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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

**UNDERTAKING AGREEMENT IN RESPECT OF
REDEMPTION OF CONVERTIBLE BONDS**

EARLY REDEMPTION OF CONVERTIBLE BONDS

Undertaking Agreement

The Board is pleased to announce that on 29 May 2013, Cosy Good, a wholly-owned subsidiary of the Company, entered into the Undertaking Agreement with CSC, Somercotes, the Security Trustee, the Issuer and the Lender in relation to, among others, the Issuer's undertaking to the Bondholders and the Security Trustee to utilize part of the proceeds of drawing under the Facility towards repayment of the amount of early redemption of the outstanding Convertible Bonds in full. The entering into of the Undertaking Agreement by the parties thereto is one of the conditions precedent to any drawing under the Facility.

Pursuant to the Undertaking Agreement, the Bondholders agree to give consent to the Issuer to, among others, (i) enter into the Loan Agreement and related security and finance agreements thereto; and (ii) obtain financing by way of the Facility and drawing thereunder, on the condition that, among others, the Issuer obtains and successfully draws down up to HK\$620,000,000 under the Facility from the Lender towards payment of the amount for early redemption of the outstanding Convertible Bonds in full.

In the event that any of the conditions under the Undertaking Agreement are not fulfilled and satisfied within 10 Business Days from the date of the Undertaking Agreement (unless such period is extended as the Bondholders may agree and notify the Issuer in writing), the Lender shall thereafter promptly and as soon as possible release all the Lender Securities.

Early Redemption of the Cosy Good Convertible Bonds

As the Issuer has arranged for payment of the Redemption Amount earlier than the intended date of redemption, pursuant to the terms of the Undertaking Agreement, on 31 May 2013 (after trading hours), Cosy Good, a wholly-owned subsidiary of the Company, entered into the Agreement Regarding Earlier Redemption with CSC, Somercotes, the Security Trustee and the Issuer in relation to, among other, the acceptance of earlier payment of the Redemption Amount from the Issuer, and the early redemption of the Convertible Bonds held by the Bondholders in full by the Issuer.

Upon receipt of the Redemption Amount (including interests payable on the date of payment) in full by the Security Trustee on behalf of the Bondholders, the Convertible Bonds shall be deemed to be fully paid, redeemed and discharged for all intents and purposes. The Redemption Amount, which was satisfied by the Part Proceeds for Redemption pursuant to the Undertaking Agreement, has been received by the Security Trustee in full. The redemption amount for the early redemption of the Cosy Good Convertible Bonds, together with interests payable thereof, has also been received by Cosy Good from the Security Trustee in full. Such amount is approximately HK\$152,000,000 being the aggregate of the outstanding principal amount of HK\$100,000,000 and interests payable thereof. Accordingly, after the receipt of such payment by Cosy Good, the Early Redemption is completed and there is no outstanding principal sum under the Cosy Good Convertible Bonds.

Implications under the Listing Rules

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the redemption amount received by Cosy Good under the Agreement Regarding Earlier Redemption exceed 5% but all the applicable percentage ratios are less than 25%, the Agreement Regarding Earlier Redemption constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to the reporting and announcement requirements thereunder.

Reference is made to the announcement of the Company dated 7 February 2010 in respect of the CB Subscription Agreement (the “**CB Announcement**”). Unless otherwise stated, terms defined in the CB Announcement shall have the same meaning when used herein.

UNDERTAKING AGREEMENT

The Board is pleased to announce that on 29 May 2013, Cosy Good, a wholly-owned subsidiary of the Company, entered into the Undertaking Agreement with CSC, Somercotes, the Security Trustee, the Issuer and the Lender in relation to, among others, the Issuer’s undertaking to the Bondholders and the Security Trustee to utilize part of the proceeds under the Facility towards repayment of the amount of early redemption of the outstanding Convertible Bonds in full. The entering into of the Undertaking Agreement by the parties thereto is one of the conditions precedent to any drawing under the Facility.

Principal Terms of the Undertaking Agreement

Date: 29 May 2013

Parties

Bondholders: China Overseas (Hong Kong) Limited (previously known as 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)

Cosy Good Limited, a wholly-owned subsidiary of the Company

Somercotes Limited, a company incorporated in Hong Kong with limited liability, and controlled by Mr. Yat Kit JONG, Mr. Hok Chung Rainier LAM and Mr. Sai Hung YU, as joint and several administrators of the estate of Ms. Nina KUNG, who are controlling shareholders of the Company holding 34.59% of the issued share capital of the Company. Each of Mr. Yat Kit JONG, Mr. Hok Chung Rainier LAM and Mr. Sai Hung YU is a trustee of the estate of Ms. Nina KUNG, also known as Nina T. H. Wang.

Security Trustee: Union Team Corporation Limited, a company incorporated in Hong Kong with limited liability, which holds all the collaterals for the Convertible Bonds in its capacity as security trustee upon trust for the Bondholders constituted by the Trust Deed

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.

Lender: Industrial and Commercial Bank of China (Asia) Limited, a company incorporated in Hong Kong with limited liability

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of CSC, the Security Trustee, the Issuer and the Lender and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Somercotes is controlled by Mr. Yat Kit JONG, Mr. Hok Chung Rainier LAM and Mr. Sai Hung YU, as joint and several administrators of the estate of Ms. Nina KUNG, who are controlling shareholders of the Company holding 34.59% of the issued share capital of the Company. Each of Mr. Yat Kit JONG, Mr. Hok Chung Rainier LAM and Mr. Sai Hung YU is a trustee of the estate of Ms. Nina KUNG, also known as Nina T. H. Wang. Mr. Joseph Wing Kong LEUNG, the chairman and acting chief executive officer of the Company, is also a director of Somercotes. Save as disclosed above, 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.

Conditions and consents under the Undertaking Agreement

Pursuant to the Undertaking Agreement, the consents given and the terms and conditions thereof are as follows:

- (a) Each of the Bondholders and the Security Trustee, respectively, agrees to give consent to the Issuer to:
 - (i) enter into the Loan Agreement and related security and finance agreements thereto; and

- (ii) obtain financing by way of the Facility and drawing thereunder;
- (b) Each of the Bondholders and the Security Trustee, respectively, specifically agrees and gives consents to, among others, each of the following:
- (i) the creation of a first-ranking fixed and floating charge over all assets of the Issuer in favour only of the Lender as security only for the Facility;
 - (ii) the creation of a second-ranking fixed charge over all issued shares in the Issuer by Lerthai only in favour of the Lender as security only for the Facility;
 - (iii) the giving of an “all monies” personal guarantee by Mr. Long Fei YANG only in favour of the Lender as security only for the Facility;
 - (iv) the giving of an “all monies” corporate guarantee of Greatpro Holdings Limited only in favour of the Lender as security only for the Facility;
 - (v) the giving of an “all monies” corporate guarantee of the PRC Subsidiary only in favour of the Lender as security only for the Facility;
 - (vi) the giving of an “all monies” corporate guarantee of Tangshan Company only in favour of the Lender as security only for the Facility; and
 - (vii) the entering into of an account control agreement, by and only among the Lender, Industrial and Commercial Bank of China Limited, Shijiazhuang Chang An sub-branch, the Issuer and the PRC Subsidiary regulating a bank account opened and maintained by the PRC Subsidiary with the account bank designated to hold, among others, dividends of the PRC Subsidiary
- (collectively, the “**Lender Securities**”).
- (c) The consents referred to in paragraphs (a) and (b) above (the “**Consents**”) are subject to the undertakings of the Issuer to each of the Bondholders and the Security Trustee to perform and/or to procure the performance of the following:
- (i) the Issuer obtains and successfully draws down up to HK\$620,000,000 (the “**Part Proceeds for Redemption**”) under the Facility from the Lender towards payment of the amount for early redemption of the outstanding Convertible Bonds in full (the “**Redemption Amount**”);
 - (ii) the Part Proceeds for Redemption shall only be used for and towards payment of the Redemption Amount;

- (iii) the Part Proceeds for Redemption so drawn shall be sufficient for payment of the Redemption Amount in full; and
 - (iv) the Part Proceeds for Redemption shall be paid and drawn directly from the Lender to the Security Trustee into the designated Hong Kong bank account of the Security Trustee as specified in the Undertaking Agreement, and in such manner otherwise specified by the Bondholders.
- (d) Each of the Bondholders, the Security Trustee, the Issuer and the Lender agrees that the Consents will be absolutely withdrawn in the event that any of the provisions referred to in paragraph (c) above is not fulfilled and satisfied within 10 Business Days from the date of the Undertaking Agreement (unless such period is extended as the Bondholders may agree and notify the Issuer in writing). In such event, the Lender shall thereafter promptly and as soon as possible sign and enter into and procure the signing and entering into of all relevant discharges and releases and procure the successful registration and filing thereof (wherever applicable) to the result that all the Lender Securities are fully, effectively, and absolutely discharged, released, reassigned, and terminated (wherever applicable).

Redemption Undertakings

Pursuant to the Undertaking Agreement, each of the Bondholders and the Security Trustee undertakes to the Lender that, among others, subject to receipt of full payment of the Redemption Amount by the Security Trustee, the Security Trustee shall promptly release and discharge and, where applicable, reassign in full any and all of the security created in favour of the Security Trustee (upon trust for the Bondholders) by way of and under the collaterals for the Convertible Bonds.

The Issuer agrees and accepts the Bondholders' intention to redeem the Convertible Bonds in full, on the intended date of redemption pursuant to relevant provisions of the CB Subscription Agreement and the Trust Deed. The Redemption Amount is anticipated to be not more than the amount of the Part Proceeds for Redemption and subject to changes in the amount of interest as a result of the change of date of actual payment of the redemption.

The Bondholders, the Security Trustee and the Issuer may further and subsequently agree to any date of actual redemption after the Bondholders have notified the Issuer of their intention to redeem the outstanding Convertible Bonds but earlier than the corresponding intended date of actual redemption with the necessary adjustments in the amount of interest that shall become payable thereon (calculated according to the terms of the CB Subscription Agreement and the Trust Deed), provided that not less than 3 Business Days' prior notice shall have been given to Lender.

EARLY REDEMPTION OF THE COSY GOOD CONVERTIBLE BONDS

As disclosed in the CB Announcement, Cosy Good, a wholly-owned subsidiary of the Company, subscribed for Convertible Bonds issued by the Issuer in the principal amount of HK\$31,980,000 and HK\$68,020,000 on 28 June 2010 and 9 July 2010 respectively. Prior to maturity, Cosy Good may redeem the Cosy Good Convertible Bonds during the Conversion Period or if an IPO is contemplated, prior to the Conversion Period by giving written notice to the Issuer to redeem the Cosy Good Convertible Bonds in whole or in part at the Bondholders Early Redemption Amount.

As the Issuer has arranged for payment of the Redemption Amount earlier than the intended date of redemption, pursuant to the terms of the Undertaking Agreement, on 31 May 2013 (after trading hours), Cosy Good, a wholly-owned subsidiary of the Company, entered into the Agreement Regarding Earlier Redemption with CSC, Somercotes, the Security Trustee and the Issuer in relation to, among others, the acceptance of earlier payment of the Redemption Amount from the Issuer, and the early redemption of the Convertible Bonds held by the Bondholders in full by the Issuer.

Principal Terms of the Agreement Regarding Earlier Redemption

Date: 31 May 2013

Parties

Bondholders: China Overseas (Hong Kong) Limited (previously known as 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)

Cosy Good Limited, a wholly-owned subsidiary of the Company

Somercotes Limited, a company incorporated in Hong Kong with limited liability, and controlled by Mr. Yat Kit JONG, Mr. Hok Chung Rainier LAM and Mr. Sai Hung YU, as joint and several administrators of the estate of Ms. Nina KUNG, who are controlling shareholders of the Company holding 34.59% of the issued share capital of the Company. Each of Mr. Yat Kit JONG, Mr. Hok Chung Rainier LAM and Mr. Sai Hung YU is a trustee of the estate of Ms. Nina KUNG, also known as Nina T. H. Wang

Security Trustee: Union Team Corporation Limited, a company incorporated in Hong Kong with limited liability, which holds all the collaterals for the Convertible Bonds in its capacity as security trustee upon trust for the Bondholders constituted by the Trust Deed

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.

Early Redemption

Upon receipt of the Redemption Amount (including interests payable on the date of payment) in full by the Security Trustee on behalf of the Bondholders, the Convertible Bonds shall be deemed to be fully paid, redeemed and discharged for all intents and purposes.

The Redemption Amount, which was satisfied by the Part Proceeds for Redemption pursuant to the Undertaking Agreement, has been received by the Security Trustee in full. The redemption amount for the early redemption of the Cosy Good Convertible Bonds, together with interests payable thereof, has also been received by Cosy Good from the Security Trustee in full. Such amount is approximately HK\$152,000,000, being the aggregate of the outstanding principal amount of HK\$100,000,000 and interests payable thereof. Accordingly, after the receipt of such payment by Cosy Good, the Early Redemption is completed and there is no outstanding principal sum under the Cosy Good Convertible Bonds.

INFORMATION ON THE ISSUER

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. Shao Ming YANG, the son of Mr. Long Fei YANG, is the holder of the entire share capital in Lerthai, which is the sole shareholder of the Issuer. The PRC Subsidiary was incorporated in the PRC with limited liability.

The Issuer Group has not prepared any consolidated accounts. Based on the information provided by the Issuer, set out below is the financial information of the Issuer for each of the two financial years ended 31 December 2011 and 31 December 2012 prepared in accordance with International Financial Reporting Standards:

	For the year ended 31 December 2011	For the year ended 31 December 2012
	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>
Net loss before taxation and extraordinary items	52,943	58,918
Net loss after taxation and extraordinary items	52,943	58,918
	As at 31 December 2011	As at 31 December 2012
	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>
Net liabilities	36,548	95,466

Set out below is the financial information of the PRC Subsidiary for each of the two financial years ended 31 December 2011 and 31 December 2012 prepared in accordance with generally accepted accounting principles in the PRC:

	For the year ended 31 December 2011	For the year ended 31 December 2012
	<i>Audited RMB'000</i>	<i>Unaudited RMB'000</i>
Net loss before taxation and extraordinary items	48,336	38,579
Net loss after taxation and extraordinary items	48,343	38,579
	As at 31 December 2011	As at 31 December 2012
	<i>Audited RMB'000</i>	<i>Unaudited RMB'000</i>
Net asset value	345,730	307,416

REASONS FOR AND BENEFITS OF THE EARLY REDEMPTION

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.

Given the prevailing keen competition in the property market in the PRC, the Board considers that it is an appropriate time to redeem Cosy Good Convertible Bonds.

The Directors are of the view that the terms and conditions of the Undertaking Agreement and the Agreement Regarding Earlier Redemption are on normal commercial terms, and are fair and reasonable and are in the interest of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the redemption amount received by Cosy Good under the Agreement Regarding Earlier Redemption exceed 5% but all the applicable percentage ratios are less than 25%, the Agreement Regarding Earlier Redemption constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to the reporting and announcement requirements thereunder.

DEFINITIONS

“Agreement Regarding Earlier Redemption”	the agreement regarding earlier redemption dated 31 May 2013 entered into between CSC, Cosy Good, Somercotes, the Security Trustee and the Issuer
“Bondholders”	collectively, CSC, Cosy Good and Somercotes, all of whom are the beneficial owners and registered holders of the Convertible Bonds
“Business Days”	day(s) on which banks are generally open for business in Hong Kong except Saturdays, Sundays and public holidays
“CB Announcement”	the announcement of the Company dated 7 February 2010 in respect of the CB Subscription Agreement

“CSC”	China Overseas (Hong Kong) Limited (previously known as 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)
“Consents”	has the meaning given to it in the paragraph headed “Conditions and consents under the Undertaking Agreement” of this announcement
“Cosy Good Convertible Bonds”	Convertible Bonds in the principal amount of HK\$31,980,000 and HK\$68,020,000 issued by the Issuer and subscribed by Cosy Good on 28 June 2010 and 9 July 2010 respectively
“Early Redemption”	the early redemption of the Cosy Good Convertible Bonds by Cosy Good
“Facility”	new term loan facility of aggregate principal amount up to HK\$2,160,000,000 to be granted by the Lender
“Loan Agreement”	the loan agreement to be entered into between the Issuer (as borrower) and the Lender (as lender) in respect of the Facility
“Lender”	Industrial and Commercial Bank of China (Asia) Limited, a company incorporated in Hong Kong with limited liability
“Lender Securities”	has the meaning given to it in the paragraph headed “Conditions and consents under the Undertaking Agreement” of this announcement
“Part Proceeds for Redemption ”	has the meaning given to it in the paragraph headed “Conditions and consents under the Undertaking Agreement” of this announcement
“Redemption Amount”	has the meaning given to it in the paragraph headed “Conditions and consents under the Undertaking Agreement” of this announcement

“Security Trustee”	Union Team Corporation Limited, a company incorporated in Hong Kong with limited liability, which holds all the collaterals for the Convertible Bonds in its capacity as security trustee upon trust for the Bondholders constituted by the Trust Deed
“Undertaking Agreement”	the undertaking agreement dated 29 May 2013 entered into between CSC, Cosy Good, Somercotes, the Security Trustee, the Issuer and the Lender
“Trust Deed”	the trust deed dated 31 May 2010 constituting the Convertible Bonds

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

Hong Kong, 31 May 2013

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. Victor Yiu Keung CHIANG, Mr. Derek Wai Choi LEUNG and Mr. Wing Tung YEUNG, and the independent non-executive Directors are Dr. Jen CHEN, Mr. David Kwok Kwei LO, Mr. Ian Grant ROBINSON and Mr. Chi Keung WONG.