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## **ENM HOLDINGS LIMITED**

**安寧控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 128)**

### **CONTINUING CONNECTED TRANSACTION RENEWAL OF A TENANCY AGREEMENT**

The Board of the Company announces that the Company entered into the Tenancy Agreement on 30 April 2007 with the Landlord to lease Premises as office premises.

The Landlord is a company wholly-owned by the estate of Ms. Nina Kung, who is a controlling shareholder of the Company holding 34.6% of the issued share capital of the Company. Therefore, the Landlord is a connected person by reason of its being an associate of connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules. Accordingly, the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

Pursuant to Rule 14A.34 of the Listing Rules, as each of the applicable percentage ratios is less than 2.5%, the Company is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements. Details of the Tenancy Agreement will be included in the annual report and accounts of the Company for each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules.

#### **DETAILS OF THE TENANCY AGREEMENT**

The Board announces that the Company entered into the Tenancy Agreement on 30 April 2007 with the Landlord to lease Premises as office premises.

The principal terms of the Tenancy Agreement are summarised as follows:-

Landlord	: Hollywood Palace Company Limited
Tenant	: ENM Holdings Limited
Premises	: Suites 1502 and 1521 on 15th Floor, Chinachem Golden Plaza, 77 Mody Road, Tsimshatsui East, Kowloon, Hong Kong with a total gross area of 8,090 square feet
Lease term	: One year commencing from 1 May 2007 and expiring on 30 April 2008 (both days inclusive)

Rent : HK\$177,980 per month payable in cash monthly in advance (calculated at the rate of HK\$22 per square feet) exclusive of management fee, government rent, government rates and other outgoings

Annual rent payable : HK\$2,135,760 (without taking into account the rent free period)

Rent free period : First 45 days of the term mentioned above

There is no provision for early termination in the Tenancy Agreement.

There is an option granted to the Company to renew the tenancy for a further term of 1 year at the then fair market rent. The Company will comply with all applicable requirements under the Listing Rules in the event of renewal of the Tenancy Agreement.

### **ANNUAL CAPS**

Based on the monthly rent of HK\$177,980 under the Tenancy Agreement, the annual caps, exclusive of management fee, government rent, government rates and other outgoings, for each of the two financial years ending 31 December 2008 will be as follows:

	<i>HK\$</i>
Financial year ending 31 December 2007	1,423,840
Financial year ending 31 December 2008	711,920

### **REASONS FOR THE TRANSACTION**

Since April 2001, the Landlord has been leasing the Premises to the Company as office premises. The existing tenancy agreement dated 28 April 2005 entered into between the Landlord and the Company in respect of the Premises at a monthly rental of HK\$145,620 would expire on 30 April 2007, details of which were included in the Company's announcement dated 28 April 2005. Accordingly, 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.

Based on the monthly rent of HK\$145,620 under the aforesaid existing tenancy agreement, the annual caps, exclusive of management fee, government rent, government rates and other outgoings, for the financial years ended 31 December 2005 and 2006, and the financial year ending 31 December 2007 are as follows:

	<b>Annual Cap <i>HK\$</i></b>	<b>Actual Rental Expenses <i>HK\$</i></b>
Financial year ended 31 December 2005	1,164,960	970,800
Financial year ended 31 December 2006	1,747,440	1,456,200
Financial year ending 31 December 2007	582,480	485,400

The terms of the Tenancy Agreement were arrived at arm's length negotiations by making reference to market rents of similar premises in proximity. The Directors (including the Independent Non-executive Directors) are of the opinion that the Tenancy Agreement and the terms and conditions contained herein are on normal commercial terms, are fair and reasonable and are in the interests of the Company and its shareholders as a whole, and the annual caps for the transaction under the Tenancy Agreement are fair and reasonable.

#### **CONTINUING CONNECTED TRANSACTION**

The Landlord is a company wholly-owned by the estate of Ms. Nina Kung, who is a controlling shareholder of the Company holding 34.6% of the issued share capital of the Company. Therefore, the Landlord is a connected person by reason of its being an associate of connected person of the Company within the meaning of Rule 14A.11 of the Listing Rules. Accordingly, the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

Pursuant to Rule 14A.34 of the Listing Rules, as each of the applicable percentage ratios is less than 2.5%, the Company is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements. Details of the Tenancy Agreement will be included in the annual report and accounts of the Company for each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules.

#### **INFORMATION ON THE COMPANY AND THE LANDLORD**

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, telecommunications operations, resort and recreational club operations, investment holding and securities trading.

The Landlord is engaged in the property investment for rental income.

#### **GENERAL**

As at the date of this announcement, the Executive Directors 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 is Mr. Raymond Wai Pun LAU; and the Independent Non-executive Directors are Dr. Cecil Sze Tsung CHAO, Dr. Jen CHEN and Mr. Ian Grant ROBINSON.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	ENM Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Hollywood Palace Company Limited, a company incorporated in the British Virgin Islands
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Tenancy Agreement”	the tenancy agreement dated 30 April 2007 entered into between the Company as tenant and the Landlord, pursuant to which the Company agreed to lease the Premises for a monthly rent of HK\$177,980 for one year commencing from 1 May 2007 and expiring on 30 April 2008
“Premises”	suites 1502 and 1521 on 15th Floor, Chinachem Golden Plaza, 77 Mody Road, Tsimshatsui East, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of Directors  
**ENM Holdings Limited**  
**Joseph Wing Kong LEUNG**  
*Chairman*

Hong Kong, 30 April 2007

Please also refer to the published version of this announcement in The Standard.