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SHUN HO HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 253)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE SALE ASSETS

INTRODUCTION

The Boards are pleased to announce that the Purchaser, an indirect subsidiary of the Company, had on 8 March 2019 entered into the Provisional Agreement for the transaction of the Sale Assets with the Vendors pursuant for a consideration of HK\$58,000,000.

PROVISIONAL AGREEMENT

Date: 8 March 2019

Parties: (i) two individual persons, Independent Third Parties, as the Vendors
(ii) Babenna Limited, as the Purchaser

The Purchaser is an indirect subsidiary of the Company.

To the best of the knowledge, information and belief of the Boards, after making all reasonable enquiries, as at the date of the Provisional Agreement and as at the date of this announcement, the Vendors and the ultimate beneficial owners of the Vendors are Independent Third Parties, and the Company has not entered into any transactions with the Vendors or its related persons in the 12 months prior to the date of the Provisional Agreement.

The sale and purchase

Under the Provisional Agreement, the Vendors and the Purchaser will be obliged to enter into a Formal Agreement for Sale and Purchase of the Sale Assets on or before 22 March 2019.

The Sale Assets

The Sale Assets comprise of the Sale Shares and the Sale Debt. Pursuant to the Provisional Agreement, (i) the Vendors as the beneficial owner agreed to sell the Sale Shares to the Purchaser; and (ii) the Vendors agreed to sell its benefits and interests of and in the Sale Debt to the Purchaser. The major asset of the Sale Company is the 100% shareholding in the Property.

The Property is now vacant. There was no rental income attributable to the Property for the year ended 31 December 2017 and 31 December 2018 respectively. The book value of the Property as at 31 December 2018 was approximately HK\$19,000,000, representing the original purchase price of the Property in April 2001. The net value of the Sale Shares is HK\$39,000,000, being the Consideration of HK\$58,000,000 minus the Sale Debt of HK\$19,000,000.

Consideration

The total consideration for the purchase of the Sale Assets is HK\$58,000,000 payable in cash by the Purchaser in the following manner:

- (a) HK\$2,900,000 as initial deposit (the “Initial Deposit”) shall be paid by the Purchaser to the Vendors’ solicitors upon signing the Provisional Agreement;
- (b) After signing the Formal Agreement between the Vendors and the Purchaser on or before 22 March 2019, the Purchaser shall pay HK\$2,900,000 (the “Further Deposit”) as further deposit of the Acquisition to the Vendors’ solicitor ; and
- (c) The balance of the Consideration of HK\$52,200,000 shall be paid by the Purchaser in favour of the Vendors upon Completion.

The Initial Deposit and Further Deposit under (a) and (b) above shall be held by the Vendors’ solicitors as stakeholders who shall release the same to the Vendors upon Completion.

The total consideration was determined after arm’s length negotiations between the parties to the Provisional Agreement and taking into account the prevailing market conditions in Hong Kong and the comparable price of the properties in the near area.

Formal Agreement

The Formal Agreement is scheduled to be entered into between the Vendors and the Purchaser on or before 22 March 2019.

COMPLETION OF THE FORMAL AGREEMENT

Completion of the Formal Agreement will take place on or before 8 July 2019.

Upon completion of the Acquisition, the Vendors shall deliver vacant possession of the Property to the Purchaser.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group, through its major subsidiaries, is principally engaged in property investment and property leasing, and hotel operation and hotel management.

Given the current market conditions, the Board considers the Acquisition represents a good opportunity for the Group to acquire the property at a reasonable price and has potential for future capital gain. The consideration of HK\$58,000,000 was determined on an acceptable price per square feet to the management. HK\$58,000,000 equates to approximately HK\$26,000 per square feet in gross area. The Acquisition will be financed by the internal resources. The Board considers that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Assets by the Purchaser under terms of the Provisional Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Shun Ho Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Formal Agreement
“Completion Date”	on or before 8 July 2019.
“Consideration”	the consideration payable by the Purchaser for the Sale Assets under the Provision Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Third Party(ies)”	an independent third party(ies) which is not connected with the chief executive, directors and substantial shareholders of the Company or any of their respective subsidiaries and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Flat A, 11 th Floor, 152 Tai Hang Road, Hong Kong

“Provisional Agreement”	the provisional agreement entered into between the Vendors and the Purchaser on 8 March 2019
“Purchaser”	Babenna Limited, an indirect subsidiary of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendors and the Purchaser in relation to the Acquisition
“Sale Assets”	the Sale Shares and the Sale Debt
“Sale Company”	Postal Power Company Limited, a private company incorporated in Hong Kong with limited liability.
“Sale Debt”	the existing shareholders’ loan (which is interest-free, unsecured and without fixed term of repayment) payable by the Sale Company to the Vendors
“Sale Shares”	two ordinary shares in Sale Company, representing the entire issued shares in Sale Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	two individual persons, Independent Third Parties, as the vendors
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Shun Ho Holdings Limited

Kimmy Lau Kam May
Director

Hong Kong, 8 March 2019

As at the date hereof, the Board comprises eight Directors, of which five are Executive Directors, namely Mr. William Cheng Kai Man, Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May and Madam Jennie Wong Kwai Fong; one is Non-executive Director, namely Madam Mabel Lui Fung Mei Yee; and three are Independent Nonexecutive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Lam Kwai Cheung.