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SHUN HO HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 253)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN LUCKY GOLD INVESTMENT LIMITED AND THE SALE DEBT

THE ACQUISITION

The Board announces that on 20 December 2021 (after trading hours), the Purchaser, a subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to acquire from the Vendor (i) the Sale Share, representing the entire issued share of the Target Company; and (ii) the Sale Debt, at a consideration of HK\$24,000,000.

The Target Company is a limited company incorporated in Hong Kong whose principal activity is property investment. The only asset of the Target Company is the Property.

IMPLICATIONS UNDER THE LISTING RULES

As one 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 and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

On 20 December 2021 (after trading hours), the Purchaser, a subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Vendor. The salient terms of the Provisional Sale and Purchase Agreement are summarised below:

Subject Matter

The Purchaser shall acquire from the Vendor i) the Sale Share, representing the entire issued share of the Target Company; and ii) the Sale Debt.

Under the Provisional Sale and Purchase Agreement, the Vendor and the Purchaser shall be obliged to enter into the Formal Agreement for the Acquisition on or before 3 January 2022, and the Completion shall take place on or before 20 April 2022.

Consideration

The total consideration for the Acquisition is HK\$24,000,000 payable in cash by the Purchaser in the following manner:

- (a) HK\$1,200,000 shall be paid as the initial deposit by the Purchaser to the Vendor's solicitors upon signing the Provisional Sale and Purchase Agreement;
- (b) After signing the Formal Agreement, the Purchaser shall pay HK\$1,200,000 as the second deposit to the Vendor's solicitors; and
- (c) The balance of the consideration of HK\$21,600,000 shall be paid by the Purchaser in favour of the Vendor upon Completion.

The initial deposit and second deposit under (a) and (b) above shall be held by the Vendor's solicitors as stakeholders who shall release the same to the Vendor upon Completion.

The Target Company

The Target Company is a limited company incorporated in Hong Kong whose principal activity is property investment. The only asset of the Target Company is the Property.

The net liability of the Target Company as at 31 December 2020 was approximately HK\$4,366,000. Financial results of the Target Company for the two years preceding the date of the Provisional Sale and Purchase Agreement are as follows:

	For the year ended 31 December	
	2019	2020
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net (loss)/ profit before tax	(207)	(214)
Net (loss)/profit after tax	(207)	(214)

REASON FOR THE TRANSACTION

The Board considered the current market condition as a result of the most favourable low mortgage rates, economic recovery following better control of the COVID-19 situation, border reopening plans and in particular the recent government announced plan to develop the New Territories North East Region to a new town of additional 114,300 population and 33,300 job opportunities with Business Technology Parks upon full development which has attracted major property developers to acquire large scale residential developments in the neighborhood, benefiting the Acquisition as a good investment opportunity with capital gain potential for the Group.

The total consideration of HK\$24,000,000 was determined after arm's length negotiations between the parties to the Provisional Sale and Purchase Agreement taking into account the prevailing market conditions in Hong Kong and the comparable price of the properties in the nearby area. Such determination was made with reference to the Historical Trading Record. Since the purchase price per saleable area (sq. ft.) of the Property (being HK\$14,085) is well below the highest price per saleable area (sq. ft.) of the Historical Trading Record (being HK\$24,042), the Board considered the Consideration is on normal commercial terms, fair and reasonable. The Acquisition will be financed by the internal resources of the Company.

Based on the above, the Board considered the Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Purchaser is a dormant company (previously engaged in property investment) incorporated in Hong Kong with limited liability and a subsidiary of the Company.

The Vendor is Mr. Lau Yiu Tong who holds the entire equity interest in the Target Company. To the best of the knowledge, information and belief of the Board, after making all reasonable enquiries, the Vendor is an Independent Third Party.

The Company is a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange which is, through its subsidiaries, principally engaged in investment and operation of hotels, property investment and securities investment.

IMPLICATIONS UNDER THE LISTING RULES

As one 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 and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	acquisition of the Sale Share and the Sale Debt by the Purchaser from the Vendor pursuant to the terms and conditions of the Provisional Sale and Purchase Agreement;
“Board”	the board of Directors;
“Company”	Shun Ho Holdings Limited;
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Provisional Sale and Purchase Agreement and the Formal Agreement on or before 20 April 2022;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Formal Agreement”	the formal agreement for the Acquisition to be entered into between the Purchaser and the Vendor pursuant to the Provisional Sale and Purchase Agreement on or before 3 January 2022;
“Group”	the Company and its subsidiaries;
“Historical Trading Record”	the historical sale and purchase prices of properties in Valais, Sheung Shui, New Territories, Hong Kong from November to December 2021 as recorded in the Land Registry;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	an independent third party(ies) which is/are not connected with the chief executive, directors and substantial shareholders of the Company or any of its subsidiaries and their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;

“Property”	House No.21 of Neuchatel Avenue, Valais II, Valais, No.33 Kwu Tung Road, Sheung Shui, New Territories, Hong Kong;
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement entered into between the Purchaser and the Vendor on 20 December 2021;
“Purchaser”	Shun Ho Resources Holdings Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of the Company;
“Sale Debt”	the existing shareholders’ loan (which is interest-free, unsecured and without fixed term of repayment) payable by the Target Company to the Vendor;
“Sale Share”	1 share of HK\$1.00 each in the Target Company, representing the entire issued share of the Target Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Lucky Gold Investment Limited, a limited company incorporated in Hong Kong whose principal activity is property investment;
“Vendor”	Mr. Lau Yiu Tong who is an Independent Third Party holding the entire equity interest in the Target Company; and
“%”	per cent.

By Order of the Board
Shun Ho Holdings Limited

Koo Ching Fan
Company Secretary

Hong Kong, 20 December 2021

As at the date hereof, the Board comprises five Executive Directors, namely, Mr. William Cheng Kai Man, Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May, Madam Ng Yuet Ying and Madam Wendy Cheng Wai Kwan; one Non-Executive Director, namely, Madam Mabel Lui Fung Mei Yee; and three Independent Non-Executive Directors, namely, Mr. Chan Kim Fai, Mr. Lam Kwai Cheung and Mr. Warren Liu Yuk Cho.