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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF CONVERTIBLE BONDS

Subscription of Convertible Bonds

The Board is pleased to announce that on 7 February 2010, Cosy Good, a wholly owned subsidiary of the Company, entered into the CB Subscription Agreement with two other Subscribers and the Issuer, pursuant to which the Issuer had conditionally agreed to issue Convertible Bonds in the principal amount of HK\$400,000,000, HK\$100,000,000 of which was subscribed by Cosy Good.

Upon exercise of Conversion Right and payment of Conversion Premium, the Subscribers shall be entitled to receive 3,600 Conversion Shares (and Cosy Good shall be entitled to receive 900 thereof) which shall represent 36% (and 9% in respect of Cosy Good) of the entire issued share capital of the Issuer as enlarged by the issue of the total number of Conversion Share which may be issued under the Convertible Bonds.

The applicable percentage ratio (as defined in the Listing Rules) of the Subscription exceeds 5% but is less than 25%. Accordingly, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Company will comply with the requirements of the Listing Rules where applicable on conversion of the Convertible Bonds.

Completion of the Subscription is subject to a number of conditions, including the finalization of various legal documentation to give effect to the Subscription, including the related trust deed constituting the Convertible Bonds, and the obtaining of certain outstanding land use right certificates in relation to the Property, and accordingly may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

SUBSCRIPTION OF CONVERTIBLE BONDS

The Board is pleased to announce that on 7 February 2010, Cosy Good, a wholly owned subsidiary of the Company, entered into the CB Subscription Agreement with two other Subscribers and the Issuer, pursuant to which the Issuer had conditionally agreed to issue Convertible Bonds in the principal amount of HK\$400,000,000, HK\$100,000,000 of which will be subscribed by Cosy Good. The principal terms of the CB Subscription Agreement are summarised below:

Principal terms of the CB Subscription Agreement

- Date : 7 February 2010
- Issuer : Skyjoy Assets Management Ltd., a company incorporated in the British Virgin Islands with limited liability. The Issuer is an investment holding company and its subsidiary is principally engaged in property investment and development in the PRC.
- Subscribers : (i) Cosy Good Limited, a wholly owned subsidiary of the Company.
- (ii) China State Construction Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of China State Construction International Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (Stock Code: 3311).
- (iii) Somercotes Limited, a company incorporated in Hong Kong with limited liability, and wholly owned by the estate of Ms. Nina Kung, a controlling shareholder of the Company holding approximately 34.6% of the issued share capital of the Company.

- Other parties : (i) Lerthai International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. It is an investment holding company and the existing shareholder of the entire issued share capital of the Issuer.
- (ii) Yang Shao Ming (the sole legal and beneficial owner of Lerthai) and Yang Longfei, as guarantors of the obligations and liabilities of the Issuer Group and the Existing Shareholder under the CB Subscription Agreement.
- (iii) PRC Subsidiary, a wholly foreign owned enterprise incorporated in the PRC and wholly owned by the Issuer.

Lerthai, the Guarantors, the Issuer and the PRC Subsidiary are Covenantors under the CB Subscription Agreement who have given certain undertakings and warranties under the CB Subscription Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Issuer, Lerthai and the PRC Subsidiary and (where applicable) their respective ultimate beneficial owners and the Guarantors are third parties independent of the Company and its connected persons and are not connected persons of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, China State and its controlling shareholders and directors are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Save that (i) Somercotes is a company wholly owned by the estate of Ms. Nina Kung, a controlling shareholder of the Company holding approximately 34.6% of the issued share capital of the Company and (ii) Mr. Joseph Wing Kong LEUNG, Chairman and Acting Chief Executive Officer of the Company, is also a director of Somercotes, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Somercotes and its controlling shareholders and directors are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Subject Matter

Upon exercise of Conversion Right and payment of Conversion Premium, the Subscribers shall be entitled to receive 3,600 Conversion Shares (and Cosy Good shall be entitled to receive 900 thereof) which shall represent 36% (and 9% in respect of Cosy Good) of the entire issued share capital of the Issuer as enlarged by the issue of the total number of Conversion Share which may be issued under the Convertible Bonds.

Conditions of the CB Subscription Agreement

Completion of the CB Subscription Agreement is conditional upon, among other things:

- (i) the obtaining by the Issuer Group of letter(s) from licenced bank(s) in the PRC on such terms and in form and substance satisfactory to the Subscribers, pursuant to which the bank(s) agree(s) to make available to the Issuer Group certain banking facilities in the amount of not less than RMB1,500 million (equivalent to approximately HK\$1,705 million) for the purpose of the development of the Property;
- (ii) no material adverse change in the business, assets, operation, financials or prospects of the Existing Shareholder or any member of the Issuer Group having occurred since the date of the CB Subscription Agreement;
- (iii) all representations, warranties and undertakings given by the Issuer and the Existing Shareholder under the CB Subscription Agreement remaining true and correct at all times as from the signing of the CB Subscription Agreement up to Completion, as if they were made on and as of Completion;
- (iv) all requisite consents and approvals for the transactions contemplated under the CB Subscription Agreement having been obtained from all relevant governmental, regulatory authorities and other relevant third parties;
- (v) the Subscribers being satisfied with the results of their financial, business and legal due diligence review of the Existing Shareholder, the Issuer Group, the Beijing Lerthai Group and Tangshan Company;
- (vi) the PRC Subsidiary having obtained the land use rights certificates in respect of the remaining parcels of the Property not yet obtained on the date of the CB Subscription Agreement, and all the land premium relating to lands being paid and settled in full and completion of the demolition and relocation works on such lands;
- (vii) completion of a restructuring of all amounts due and payable by the Issuer Group to related companies of Mr. Yang Longfei and subordination of such amounts payable to that owing under the Convertible Bonds.

The Subscribers may, to such extent as all of them think fit and are legally entitled to do so, at any time waive in writing any of the above conditions on such terms as they may decide. If the above conditions (which have not previously been waived by the Subscribers) have not been satisfied on or before 5:00 p.m. on 31 May 2010 (or such later date as the parties may agree in writing) then the CB Subscription Agreement will immediately terminate.

Completion of subscription by any Subscriber of its portion of the Convertible Bonds is inter-conditional on the completion of the subscription of the Convertible Bonds by other Subscribers.

Completion shall take place in two phases, the first of which involve Convertible Bonds in the principal amount of RMB110 million (equivalent to approximately HK\$125 million) of which RMB27.5 million (equivalent to approximately HK\$31.25 million) will be subscribed by Cosy Good. Such proceeds will be used to repay certain loans of the Issuer Group to discharge the subsisting mortgages over the Property, and completion of the Subscription of the remaining Convertible Bonds shall take place following the discharge.

Completion of the Subscription is also subject to the finalization and signing of various security documents and definitive agreements to give effect to the Subscription and the terms of the Convertible Bonds, including the trust deed which would constitute the Convertible Bonds. In the event the parties are unable to finalize and sign these agreements and documents, the Subscription will not proceed.

Principal terms of the Convertible Bonds

The terms of the Convertible Bonds were determined after arm's length negotiations among the parties with reference to, among other things, feasibility studies on the factors such as the market prospect, local urban planning and specifications, geographical location of the development sites and the development of the local economy, and the principal terms of the Convertible Bonds are summarized below:

Issue Price	:	100% of the principal amount of the Convertible Bonds
Interest rate	:	compound interest accruing semi-annually from the issue date at 12% per annum. Payment will be made semi-annually except that the first payment will be made on expiry of three years from the issue date.
Maturity	:	The fifth anniversary of the Issue Date
Redemption at maturity	:	Unless previously converted in accordance with the terms and conditions of the Convertible Bonds, the Issuer shall redeem each Convertible Bond on maturity at the redemption amount which is 100% of the principal amount of such Convertible Bond outstanding plus compound interest at 15% per annum accrued thereon semi-annually from the issue date net of interest already paid to the holder

- Redemption at option of the Issuer : the Issuer may during the Conversion Period give written notice to redeem all outstanding Convertible Bonds in whole at the Early Redemption Amount
- Redemption at option of the Bondholders : each Bondholder may during the Conversion Period or if an IPO is contemplated, prior to the Conversion Period give written notice to require the Issuer to redeem its Convertible Bonds in whole or in part at the Bondholders Early Redemption Amount
- Conversion Period : any time after the expiry of 3 years from the Issue Date up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the Maturity Date or if such Convertible Bond shall have been called for redemption before the Maturity Date, then up to the close of business (at the place aforesaid) on a date prior to the date fixed for redemption thereof
- Conversion Property : 900 shares for Convertible Bonds in every principal amount of HK\$100 million, and aggregate 3,600 shares in the Issuer in total.
- Conversion Premium : A sum payable by a holder of the Convertible Bonds to the Issuer on conversion of the Convertible Bonds, which will be an amount equivalent to all interest paid or payable by the Issuer to such holder under the terms of the Convertible Bonds immediately prior to conversion.
- Conversion right : Bondholders shall have the right to convert their Convertible Bonds in whole (and not in part) into shares of the Issuer at any time during the Conversion Period, subject to the payment of the Conversion Premium, such that a total of 3,600 Issuer Shares may be issued upon full conversion of all Convertible Bonds, and the number of Conversion Shares to be issued to Cosy Good will be 900
- Ranking : The Issuer Shares issued upon conversion of the Convertible Bonds will in all respects rank *pari passu* with the Issuer Shares in issue on the date the designated person is registered as holder of such Issuer Shares.

- Security : 1. life insurance policy made out by Yang Longfei;
2. share mortgage over the entire share and equity capital of Lerthai, the Issuer, the PRC Subsidiary and Beijing Lerthai
3. charge over all the bank accounts of Issuer; and
4. personal guarantee from Yang Longfei and Yang Shao Ming and a corporate guarantee from Tangshan Company.

Pursuant to the terms of the Subscription Agreement, all parties to the agreement excluding the Subscribers will give and will procure the giving of certain undertakings to the Subscribers as holders of the Convertible Bonds including an undertaking to restructure and settle certain indebtedness due and owing by the Issuer Group to Yang Longfei, Yang Shao Ming and their related companies, and to dispose of units of the completed property to be erected on the Property and in settlement of the outstanding indebtedness under the Convertible Bonds.

The Issuer shall use its commercially reasonable endeavours to effect an IPO as soon as reasonably practicable.

The payment for the issue price of the Convertible Bonds subscribed by Cosy Good will be financed by internal resources of the Group.

INFORMATION ON THE ISSUER AND THE PROPERTY

The Issuer is a private company incorporated in the British Virgin Islands. The Issuer and members of the Issuer Group, including the PRC Subsidiary, are principally engaged in the development of the Property. Mr. Yang Shao Ming, the son of Mr. Yang Longfei, is the holder of the entire share capital in Lerthai, which is the sole owner of the Issuer. The PRC Subsidiary was incorporated in the PRC with limited liability.

The Issuer Group has not prepared any consolidated accounts. Set out below is the financial information of the Issuer for each of the two years ended 31 December 2008 and 31 December 2009 prepared in accordance with the generally accepted accounting principles applicable in Hong Kong:

	Year ended 31 December	
	2009	2008
	<i>Audited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net (loss)/profit before taxation and extraordinary items	(181)	527
Net (loss)/profit after taxation and extraordinary items	(181)	527
	As at 31 December	
	2009	2008
	<i>Audited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net liabilities	462	281

Set out below is the financial information of the PRC Subsidiary for each of the two years ended 31 December 2008 and 31 December 2009 prepared in accordance with the PRC generally accepted accounting principles:

	Year ended 31 December	
	2009	2008
	<i>Unaudited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before taxation and extraordinary items	4,963	2,584
Net loss after taxation and extraordinary items	4,963	2,604
	As at 31 December	
	2009	2008
	<i>Unaudited</i>	<i>Audited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net asset value	41,729	46,691

It is expected that the Issuer Group will use the proceeds of the Convertible Bonds to repay part of its existing loans and for the development of the Property.

The PRC Subsidiary intends to develop the Property into loft, offices, hotels, service apartments and shopping mall.

Following the completion of the Subscription, Cosy Good will have the right to appoint one director and each of the other two Subscribers will have the right to appoint one and two directors respectively, out of a total of 11 directors on the board of the Issuer Group. The directors appointed by the Subscribers will not have right to vote before such Subscriber exercises its conversion right, except for certain important matters. On full conversion of the Convertible Bonds, the interest of the Group in the Issuer will range from 9% (assuming all the other Subscribers will convert their Convertible Bonds in full) to approximately 12.3% (in the event where none of the other Subscribers will convert any part of their Convertible Bonds).

REASONS FOR AND BENEFITS OF THE CB SUBSCRIPTION AGREEMENT

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 interest rate of the Convertible Bonds of 12% per annum is attractive in the current low interest rate environment. Moreover, the Conversion Right offers Cosy Good a five-year time frame to evaluate the financial performance of the Issuer Group, and the flexibility to acquire equity interests in the Issuer which in turn, through the PRC Subsidiary, owns a prime commercial property project in Shijiazhuang City, Heibei Province, the PRC.

The Directors are of the view that the terms of the CB Subscription Agreement (including the terms and conditions of the Convertible Bonds) are on normal commercial terms, fair and reasonable and the entering into of the CB Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

GENERAL

The applicable percentage ratio (as defined in the Listing Rules) of the Subscription exceeds 5% but is less than 25%. Accordingly, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Completion of the Subscription is subject to a number of conditions, including the finalization of various legal documentation to give effect to the Subscription, including the related trust deed for constituting the Convertible Bonds, and the obtaining of certain outstanding land use right certificates in relation to the Property, and accordingly may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Beijing Lerthai”	北京勒泰投資有限公司, a company incorporated under the laws of PRC and wholly-owned by Mr. Yang Longfei
“Beijing Lerthai Group”	Beijing Lerthai and its subsidiaries
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of Convertible Bond(s)
“Bondholders Early Redemption Amount”	an amount in Hong Kong dollars equal to the principal amount of the Convertible Bonds to be redeemed plus compound interest accrued thereon from and including the Issue Date up to the date of such early redemption at 15% per annum calculated on a semi-annual basis
“CB Subscription Agreement”	the subscription agreement entered into between, inter alia, Cosy Good and the Issuer dated 7 February 2010 in relation to the Subscription
“China State”	China State Construction Limited
“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
“Completion”	completion of the CB Subscription Agreement
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Covenantors”	collectively, Lerthai, the Guarantors, the Issuer and the PRC Subsidiary
“Convertible Bonds”	the guaranteed secured convertible bonds due 2015 in the aggregate principal sum of HK\$400,000,000 to be issued by the Issuer pursuant to the terms of the CB Subscription Agreement

“Conversion Right”	the rights of holder(s) of the Convertible Bonds to convert the whole (but not in part) of the Convertible Bonds into Issuer Shares subject to the terms and conditions thereof
“Conversion Period”	any time after the expiry of 3 years from the Issue Date up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the Maturity Date or if such Convertible Bond shall have been called for redemption before the Maturity Date, then up to the close of business (at the place aforesaid) on a date prior to the date fixed for redemption thereof
“Conversion Premium”	the aggregate of all interests accrued (including all interests already paid, or payable but not yet paid, to the Bondholders) on the Convertible Bonds and including the Issue Date up to the date of conversion of the relevant Convertible Bond
“Conversion Shares”	new Issuer Shares which will fall to be allotted and issued upon conversion of the Convertible Bonds
“Cosy Good”	Cosy Good Limited
“Director(s)”	the director(s) of the Company
“Early Redemption Amount”	an amount in Hong Kong dollars equal to the principal amount of the Convertible Bonds to be redeemed plus compound interest accrued thereon from and including the Issue Date up to the date of such early redemption at 15% per annum calculated on a semi-annual basis and such amount (after deducting the amount of interests already paid by the Issuer to the relevant Bondholder(s)) must be paid by the Issuer using the proceeds of sale of properties comprising in the Property developed by the Issuer
“Group”	the Company and its subsidiaries
“IPO”	an initial public offering of the Issuer Shares on an internationally recognized stock exchange
“Issue Date”	date of issue of the Convertible Bonds
“Issuer”	Skyjoy Assets Management Limited
“Issuer Group”	Issuer and its subsidiaries

“Issuer Share(s)”	shares of the Issuer with a par value of US\$1 each
“Maturity Date”	fifth anniversary of the Issue Date
“Lerthai” or “Existing Shareholder”	Lerthai International Holdings Limited
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of PRC and Taiwan
“PRC Subsidiary”	石家莊勒泰房地產開發有限公司
“Property”	some parcels of land situated at Qiaodong District, Shijiazhuang, the PRC with a site area of approximately 62,000 square meters (approximately 10,300 square meters of which the land use rights have not yet been obtained) and some units of shops with total gross floor area of approximately 1,800 square meters
“Shareholders”	the shareholder(s) of the Company
“Somercotes”	Somercotes Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Cosy Good, China State and Somercotes, and each a “Subscriber”
“Subscription”	the subscription of the Convertible Bonds by Cosy Good pursuant to the terms of the CB Subscription Agreement
“Tangshan Company”	唐山遠洋城房地產開發有限公司, a company incorporated in the PRC with limited liability and ultimately owned by Mr. Yang Longfei
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

In this announcement, RMB are converted into HK\$ on the basis of HK\$1 = RMB0.88. The conversion rate is for indication purposes only and should not be taken as a representation that the relevant currency could actually be converted into HK\$ at that rate or at all.

For ease of reference, the names of companies and entities established in the PRC have been included in this announcement in both Chinese and English languages and the English names of these companies and entities are either English translation of their respective official Chinese names or English tradenames used by them. In the event of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.

By order of the Board
ENM Holdings Limited
Joseph Wing Kong LEUNG
Chairman and Acting Chief Executive Officer

Hong Kong, 7 February 2010

As at the date of this announcement, the Executive Directors are Mr. Joseph Wing Kong LEUNG (Chairman and Acting Chief Executive Officer), Mr. Raymond Siu Wing CHAN, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG, the Non-executive Directors are Mr. Raymond Wai Pun LAU and Mr. Raymond Shing Loong WONG, and the Independent Non-executive Directors are Dr. Cecil Sze Tsung CHAO, Dr. Jen CHEN and Mr. Ian Grant ROBINSON.