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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)**

### **CONNECTED TRANSACTION**

The Board announces that the Company executed a Deed of Assignment on 10 July 2009 after trading hours whereby HK Hilltop assigned its 20% beneficial interest in the registered capital of Shanghai Hilltop to the Company.

The Company is the registered owner of 100% interest in the registered capital of Shanghai Hilltop but prior to the Assignment, 20% of the registered capital of Shanghai Hilltop was held on trust for HK Hilltop.

HK Hilltop, by virtue of it having a 20% beneficial interest in Shanghai Hilltop, was a connected person of the Company as defined under the Listing Rules. As none of the applicable percentage ratios exceeds the 2.5% threshold under Rule 14A.32 of the Listing Rules, the execution of the Deed of Assignment is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **DEED OF ASSIGNMENT**

Date : 10 July 2009

Parties : (1) HK Hilltop, a company incorporated in the British Virgin islands.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, other than its interest in Shanghai Hilltop, HK Hilltop is not a connected person of the Company and neither HK Hilltop nor any of its associates has any shareholding interest in the Company.

(2) the Company.

There was no previous transaction(s) between the Company and HK Hilltop which may require aggregation under Rule 14A.25 of the Listing Rules.

Pursuant to a declaration of trust dated 28 February 1993, the Company held the Sale Interest on trust in favour of HK Hilltop.

Pursuant to the Deed of Assignment, in consideration of the nominal sum of HK\$1.00, HK Hilltop irrevocably assigned the Sale Interest to the Company. The said consideration was arrived at after arm's length negotiation with reference to various factors including (i) the audited net liabilities of Shanghai Hilltop of HK\$40,155,030 as at 31 December 2008 and the audited net loss before taxation of Shanghai Hilltop of HK\$14,287,390 for the year ended 31 December 2008, and (ii) the gross profit of Shanghai Hilltop of HK\$47,057 for both of the years ended 31 December 2007 and 31 December 2008. The total investment costs of HK Hilltop in Shanghai Hilltop was approximately HK\$11,134,000 as at 31 December 2008. Taking into account the matters disclosed above, the "Reasons and benefits of the Assignment" as stated hereinbelow and the fact that the Consideration is in the sum of HK\$1.00 only, the Directors consider the consideration to be fair and reasonable.

The said consideration has already been settled by the Company in cash.

#### **INFORMATION ON SHANGHAI HILLTOP**

Shanghai Hilltop is now engaged in investment in resort and recreational clubs. Shanghai Hilltop has leased certain land in Shanghai under medium term leases and constructed thereon a recreational club known as "Shanghai Hilltop Country Club". Since completion of construction until June 2003, the said club was operated by Shanghai Hilltop itself. In June 2003, Shanghai Hilltop entered into a management sub-contracting agreement with Shanghai Landis pursuant to which the operation of the said country club has been sub-contracted to Shanghai Landis for the period from 1 July 2003 to 30 June 2016, at a minimum fixed fee per annum plus an amount calculated based on the turnover and profit of the said club.

Under HKFRS, the audited results of Shanghai Hilltop for the two years ended 31 December 2007 and 31 December 2008 and its net asset value as at 31 December 2007 and 31 December 2008 were as follows:-

	<b>Year ended 31 Dec 2007</b>	<b>Year ended 31 Dec 2008</b>
	<i>HK\$</i>	<i>HK\$</i>
Net Loss before tax	16,042,078	14,287,390
Net Loss after tax	16,042,078	14,287,390
	<b>As at 31 Dec 2007</b>	<b>As at 31 Dec 2008</b>
	<i>HK\$</i>	<i>HK\$</i>
Net liabilities	26,672,484	40,155,030

The net loss and net liabilities of Shanghai Hilltop for the years ended 31 December 2007 and 2008 were mainly due to the revaluation deficits of HK\$24,100,281 and HK\$22,600,000 respectively recorded on the resort and recreational club properties held by Shanghai Hilltop under medium term leases. Such revaluations were carried out by DTZ Debenham Tie Leung Limited. After eliminating the above revaluation deficits, Shanghai Hilltop generated gains of approximately HK\$4,440,838 and HK\$4,216,181 for the years ended 31 December 2007 and 2008 respectively due to the income received from Shanghai Landis under the management sub-contracting agreement and gains of approximately HK\$4,553,002 and HK\$5,292,913 for the years ended 31 December 2007 and 2008 respectively mainly arising from exchange gain as a result of a USD-denominated shareholder's loan provided by the Company to Shanghai Hilltop.

### **Reasons and benefits of the Assignment**

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 Company is the registered owner of 100% interest in the registered capital of Shanghai Hilltop. Pursuant to two declaration of trust both dated 28 February 1993, the Company held (i) 80% interest in the registered capital of Shanghai Hilltop in favour of Hill Top Country Club Limited, a wholly-owned subsidiary of the Company; and (ii) 20% interest in the registered capital of Shanghai Hilltop in favour of HK Hilltop.

The results of Shanghai Hilltop have already been fully consolidated into the Company's accounts by reason of it being a subsidiary of the Company. Upon execution of the Deed of Assignment, Shanghai Hilltop became a wholly-owned subsidiary of the Company. The Directors are of the view that the acquisition of remaining interest in Shanghai Hilltop will simplify the management of Shanghai Hilltop and in view of the consideration payable, is in the interest of the Group. The Company currently does not have any specific plan for Shanghai Hilltop.

Taking into account the net loss and net liabilities of Shanghai Hilltop for the years ended 31 December 2007 and 2008, which were mainly the result of the revaluation deficits, as well as other factors mentioned above, the Directors (including the independent non-executive Directors) are of the view that the Deed of Assignment is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## GENERAL

HK Hilltop is an investment holding company.

HK Hilltop, by virtue of it having a 20% beneficial interest in Shanghai Hilltop, was a connected person of the Company as defined under the Listing Rules. As none of the applicable percentage ratios exceeds the 2.5% threshold under Rule 14A.32 of the Listing Rules, the execution of the Deed of Assignment is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

<b>“Assignment”</b>	assignment of the Sale Interest pursuant to the Deed of Assignment
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	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 of Hong Kong Limited
<b>“connected person(s)”</b>	has the same meaning ascribed thereto under the Listing Rules
<b>“Deed of Assignment”</b>	the deed of assignment executed by the Company and HK Hilltop on 10 July 2009 whereby HK Hilltop assigned the Sale Interest to the Company at the consideration of HK\$1.00
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK Hilltop”</b>	H.K. Hilltop Country Club Limited, a company incorporated under the laws of the British Virgin Islands

<b>“HKFRS”</b>	Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants
<b>“Listing Rules”</b>	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited
<b>“PRC”</b>	the People’s Republic of China
<b>“Sale Interest”</b>	all the rights, interests, benefits and entitlements of HK Hilltop in and to the 20% interest in the registered capital of and equity interest in Shanghai Hilltop
<b>“Shareholders”</b>	the shareholder(s) of the Company
<b>“Shanghai Hilltop”</b>	Shanghai Hilltop Resort Hotel Limited (上海顯達渡假酒店有限公司) (formerly known as Shanghai Hilltop Country Club Limited (上海顯達鄉村俱樂部有限公司) and Shanghai Xian Da Country Club Co., Ltd. (上海顯達鄉村俱樂部有限公司)), registered as a Sino-foreign co-operation joint venture established in PRC, an 80% indirectly owned subsidiary of the Company prior to the execution of the Deed of Assignment
<b>“Shanghai Landis”</b>	Shanghai Landis Hospitality Management Co. Ltd., an associate of the Group
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>“USD”</b>	United States dollar, the lawful currency of the United States of America

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

Hong Kong, 15 July 2009

*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.*