 will be as follows:

	<b>For the year ending 31 December</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Annual Cap	2,300,000	8,050,000	8,100,000	8,350,000	8,800,000	5,900,000

The annual cap for the tenancy under the Offer Letter represents the aggregate of the annual rent and management fee together with other charges payable by the Tenant to the Landlord under the Offer Letter, plus a cushion to cater for the possible increases in outgoing charges.

Payment of the rent and management fee and other outgoing charges will be funded by the Group's internal resources.

## THE GUARANTEE

Concurrently with the acceptance of the Offer Letter, the Company and the Landlord have also agreed on the terms of the Guarantee which are summarised below:

- Scope : The Company, as guarantor, agreed to provide a continuing guarantee in favour of the Landlord for all outstanding rents, management fee, rates and all other charges payable by the Tenant and the due observance and performance of the terms and conditions of the Offer Letter and the Formal Tenancy Agreement during the lease term
- Guarantor's maximum liability : HK\$8,800,000

Pursuant to the Offer letter, the Company shall enter into the Guarantee prior to the commencement of the lease term of the Premises.

## **REASONS FOR ENTERING INTO OF THE OFFER LETTER AND THE GUARANTEE**

Through operating Hilltop, club business is one of the Group's major operations. In order to explore the potential of club business in Hong Kong, the Group has appointed a professional club consultant company to conduct a feasibility study and strategic review on the operation and positioning of Hilltop, together with the city club project. According to the study result, the addition of a city club located at the central business district of Hong Kong as an additional feature which would add value to the Group's club business. In addition, it is expected that the City Club can also serve as a stand-alone business to enhance the revenue of the Group. Accordingly, after the study of different potential sites in the central business district areas in Hong Kong, the Board considers that the Premises is the most appropriate site for the City Club.

As to the Guarantee, it is a common practice for commercial landlords in Hong Kong to request for a performance guarantee from parent companies of a tenant to ensure the performance of leases in respect of such tenant's obligations thereunder as an extra level of comfort.

The terms of each of the Offer Letter and the Guarantee have been arrived at based on arm's length negotiations between the relevant parties and are on normal commercial terms. The amounts of rent and management fee stipulated under the Offer Letter have been determined with reference to the rent and outgoing charges chargeable for leases for similar use in the vicinity of the Premises and the prevailing market conditions. The maximum guaranteed amount under the Guarantee has been determined with reference to (i) the estimated highest amount of the rent and management fee together with other charges payable by the Tenant to the Landlord in a single year during the lease term under the Offer Letter; (ii) the prevailing market conditions; and (iii) the usual practice and commercial experience of the Landlord as to leases for similar lettable area and use in Hong Kong.

Based on (i) the opinion of the Independent Financial Adviser on the reasonableness of the duration of the tenancy under the Offer Letter; (ii) the Valuation by the Valuer (an independent valuer engaged for such purpose which is not a connected person of the Company) that the referential rental value of the Premises is fair and reasonable as compared to the prevailing market rates; and (iii) the commercial reasons set out above, the Directors, including the Independent Non-executive Directors, consider that each of the Offer Letter and the Guarantee is on normal commercial terms, that its respective terms are fair and reasonable and in the interests of the Company and its shareholders as a whole, that the Annual Caps are fair and reasonable, and that the entering into of the Offer Letter and the Guarantee is in the ordinary and usual course of business of the Group.

Mr. Derek Wai Choi LEUNG is a director of both the Company and the Tenant, and also a member of the executive committee of the Landlord, therefore he has abstained from voting on the relevant Board resolutions approving the Offer Letter and the Guarantee. Saved as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Offer Letter and the Guarantee and is required to abstain from voting on the relevant Board resolutions.

## **CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION**

As at the date of this announcement, Mr. CHAN, Wai Tong Christopher, Mr. JONG, Yat Kit and Mr. WONG, Tak Wai jointly hold approximately 44.28% of the issued shares of the Company. Each of them is a trustee of the Estate of Kung, Nina also known as Nina Kung and Nina T H Wang and Nina Teh Huei Wang. Since the Landlord is a company controlled by each of them as joint and several administrators of the Estate of Nina Kung and is an associate of connected persons of the Company under Chapter 14A of the Listing Rules, therefore (i) the acceptance of the Offer Letter by the Tenant constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules; and (ii) the provision of the Guarantee by the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (as defined in the Listing Rules) in respect of (i) the Annual Caps for the transactions contemplated under the Offer Letter; and (ii) the maximum guaranteed amount under the Guarantee individually are more than 0.1% but less than 5%, each of the acceptance of the Offer Letter by the Tenant and the provision of the Guarantee by the Company is subject to the reporting and announcement but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Offer Letter will be included in the annual report of the Company for each of the relevant financial years. The Company will also observe the annual review and other requirements regarding continuing connected transactions under Chapter 14A of the Listing Rules, if and when applicable, from time to time.

## **GENERAL**

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



The Tenant is a wholly-owned subsidiary of the Company intended to be engaged in the operation of the City Club.

The Landlord is engaged in property investment for rental income.

## **DEFINITIONS**

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

“Annual Caps”	the maximum annual amount of rent and management fee and other charges payable by the Tenant under the Offer Letter for each of the six financial years during the term of the tenancy under the Offer Letter
“Board”	the board of Directors
“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”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the continuing guarantee to be provided by the Company in favour of the Landlord for all outstanding rents, management fee, rates and all other charges payable by the Tenant and the due observance and performance of the terms and conditions of the Offer Letter and the Formal Tenancy Agreement during the lease term
“Hilltop”	Hilltop Country Club, which is currently operated by Hill Top Country Club Limited, a wholly-owned subsidiary of the Company
“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

“Independent Financial Adviser”	VBG Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 572 of the Laws of Hong Kong), which is not a connected person of the Company
“Landlord”	Grand Monrovia Enterprises Limited
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Offer Letter”	the offer letter provided by the Landlord in relation to the Premises which was accepted by the Tenant on 19 February 2016
“Premises”	2nd floor to 4th floor of Chinachem Central I, Nos. 22 & 22A, Des Voeux Road Central, Hong Kong, together with a terrace at the 3rd floor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	White Haven Limited, a wholly-owned subsidiary of the Company
“Valuer”	Roma Appraisals Limited
“Valuation”	the professional valuation of the Premises assessed by the Valuer
“%”	per cent.

By order of the Board  
**ENM Holdings Limited**  
**Derek Wai Choi LEUNG**  
*Executive Director*

Hong Kong, 19 February 2016

*As at the date of this announcement, the Executive Directors are Mr. Victor Yiu Keung CHIANG, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG, and the Independent Non-executive Directors are Dr. Jen CHEN, Mr. David Kwok Kwei LO, Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG.*