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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)

TERMINATION OF CONTINUING CONNECTED TRANSACTION IN RELATION TO AN OFFER LETTER FOR A TENANCY

Reference is made to the Company's announcement dated 19 February 2016 in respect of, inter alia, the acceptance of the Offer Letter from the Landlord for the lease of the Premises (the "**Announcement**"). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

CANCELLATION OF THE OFFER LETTER

On 22 July 2016, the Tenant (being a wholly-owned subsidiary of the Company) and the Landlord entered into a cancellation agreement in respect of the lease of the Premises (the "**Cancellation Agreement**"), pursuant to which the parties have agreed to cancel the Offer Letter with effect from 22 July 2016.

Pursuant to the terms of the Cancellation Agreement, inter alia, (i) each of the Tenant and the Landlord agrees to release and discharge the other party from all obligations and liabilities under the Offer Letter and will not take any proceedings against the other party under and by virtue of the Offer Letter; (ii) the execution of the Cancellation Agreement by the Tenant and the Landlord is in full and final settlement of all the parties' claims for loss, damage and/or interest under the Offer letter and none of them shall have any other claim, action, suit or demand against the other party relating to or arising out of the Offer Letter; and (iii) the full amount of the holding deposit of HK\$587,000, being the amount equivalent to one month's rent that has been paid by the Tenant upon signing of the Offer Letter, shall be refunded by the Landlord to the Tenant without interest upon signing of the Cancellation Agreement. Neither the Tenant nor the Landlord is required to pay any penalty or compensation to the other party in relation to the cancellation of the Offer Letter.

REASON FOR EXECUTING THE CANCELLATION AGREEMENT

The execution of the Cancellation Agreement would, given the increasing uncertainty in the current global economic and political environment, allow the Group to have more flexibility to reassess the proposed expansion of the Group's club business.

The terms of the Cancellation Agreement have been arrived at based on arm's length negotiations between the Tenant and the Landlord and are on normal commercial terms. The Directors, including the Independent Non-executive Directors, consider that the Cancellation Agreement is entered into in the ordinary and usual course of business of the Group and that its terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Derek Wai Choi LEUNG, being a director of the Company and the Tenant, and a member of the executive committee of the Landlord, has abstained from voting on the Board resolutions regarding the approval of the Cancellation Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Cancellation Agreement and is required to abstain from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

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 Kung, Nina and is an associate of connected persons of the Company under Chapter 14A of the Listing Rules, the execution of the Cancellation Agreement by the Tenant constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Nevertheless, as neither party to the Cancellation Agreement is required to make any payment to the other party for the cancellation of the Offer Letter pursuant thereto, the execution of the Cancellation Agreement is exempt from announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

By order of the Board
ENM Holdings Limited
Derek Wai Choi LEUNG
Executive Director
and Acting Chief Executive Officer

Hong Kong, 22 July 2016

As at the date of this announcement, the Executive Directors are Mr. Derek Wai Choi LEUNG (Acting Chief Executive Officer) and Mr. Wing Tung YEUNG, and the Independent Non-executive Directors are Dr. Jen CHEN, Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE and Mr. Chi Keung WONG.