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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 IN RELATION TO THE TENANCY AGREEMENT**

The Board announces that on 30 November 2021, the Company entered into the Tenancy Agreement with the Landlords to renew the lease of the Premises.

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, under Chapter 14A of the Listing Rules, the payment of rental under the Tenancy Agreement constitutes a one-off connected transaction for the Company and the payment of management fee and air-conditioning charges under the Tenancy Agreement constitutes a continuing connected transaction for the Company.

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the value of the right-of-use asset under the Tenancy Agreement exceed 0.1% but are less than 5%; the transactions contemplated under the Tenancy Agreement and the payment of rental thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest annual cap of the management fee and air-conditioning charges during the lease term is less than HK\$3 million and all applicable percentage ratios (as defined under the Listing Rules) in respect of the highest annual cap of the management fee and air-conditioning charges during the lease term are less than 5%, the payment of management fee and air-conditioning charges under the Tenancy Agreement is considered as a de minimis transaction under Chapter 14A of the Listing Rules and is fully exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 30 November 2018 in relation to the continuing connected transaction under the Existing Tenancy Agreement, which will expire on 30 November 2021.

The Board announces that on 30 November 2021, the Company entered into the Tenancy Agreement with the Landlords to renew the lease of the Premises. The principal terms of the Tenancy Agreement are as follows:

Landlords	: Ying Ho Company Limited, Cheong Ming Investment Company, 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
Tenant	: the Company
Premises	: Suites 3301-3302, 33rd Floor, Tower 2, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong
Lease term	: Three years commencing from 1 December 2021 and expiring on 30 November 2024 (both days inclusive)
Rental	: Effective rental of HK\$210,096 per month after taking into account the rent free period, exclusive of government rates, management fee and air-conditioning charges

Management fee and air-conditioning charges : HK65,633.40 per month, which shall be subject to review based upon increase in the cost of service provided

Payment : Rental, management fee and air-conditioning charges shall be payable monthly in advance on the 1st day of each calendar month. Payment of the rental, management fee, air-conditioning charges and other outgoing charges will be funded by the Group's internal resources.

## HISTORICAL RENTAL

The actual payment of rental, management fee and air-conditioning charges made under the Existing Tenancy Agreement for the three financial years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, which have not exceeded the annual cap amounts, were as follows:

<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the six months ended 30 June 2021</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
60	3,367	3,183	1,713

## ACCOUNTING IMPLICATION OF THE TENANCY AGREEMENT

In accordance with HKFRS 16, the payments by the Group contemplated under the Tenancy Agreement comprise different components and hence different accounting treatments will be applied. The rental payment to be made by the Group under the Tenancy Agreement will be recognised as a right-of-use asset of the Company and will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. The payment of the management fee and air-conditioning charges to be made by the Group under the Tenancy Agreement will be recognised as expenses of the Group over the lease term of the Tenancy Agreement.

## THE RIGHT-OF-USE ASSET

In accordance with HKFRS 16, the Company will recognise a right-of-use asset and related lease liability in its consolidated statement of financial position in connection with the Tenancy Agreement. The estimated value of the right-of-use asset to be recognised by the Group under the Tenancy Agreement amounts to approximately HK\$7,908,000, which is the present value of rental payments and estimated

reinstatement cost in accordance with HKFRS 16. A discount rate of 2.8%, which is equivalent to the Company's incremental borrowing rate, has been applied to compute the present value of rental payments under the Tenancy Agreement. It should be noted that the above figure is unaudited and may be subject to adjustment in the future.

## **THE ANNUAL CAP**

In accordance with Chapter 14A of the Listing Rules, the Company is required to set an annual cap for the payment of management fee and air-conditioning charges under the Tenancy Agreement, which is a variable sum. Details are set out in the following table.

	<b>For the year ending 31 December</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Annual Cap	70	905	993	1,004

The above annual caps were determined after taking into account: (i) the existing rates of management fee and air-conditioning charges and (ii) a reasonable buffer for any upward adjustments (including due to inflation or otherwise) on such charges.

## **REASONS FOR THE TENANCY AGREEMENT**

Since December 2009, the Company has rented from the Landlords certain premises situated at 33rd Floor, Tower 2, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong as the Group's office premises. The Existing Tenancy Agreement will expire on 30 November 2021. The Company considers it to be commercially necessary and beneficial to renew the tenancy for the Premises so that the Company and its subsidiaries can continue to use the Premises as office premises and can also save the fit out and relocation costs for new premises.

The terms of the Tenancy Agreement were determined after arm's length negotiations between the Landlords and the Company, with reference to the rent and outgoing charges chargeable by the Landlords for similar leases in the same building and the prevailing market conditions. The Directors, including the Independent Non-executive Directors, consider that the Tenancy Agreement is on normal commercial terms, that its 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 Tenancy Agreement is in the ordinary and usual course of business of the Group.

Mr. Hung Han WONG, Non-executive Director, who is also a member of the executive committee of the Landlords, has abstained from voting on the Board resolutions for approving the Tenancy Agreement. Mr. Hing Lun Dennis AU, Non-executive Director, who is also a director and a member of the executive committee of the Landlords, did not attend the Board meeting at which the Board resolutions in respect of the Tenancy Agreement was considered and passed and hence he did not vote on such Board resolutions. Saved as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Tenancy Agreement and is required to abstain from voting on the relevant Board resolutions.

## **LISTING RULES IMPLICATIONS**

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, under Chapter 14A of the Listing Rules, the payment of rental under the Tenancy Agreement constitutes a one-off connected transaction for the Company and the payment of management fee and air-conditioning charges under the Tenancy Agreement constitutes a continuing connected transaction for the Company.

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the value of the right-of-use asset under the Tenancy Agreement exceed 0.1% but are less than 5%; the transactions contemplated under the Tenancy Agreement and the payment of rental thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest annual cap of the management fee and air-conditioning charges during the lease term is less than HK\$3 million and all applicable percentage ratios (as defined under the Listing Rules) in respect of the highest annual cap of the management fee and air-conditioning charges during the lease term are less than 5%, the payment of management fee and air-conditioning charges under the Tenancy Agreement is considered as a de minimis transaction under Chapter 14A of the Listing Rules and is fully exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A 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 wholesale and retail of fashion wear and accessories, resort and recreational club operations, 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:

“Annual Caps”	the maximum annual amount of management fee and air-conditioning charges payable by the Company under the Tenancy Agreement for each of the four financial years during the term of the Tenancy Agreement
“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(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Tenancy Agreement”	the tenancy agreement dated 30 November 2018, entered into between the Company as tenant and the Landlords in relation to Suites 3301-3302, 33rd Floor, Tower 2, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong for a term of three years from 1 December 2018 to 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 Company, 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
“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
“Tenancy Agreement”	the tenancy agreement dated 30 November 2021, entered into between the Company as tenant and the Landlords in relation to the Premises for a term of three years from 1 December 2021 to 30 November 2024 at an effective rental of HK\$210,096 per month
“%”	per cent.

By order of the Board  
**David Parker**  
*Executive Director*  
and Chief Executive Officer

Hong Kong, 30 November 2021

*As at the date of this announcement, the Executive Directors are Mr. David Charles PARKER (Chief Executive Officer) and Mrs. Penny Soh Peng CROSBIE-WALSH (Chief Operating Officer), the Non-executive Directors are Mr. Hung Han WONG (Non-executive Chairman) and Mr. Hing Lun Dennis AU, and the Independent Non-executive Directors are Mr. Kin Wing CHEUNG, Mr. Kiu Sang Baldwin LEE, Mr. Ted Tak Tai LEE and Ms. Sarah Young O’DONNELL.*