
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shun Ho Property Investments Limited, you should at once forward this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**SHUN HO PROPERTY INVESTMENTS LIMITED****順豪物業投資有限公司***(incorporated in Hong Kong with limited liability)***(Stock Code: 219)****MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE PROPERTIES
KNOWN AS JESSVILLE MANOR**

A letter from the board of directors of Shun Ho Property Investments Limited is set out on pages 4 to 11 of this circular.

The Acquisition has been approved by written shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

21 May 2024

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	
1. Introduction	4
2. The Formal Sale and Purchase Agreement	5
3. Information on the Properties	6
4. Reasons for and Benefits of the Acquisition	8
5. Financial Effects of the Acquisition	9
6. Information on the Purchaser and the Company	9
7. Information on the Vendor	9
8. Listing Rules Implications	10
9. Additional Information.	11
Appendix I – Financial Information of the Group	12
Appendix II – Unaudited Financial Information of the Properties	15
Appendix III – Unaudited Pro Forma Statement of Assets and Liabilities	20
Appendix IV – Valuation Report of the Properties	27
Appendix V – General Information	33

This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at “<http://www.shunho.com.hk/shpi/>” and Hong Kong Exchanges and Clearing Limited at “<http://www.hkexnews.hk>”. The English version will prevail in case of any inconsistency between the English and Chinese versions of this circular.

DEFINITIONS

In this circular, the following words and expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Properties pursuant to the Formal Sale and Purchase Agreement
“associate(s)”	has the meanings ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Shun Ho Property Investments Limited 順豪物業投資有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 219)
“Completion”	the closing of the Acquisition pursuant to the terms and conditions of the Formal Sale and Purchase Agreement
“Consideration”	the consideration payable by the Purchaser for purchase of the Properties
“Director(s)”	director(s) of the Company
“Formal Sale and Purchase Agreement”	the formal agreement for sale and purchase of the Properties dated 22 March 2024 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 Companies or any of their respective subsidiaries and their respective associates
“Joint Announcements”	the joint announcements dated 15 March 2024 and 22 March 2024 published by the Company and SHH

DEFINITIONS

“Latest Practicable Date”	16 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
“Letter of Acceptance”	the Vendor’s letter regarding acceptance of the Purchaser’s tender in respect of the Properties dated 15 March 2024
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	<p>(i) Unit A, Ground Floor, Jessville Manor and Residential Parking Space No. 8 on LG2 Floor, Jessville Tower, at Jessville, No. 128 Pok Fu Lam Road, Hong Kong;</p> <p>(ii) Unit B, Ground Floor, Jessville Manor and Residential Parking Space No. 9 on LG2 Floor, Jessville Tower, at Jessville, No. 128 Pok Fu Lam Road, Hong Kong;</p> <p>(iii) Unit A, 1st Floor, Jessville Manor and Residential Parking Space No. 3 on LG2 Floor, Jessville Tower, at Jessville, No. 128 Pok Fu Lam Road, Hong Kong; and</p> <p>(iv) Unit B, 1st Floor, Jessville Manor and Residential Parking Space No. 26 and 34 on LG3 Floor, Jessville Tower, at Jessville, No. 128 Pok Fu Lam Road, Hong Kong</p>
“Purchaser”	Miluda Limited (a company incorporated in Hong Kong with limited liability), which is directly and beneficially owned by the Company
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“SHH”	Shun Ho Holdings Limited 順豪控股有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 253)

DEFINITIONS

“SHH Group”	SHH and its subsidiaries
“SHH Share(s)”	share(s) in the share capital of SHH
“SHH Shareholder(s)”	holder(s) of SHH Shares
“sq.ft.”	square feet
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trillion Resources (BVI)”	Trillion Resources Limited, a private company incorporated in the British Virgin Islands with limited liability
“Trillion Resources (HK)”	Trillion Resources Limited, a private company incorporated in Hong Kong with limited liability
“Vendor”	Samsbury Investments Limited
“%”	per cent.

LETTER FROM THE BOARD



SHUN HO PROPERTY INVESTMENTS LIMITED

順豪物業投資有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 219)

Executive Director:

Mr. William CHENG Kai Man (*Chairman*)

Mr. Albert HUI Wing Ho

Madam Kimmy LAU Kam May

Madam NG Yuet Ying

Madam Wendy CHENG Wai Kwan

Registered Office:

3rd Floor, Shun Ho Tower

24-30 Ice House Street

Central

Hong Kong

Non-executive Director:

Madam Mable LUI FUNG Mei Yee

Independent Non-Executive Director:

Mr. CHAN Kim Fai

Mr. LAM Kwai Cheung

Mr. Warren LIU Yuk Cho

21 May 2024

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE PROPERTIES
KNOWN AS JESSVILLE MANOR**

1. INTRODUCTION

Reference is made to the Joint Announcements.

The purpose of this circular is to provide you with further information of the Acquisition and other information in compliance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

2. THE FORMAL SALE AND PURCHASE AGREEMENT

Date	22 March 2024
Vendor	Samsbury Investments Limited
Purchaser	Miluda Limited

To the best of the knowledge, information and belief of the Board, after making all reasonable enquiries, as at the date of the Formal Sale and Purchase Agreement and as at the date of this circular, the Vendor and the ultimate beneficial owners of the Vendor are Independent Third Parties.

Consideration

The Consideration for the Acquisition is HK\$207,000,000 payable in cash by the Purchaser to the Vendor's solicitors as stakeholder of the Vendor. The terms of payment of the Consideration is as follows:

- (a) A preliminary deposit in the amount of HK\$10,400,000 has been paid upon the tender being accepted by the Vendor (i.e. the date of the Letter of Acceptance, being 15 March 2024).
- (b) A further deposit in the amount of HK\$10,300,000 shall be paid on or before 2 April 2024.
- (c) HK\$186,300,000 being balance of the Consideration shall be paid by the Purchaser on or before 15 April 2024.

As at the Latest Practicable Date, the Purchaser has paid the Consideration to the Vendor's solicitors.

The Consideration was determined based on the bid price made by the Purchaser during the tender which was in turn determined with reference to (i) the prevailing property market conditions of the area where the Properties are located; (ii) the valuation in respect of the Properties rendered by Cushman & Wakefield Limited, an independent valuer, being HK\$207,000,000; and (iii) the investment potential of the Properties as of the date of submitting the tender.

The Consideration will be funded by the internal resources of the Group.

The Directors (including the Independent Non-Executive Directors) consider the Acquisition has been made on normal commercial terms which are fair and reasonable and are of the view that the Acquisition is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Completion

Completion has taken place on 15 April 2024. Upon Completion, the Purchaser has become the sole legal and beneficial owner of the Properties.

3. INFORMATION ON THE PROPERTIES

The Properties are situated at Jessville Manor, No. 128 Pok Fu Lam Road, Hong Kong. The total gross floor area of Jessville Manor is 12,288 sq.ft. and the total internal saleable area of the Properties is 9,805 sq.ft..

Set out below is the information of the Properties:

(1) Unit A, Ground Floor, Jessville Manor and Residential Parking Space No. 8 on LG2 Floor, Jessville Tower

Residential area: 2,262 sq.ft. of internal saleable area and 234 sq.ft. of garden area

Condition: Subject to existing tenancy

Terms of tenancy: 2 years commencing on 28 March 2023 and expiring on 27 March 2025 (both days inclusive)

Monthly rent: HK\$150,000 inclusive of government rates and management fees

(2) Unit B, Ground Floor, Jessville Manor and Residential Parking Space No. 9 on LG2 Floor, Jessville Tower

Residential area: 2,335 sq.ft. of internal saleable area and 567 sq.ft. of garden area

Condition: Subject to existing tenancy

Terms of tenancy: 2 years commencing on 1 October 2022 and expiring on 30 September 2024 (both days inclusive)

Monthly rent: HK\$150,000 inclusive of government rates and management fees

LETTER FROM THE BOARD

(3) Unit A, 1st Floor, Jessville Manor and Residential Parking Space No. 3 on LG2 Floor, Jessville Tower

Residential area: 2,248 sq.ft. of internal saleable area

Condition: Vacant

(4) Unit B, 1st Floor, Jessville Manor and Residential Parking Space No. 26 and 34 on LG3 Floor, Jessville Tower (with a supplemental agreement assigning different parking spaces stated in the original tenancy agreement with all other terms remaining unchanged)

Residential area: 2,960 sq.ft. of internal saleable area and 257 sq.ft. of garden area

Condition: Subject to existing tenancy

Terms of tenancy: 2 years commencing on 17 October 2023 and expiring on 16 October 2025 (both days inclusive)

Monthly rent: HK\$158,000 inclusive of government rates and management fees

Set out below is a summary of the valuation in respect of the Properties rendered by Cushman & Wakefield Limited, an independent valuer, details of which are set out in Appendix IV to this circular.

Basis of valuation : The valuation of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Valuation assumptions : The valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

LETTER FROM THE BOARD

Method of valuation : Income Approach – by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary income potential of the Properties and as well as making cross reference to comparable sales transactions as available in the market.

Based on the communication with Cushman & Wakefield Limited, the Directors understand that the income approach has been used and income approach is universally considered as the most accepted valuation approach for valuing most forms of properties for residential properties. The Directors agree with the valuer that the income approach was appropriate for the valuation of the Properties. The Directors note that the valuer also carried out physical site inspections. All investigations have been conducted independently and without influence from any third parties in any way. The valuer relied to a very considerable extent on the information provided by the Company and has accepted advice given to the valuer on such matters as planning approvals, statutory notices, easements, tenure, identification of property, particulars of occupancy, floor plans, floor areas, number of parking spaces and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to the valuer by the Company and are therefore only approximations.

According to the valuation report, the valuation of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Based on the discussion with the valuer, the Directors are of the view that the adoption of the above key assumptions is reasonable and relevant and they are in line with market practice. After taking into account of the above, the Directors consider that the methodology, together with the underlying bases, and assumptions are fair and reasonable and that the valuation report is an appropriate reference for determining the valuation of the Properties.

4. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that the Acquisition provides an excellent investment opportunity for the Group (a member of the SHH Group) to expand and diversify property investments in Hong Kong. The Board is also of the view that the Acquisition will allow the Group to strategically strengthen its investment in Hong Kong properties.

LETTER FROM THE BOARD

The consideration of HK\$207,000,000 also represents a good opportunity for the Group to acquire the Properties with gross floor area of 12,288 sq.ft., at a relatively low price at HK\$21,112 per sq.ft. (calculated based on an internal saleable area of 9,805 sq.ft.). The Acquisition also allows the Group to benefit from steady income growth with capital gain potential.

5. FINANCIAL EFFECTS OF THE ACQUISITION

After completion of the Acquisition of the Properties, rental income of the Properties will become revenue of the Group and it is expected that the Group will record additional income on acquiring the Properties. In addition, any fair value change of the Property will also be reflected in the profit and loss of the Group.

After completion of the Acquisition, the Properties will be recognized as investment properties of the Group.

The Acquisition has been fully financed by internal resources. Accordingly, there will not be any changes in the total assets and liabilities of the Group.

6. INFORMATION ON THE PURCHASER AND THE COMPANY

The Purchaser is a company incorporated in Hong Kong with limited liability whose principal activity are property investment and providing secretarial services to Group. The Purchaser is directly and beneficially owned by the Company which is in turn owned as to approximately 66.18% by SHH.

The Company is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the Group, which are conducted through its major subsidiaries, are investment and operation of hotels, property investment and securities investment.

7. INFORMATION ON THE VENDOR

The Vendor is a company incorporated in Isle of Man with limited liability. To the best of knowledge, information and belief of the Boards, the principal business of the Vendor is investment holding and its shares are held by professional trustees as trustees of the Jessie Tam Family Trust and William Tam Trust.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficiary owner(s) are Independent Third Parties.

LETTER FROM THE BOARD

8. LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios for the Acquisition exceeds 25% but is below 100%, the Acquisition will constitute a major transaction for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at a general meeting to approve the Acquisition.

As at the Latest Practicable Date, to the best of knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders have any material interest in the Acquisition, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

As at the Latest Practicable Date, written approvals for the Acquisition have already been obtained by the Company from Omnico Company Inc. and Trillion Resources (HK), which are both directly wholly-owned subsidiaries of SHH and hold 281,904,489 Shares and 33,642,000 Shares respectively, representing approximately 48.62% and 5.80% of the total issued Shares respectively. As no Shareholders are required to abstain from voting at a general meeting to approve the Acquisition, such written shareholders' approval will be accepted in lieu of a majority vote at a general meeting of the Company. Accordingly, no extraordinary general meeting will be convened by the Company for the purpose of approving the Acquisition.

Pursuant to Rule 14.67(6)(b)(i) of the Listing Rules, on an acquisition of any revenue generating assets (other than a business or a company) with an identifiable income stream or assets valuation, a listed issuer is required to include in its circular a profit and loss statement for the three preceding financial years or less, where the asset has been held by the vendor for a shorter period, on the identifiable net income stream in relation to such assets which must be reviewed by the auditor or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. In the case of the Acquisition, such period covers the three financial years ended 31 December 2021, 2022 and 2023 (the "**Relevant Period**").

LETTER FROM THE BOARD

The Properties are to be classified as “a revenue-generating asset with an identifiable income stream” under Rule 14.67(b)(i) of the Listing Rules as a majority of the Properties have been leased out to Independent Third Parties for rental income. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules after into account, among others, the followings:

- (a) the Properties were being sold by way of public tender and the bid price has already been set by the Vendor. As such, the provision of the historical profit and loss figures of the Properties are of no material significance and are not meaningful in determining the Consideration for the Acquisition;
- (b) the accounts, books and records of the Vendor in respect of the Properties, being a private company incorporated in the Isle of Man with limited liability, is not available to the public and the Vendor refused to provide the underlying books and records of the Properties to the Purchaser, except the subsisting tenancy agreements for the units in the Properties. The Purchaser was therefore unable to properly compile the profit and loss statement for the Properties’ net income stream in the last 3 years given the limited information available from the Vendor;
- (c) there will be alternative disclosures in the circular including (i) a summary of the tenancy agreements including the monthly rental income; (ii) the estimated gross rental income for the Properties for the Relevant Period; and (iii) an estimate of the expenses for the Properties payable by the Purchaser based on the terms of the respective tenancy agreements; and
- (d) an independent valuer has already been engaged by the Company and the valuation report in respect of the Properties is set out in Appendix IV to this circular. The Company has also assessed the fairness of the consideration in acquiring the Properties with reference to such independent valuation.

For details of the waiver, please refer to Appendix II to this circular.

9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Shun Ho Property Investments Limited
William CHENG Kai Man
Chairman

1. FINANCIAL SUMMARY

Further information about the Group is disclosed in the last three (3) published annual reports, copies of which can be located at the hyperlinks below:

For the year ended	Hyperlink	Relevant pages
31 December 2021	https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041300674.pdf	29-101
31 December 2022	https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042500959.pdf	28-101
31 December 2023	https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042300822.pdf	29-91

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

As at the close of business on 31 March 2024, being the Latest Practicable Date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had the following outstanding other borrowings, unsecured and unguaranteed and bank borrowings, secured and guaranteed:

- (i) other borrowings, unsecured and unguaranteed amounting to approximately HK\$12.6 million;
- (ii) bank borrowings, secured and guaranteed of approximately HK\$1.12 billion which was guaranteed by subsidiaries of the Group and secured by (a) fixed charges on certain of the Group's properties, (b) equity interests in certain subsidiaries of the Group, (c) assignment of certain of the Group's rental revenue and (d) assignment of insurance on a hotel property and certain investment properties of the Group.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any outstanding debt securities issued and outstanding, and authorized or otherwise created but unissued, term loans, bank overdraft and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, at the close of business on 31 March 2024.

3. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group will continue with its commercial property investment, property leasing and property development, and through its major subsidiaries continued with the hotel investments and hotel management.

The Group has nine income producing hotels, seven in Hong Kong, one in Shanghai, one in London, and the Wood Street Hotel refurbishment project in London.

In December 2022, the Group acquired Grand Bay View Hotel, with 435 guest rooms, restaurant, 180 covered carparks, consisting 216,314 square feet gross area (excluding 180 covered carparks). The newly acquired Grand Bay View Hotel commenced business on 1 August 2023 and has been achieving high occupancies. Other hotels of the Group in Hong Kong will also continue to achieve high occupancies.

For the year of 2023, the hotel income for the Group increased by 6% compared with last year. In response to mainland and Hong Kong border re-opening at the beginning of the year, the Group hotels, after being transformed to designated quarantine and community isolated facility hotels during the pandemic years, promptly resumed normal operations with extensive renovations and relaunch of sales activities under dedicated leadership of the management. The Group achieved an average hotel occupancy rate of over 90% throughout the year. However, the net profit of the Group for the year was affected by cost of renovating hotels, increase in operating expenses due to shortage of labour, pre-operating expenses and extraordinary tax payment due to acquisition of Grand Bay View Hotel and decrease in office rental incomes.

A total of approximately 17 million overnight tourists visited Hong Kong during the year of 2023, of which about 12 million were from the PRC. Compared with 2019 and before the pandemic, 23 million overnight visitors arrived Hong Kong in the same period. The pace of recovery of the tourism industry is affected by various challenges such as air transport capacity, the global/PRC economy and foreign currency exchange rates. Operating costs go up significantly due to shortage of local labours and increase in number of hotel staffs.

The PRC economy would remain weak. However, we hope the hotel business would benefit from the Hong Kong 2024 Budget Address that emphasizes the boost of Hong Kong tourism, and the number of overnight tourists to Hong Kong would continue to rise and outperform last year.

Future prospect of the Royal Scot Hotel, London rental increase is encouraging because annual rent increase (once every 5 years) is linked with the United Kingdom Retail Price Index, which is currently maintained at 40-year high during year 2022 to 2023 inflating consistently in double-figures.

Most of the tenants at the Group's 633 King's Road office building and Shun Ho Tower are multinational trading companies. Due to the US/China trade war and downturn of Hong Kong's import/export volumes, those trading company tenants are experiencing difficulties and therefore the occupancies are being affected.

Future prospect of the hotel business and rental incomes continue to be challenging. Management will continue its effort to increase incomes and control costs.

As at 31 December 2023, the Group had a total number of 562 employees. Remuneration and benefit were set with reference to the market.

As at 31 December 2023, there has been no change to the capital structure of the Company. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination of its cash and cash equivalents, cash flows generated from operations, and bank facilities.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the completion of the Acquisition, the expected internally generated funds and the present available banking facilities of the Group, the Group will have sufficient working capital to satisfy its present requirements and for the period up to twelve months from the date of this circular in the absence of unforeseeable circumstances.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2023, the date to which the latest published audited financial statements of the Group were made up.

PROFIT AND LOSS STATEMENT OF THE PROPERTIES

Pursuant to Rule 14.67(6)(b)(i) of the Listing Rules, on an acquisition of any revenue generating assets (other than a business or a company) with an identifiable income stream or assets valuation, a listed issuer is required to include in its circular a profit and loss statement for the three preceding financial years or less, where the asset has been held by the vendor for a shorter period, on the identifiable net income stream in relation to such assets which must be reviewed by the auditor or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. In the case of the Acquisition, such period covers the three financial years ended 31 December 2021, 2022 and 2023 (the “**Relevant Period**”).

The Company has consulted its auditors and was being advised that the Properties are to be classified as “a revenue-generating asset with an identifiable income stream” under Rule 14.67(b)(i) of the Listing Rules as a majority of the Properties have been leased out to Independent Third Parties for rental income. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules after into account, among others, the followings:

- (a) the Properties were being sold by way of public tender and the bid price has already been set by the Vendor. As such, the provision of the historical profit and loss figures of the Properties are of no material significance and are not meaningful in determining the Consideration for the Acquisition;
- (b) the accounts, books and records of the Vendor in respect of the Properties, being a private company incorporated in the Isle of Man with limited liability, is not available to the public and the Vendor refused to provide the underlying books and records of the Properties to the Purchaser, except the subsisting tenancy agreements for the units in the Properties. The Purchaser was therefore unable to properly compile the profit and loss statement for the Properties’ net income stream in the last 3 years given the limited information available from the Vendor;
- (c) there will be alternative disclosures in the circular including (i) a summary of the tenancy agreements including the monthly rental income; (ii) the estimated gross rental income for the Properties for the Relevant Period; and (iii) an estimate of the expenses for the Properties payable by the Purchaser based on the terms of the respective tenancy agreements; and
- (d) an independent valuer has already been engaged by the Company and the valuation report in respect of the Properties is set out in Appendix IV to this circular. The Company has also assessed the fairness of the consideration in acquiring the Properties with reference to such independent valuation.

Based on the above, the Company is of the view that the inclusion of a profit and loss statement in respect of the Properties for the Relevant Period is not necessary and will not render this circular to be materially incomplete, or misleading or deceptive to the Shareholders and potential investors of the Companies. The Shareholders would still be able to gather all the necessary information in respect of the Properties and the Acquisition. The Board is of the view that the waiver from strict compliance with Rule 14.67(6)(i) of the Listing Rules would not create undue risk for the Shareholders and potential investors of the Company.

The Stock Exchange has granted a waiver to the Company from the strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules, on the condition that the Company would disclose the waiver (including details of the waiver application and the alternative disclosures) in the circular. The alternative disclosures including (i) a summary of the tenancy agreements including the monthly rental income; (ii) the estimated gross rental income for the Properties for the Relevant Period; and (iii) an estimate of the expenses for the Properties payable by the Purchaser based on the terms of the respective tenancy agreements is also set out below.

For the preparation of the alternative disclosures, the Company has obtained from the Vendor a copy of the subsisting tenancy agreements for the units in the Properties. For the estimated gross rental income for the Properties for the Relevant Period, the figures have been prepared by the Directors solely based on the tenancy agreements provided by the Vendor and represent an alternative to and do not represent the profit and loss statement of the Properties. Accordingly, it may not give a full picture of the performance of the Properties during the Relevant Periods.

Pursuant to the tenancy agreements, each tenant of the respective Properties is responsible for all water, gas, electricity, management fees, government rates and other utility expenses supplied to the Properties whereas the Vendor, as landlord, is only responsible for (i) the property tax imposed on the respective Properties not exceeding property tax calculated at an annual value equivalent to the total of the rent of the corresponding period of term of each of the tenancy agreements; and (ii) the government rent. Due to the limited information available, the Directors are unable to ascertain whether there were any other expenses such as depreciation, finance costs and tax incurred for the Relevant Period. As such, all the above expenses are not included in the unaudited financial information of the Properties set out below.

Based on the tenancy agreements, a summary of the tenancy agreements including the monthly rental income is as follows:

1. **Unit A, Ground Floor, Jessville Manor and Residential Parking Space No. 8 on LG2 Floor, Jessville Tower**

Residential area:	2,262 sq.ft. of internal saleable area and 234 sq.ft. of garden area
Condition:	Subject to existing tenancy
Terms of tenancy:	2 years commencing on 28 March 2023 and expiring on 27 March 2025 (both days inclusive)
Monthly rent:	HK\$150,000 inclusive of government rates and management fees

2. **Unit B, Ground Floor, Jessville Manor and Residential Parking Space No. 9 on LG2 Floor, Jessville Tower**

Residential area:	2,335 sq.ft. of internal saleable area and 567 sq.ft. of garden area
Condition:	Subject to existing tenancy
Terms of tenancy:	2 years commencing on 1 October 2022 and expiring on 30 September 2024 (both days inclusive)
Monthly rent:	HK\$150,000 inclusive of government rates and management fees

3. **Unit A, 1st Floor, Jessville Manor and Residential Parking Space No. 3 on LG2 Floor, Jessville Tower**

Residential area:	2,248 sq.ft. of internal saleable area
Condition:	Vacant

4. **Unit B, 1st Floor, Jessville Manor and Residential Parking Space No. 26 and 34 on LG3 Floor, Jessville Tower**

Residential area:	2,960 sq.ft. of internal saleable area and 257 sq.ft. of garden area
Condition:	Subject to existing tenancy
Terms of tenancy:	2 years commencing on 17 October 2023 and expiring on 16 October 2025 (both days inclusive)
Monthly rent:	HK\$158,000 inclusive of government rates and management fees

Based on the tenancy agreements, the gross rental income of the Properties during the Relevant Period was as follows:

	For the year ended 2021	For the year ended 2022	For the year ended 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(1) Unit A, Ground Floor, Jessville Manor and Residential Parking Space No. 8 on LG2 Floor, Jessville Tower	N/A	N/A	1,300
(2) Unit B, Ground Floor, Jessville Manor and Residential Parking Space No. 9 on LG2 Floor, Jessville Tower	N/A	416	1,800
(3) Unit A, 1st Floor, Jessville Manor and Residential Parking Space No. 3 on LG2 Floor, Jessville Tower	N/A	N/A	N/A
(4) Unit B, 1st Floor, Jessville Manor and Residential Parking Space No. 26 and 34 on LG3 Floor, Jessville Tower	N/A	N/A	316

Based on the modification letter dated 23 April 2014 in respect of the Properties (the “**Modification Letter**”), the Company, being the legal and beneficial owner of the Properties upon Completion, shall at its own expense provide and maintain an access and a public viewing area at such design, position and level as shall be approved by the Director of Leisure and Cultural Services from 9:00am to 6:00pm daily or such other opening hours may be approved or required by the Secretary for Development free of charge without any interruption for the general public to view and appreciate the Preserved Building. However, as the Properties only constitute part of the units, and that such public viewing area and any relevant maintenance is undertaken by the management company, the Company does not expect to incur any additional expenses in discharging its duties under the Modification Letter.

Based on the information available to the Directors, it is estimated that the monthly expenses of the Properties will be approximately HK\$860,000 comprising of (i) HK\$800,000 being the property tax payable on an annual basis; and HK\$60,000 being the government rent payable on an annual basis.

1. INTRODUCTION

The following is the unaudited pro forma financial information of Shun Ho Property Investments Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), comprising the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2023 and related notes (collectively, the “**Unaudited Pro Forma Financial Information**”).

The Unaudited Pro Forma Financial Information is prepared by the directors of the Company in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants, for the purpose of illustrating the effect of the proposed acquisition of the Properties (the “**Acquisition**”) as described in the section headed “Letter from the Board” in this circular.

The Unaudited Pro Forma Financial Information presented below is prepared to illustrate the consolidated statement of assets and liabilities of the Group as at 31 December 2023 as if the Acquisition had been completed on 31 December 2023.

The Unaudited Pro Forma Financial Information of the Group is based upon the consolidated financial information of the Group for year ended 31 December 2023, which has been derived from the Company’s published annual report for the year then ended, dated 15 March 2024, after taking pro forma adjustments as summarised in the accompanying notes that are clearly shown explained, factually supportable and directly attributable to the Acquisition.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is based on certain assumptions, estimates and current available information. Accordingly, because of its hypothetical nature, it may not give a true picture of the assets and liabilities of the Group had the Acquisition been completed as at the specified date or any other dates.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 December 2023 and other financial information included elsewhere in this circular.

2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE GROUP AS AT 31 DECEMBER 2023

	The Group as at 31 December 2023 HK\$'000 (Note 1)	Pro forma adjustments HK\$'000 (Note 2) HK\$'000 (Note 3)		The Group after acquisition HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,776,307	–	–	4,776,307
Right-of-use asset	23,131	–	–	23,131
Investment properties	4,685,260	215,798	–	4,901,058
Equity instruments at fair value through other comprehensive income	44,865	–	–	44,865
	9,529,563	215,798	–	9,745,361
CURRENT ASSETS				
Inventories	1,761	–	–	1,761
Trade and other receivables	23,630	–	–	23,630
Other deposits and prepayments	12,629	–	–	12,629
Bank balances and cash	334,479	(215,798)	–	118,681
	372,499	(215,798)	–	156,701
CURRENT LIABILITIES				
Trade and other payables and accruals	53,562	–	740	54,302
Rental and other deposits received	7,744	–	–	7,744
Contract liabilities	7,378	–	–	7,378
Refund liabilities	1,754	–	–	1,754
Amount due to an immediate holding company	7,830	–	–	7,830
Amount due to a shareholder	5,088	–	–	5,088
Tax liabilities	34,402	–	–	34,402
Bank loans	131,448	–	–	131,448
	249,206	–	740	249,946
NET CURRENT ASSETS (LIABILITIES)	123,293	(215,798)	(740)	(93,245)
TOTAL ASSETS LESS CURRENT LIABILITIES	9,652,856	–	(740)	9,652,116

	The Group as at 31 December 2023	Pro forma adjustments		The Group after acquisition
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	
CAPITAL AND RESERVES				
Share capital	1,084,887	–	–	1,084,887
Share premium and reserves	6,251,911	–	(740)	6,251,171
	<u>7,336,798</u>	<u>–</u>	<u>(740)</u>	<u>7,336,058</u>
Equity attributable to owners of Company	7,336,798	–	(740)	7,336,058
Non-controlling interests	1,223,238	–	–	1,223,238
	<u>8,560,036</u>	<u>–</u>	<u>(740)</u>	<u>8,559,296</u>
NON-CURRENT LIABILITIES				
Bank loan	891,971	–	–	891,971
Rental deposits received	22,034	–	–	22,034
Deferred tax liabilities	178,815	–	–	178,815
	<u>1,092,820</u>	<u>–</u>	<u>–</u>	<u>1,092,820</u>
	<u>9,652,856</u>	<u>–</u>	<u>(740)</u>	<u>9,652,116</u>

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

- The amounts are extracted from the audited consolidated financial statements of the Group as at the year ended 31 December 2023 as set out in the annual report of the Company for the year ended 31 December 2023.
- The adjustment represents the estimated transaction cost attribute to the Acquisition of approximately HK\$215,798,000 including HK\$207,000,000 of the acquisition consideration and HK\$8,798,000 as stamp duty. The Consideration for the Acquisition is HK\$207,000,000 payable in cash by the Purchaser to the Vendor's solicitors as stakeholder of the Vendor. The terms of payment of the Consideration is as follows:
 - A preliminary deposit in the amount of HK\$10,400,000 payable upon the tender being accepted by the Vendor (i.e. the date of the Letter of Acceptance, being 15 March 2024).

- (ii) A further deposit in the amount of HK\$10,300,000 payable on or before 2 April 2024.
- (iii) HK\$186,300,000 being balance of the Consideration payable by the Purchaser on or before 15 April 2024.

The properties are to be held by the Group to earn rentals under the Rental Agreement and hence is classified as investment properties, which are initially measured at cost and subsequently measured at fair value. Change in fair value of investment properties will be recognized in profit or loss. In preparing the Unaudited Pro Forma Financial Information, the directors of the Company assume the fair value of the Properties as at 31 December 2023 is approximately HKD215,798,000, which is approximately equivalent to the purchase price of the Properties as if the Acquisition had been completed as at 31 December 2023.

- 3. The adjustment represents the estimated transaction costs attributable to the preparation of this Circular of approximately HK\$740,000.
- 4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 2023.
- 5. The unaudited pro forma consolidated statement of financial position contained in the Circular do not constitute the Company's statutory annual consolidated financial statements for the year ended 31 December 2023 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company will deliver the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has yet to report on the financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Shun Ho Property Investments Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shun Ho Property Investments Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2023 and related notes as set out on pages 20 to 23 of the circular issued by the Company dated 21 May 2024 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 20 to 26 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of properties known as Jessville Manor (the "Acquisition") on the Group's financial position as at 31 December 2023 as if the Acquisition had taken place at 31 December 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2023, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 21 May 2024

The following is the text of a letter, and valuation certificate, prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent valuer, in connection with its valuation as at 11 April 2024 of the Properties acquired by Miluda Limited.



27/F One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

21 May 2024

The Directors
Shun Ho Property Investments Limited
Shun Ho Holdings Limited
3/F, Shun Ho Tower
24-30 Ice House Street
Central
Hong Kong

Dear Sirs,

Re: Units A and B on Ground Floor, Units A and B on 1st Floor, Jessville Manor and Residential Parking Space Nos. 3, 8 and 9 on LG2 Floor and Nos. 26 and 34 on LG3 Floor, Jessville Tower, Jessville, No. 128 Pok Fu Lam Road, Pok Fu Lam, Hong Kong (the “Properties”)

INSTRUCTIONS, PURPOSE & VALUATION DATE

We refer to the instructions from Shun Ho Property Investments Limited and Shun Ho Holdings Limited and/or its subsidiaries (together the “**Group**”) for us to carry out a valuation of the Properties which the Group has contracted to acquire. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the Properties as at 11 April 2024 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We confirm that our valuation complies with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 Edition issued by the Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

METHOD OF VALUATION

We have valued the Properties by Income Approach by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary income potential of the Properties and as well as making cross reference to comparable sales transactions as available in the market.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of property, particulars of occupancy, floor plans, floor areas, number of parking spaces and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the Properties but have caused searches to be made at the Land Registry and such searches did not reveal any options or rights of pre-emption concerning or affecting the Properties. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Our Terrence Lai who is a member of the Hong Kong Institute of Surveyors inspected the exterior of the Properties on 8 April 2024. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

CONFIRMATION OF INDEPENDENCE

We hereby confirm that Cushman & Wakefield Limited and the undersigned have no pecuniary or other interest that could conflict with the proper valuation of the Properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We enclose herewith our valuation report for your attention.

Yours faithfully,

For and on behalf of

Cushman & Wakefield Limited

K.B. Wong

MRICS, FHKIS, RPS(GP)

Executive Director

Valuation & Advisory Services, Hong Kong

Note: Mr. K.B. Wong is a Member of the Royal Institution of Chartered Surveyors, a Fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor who has 40 years of experience in the professional property valuation and advisory in Hong Kong. Mr. Wong has sufficient knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Properties	Description and tenure	Particulars of occupancy	Market value in existing state as at 11 April 2024
<p>Units A and B (including the Verandah and Garden thereof) on Ground Floor, Unit A (including the Verandah thereof) and Unit B (including the Verandah and Flat Roof thereof) on 1st Floor, Jessville Manor and Residential Parking Spaces Nos. 3, 8 and 9 on LG2 Floor and Nos. 26 and 34 on LG3 Floor, Jessville Tower, Jessville, No. 128 Pok Fu Lam Road, Pok Fu Lam, Hong Kong</p>	<p>The Properties comprise 4 residential units of a 2-storey residential building named as Jessville Manor plus a total of 5 car parking spaces on LG2 and LG3 Floors at Jessville Tower. The Properties were completed in around 1931 which is in the age of around 93 years.</p> <p>The total saleable area of the Properties is approximately 9,805 sq.ft. (910.91 sq.m.). The Properties also have two gardens with a total area of 801 sq.ft. (74.41 sq.m.) and a flat roof of 257 sq.ft. (23.88 sq.ft.).</p>	<p>Except a unit with a saleable area of 2,248 sq.ft. (208.84 sq.m.) which is vacant, the Properties are subject to three tenancies with the latest tenancy due to expire on 16 October 2025 at a total monthly rent of HK\$458,000, inclusive of rates, government rent and management fees. Those tenancies are without any rent review provisions.</p>	<p>HK\$207,000,000 (HONG KONG DOLLARS TWO HUNDRED AND SEVEN MILLION)</p>
<p>985/5279th shares of and in Rural Building Lot No. 324</p>	<p>The locality of the Properties is served by public transport services and characterized by residential developments of various ages.</p> <p>The Properties are held from the Government under Government Lease for a term of 75 years from 2 September 1929 and renewed for 75 years. The total current Government rent payable for the lot is HK\$615,276 per annum.</p>		

Notes:

- (1) The registered owner of the Properties is Samsbury Investments Limited.
- (2) The Properties are subject to a Modification Letter vide Memorial No. 14042401030038 dated 23 April 2014 (Re: from District Lands Officer/Hong Kong West and South). The whole of the document should be noted but the following extracted conditions are of particular relevance:-

Modification Letter dated 23 April 2014

- 10 (a) The Lessee shall not without the prior written approval of the Director of Leisure and Cultural Services (hereinafter referred to as “the said Director”) alter, interfere with, remove or demolish the building existing on the said piece or parcel of ground shown edged red on the plan marked “PLAN B” annexed hereto (which existing building is hereinafter referred to as “the Preserved Building”) or any part thereof.
 - (b) The Lessee shall at his own expense prepare and submit a Conservation Management Plan (hereinafter referred to as “CMP”) for the conservation of the Preserved Building to the said Director for approval in writing prior to the commencement of any alteration works to the Preserved Building and implement the works to the Preserved Building in accordance with the approved CMP to the satisfaction of the said Director.
 - (g) The Lessee shall at his own expense provide and maintain an access and a public viewing area at such design, position and level as shall be approved by the said Director from 9:00am to 6:00pm daily or such other opening hours as may be approved or required by the Secretary for Development free of charge without any interruption for the general public to view and appreciate the Preserved Building. The public viewing area shall be of 3 square metres and if on demand of the general public so requires be extended to 12 square metres, and shall be fenced by a circular gate. The Lessee shall provide barrier free access to persons with disability on daily basis if so requested for and by prior appointment.
 - (h) In addition to his obligations under sub-clause (g) above, the Lessee shall at his own expense provide an access to the said piece or parcel of ground at such position and level as shall be approved in writing by the Secretary for Development up to the location as shown and marked by a blue line on the plan marked “PLAN B” annexed hereto outside the Preserved Building for two days a year from 9:00am to 6:00pm or such other opening arrangement as may be approved or required by the Secretary for Development free of charge without any interruption for the general public by prior appointment to view and appreciate the Preserved Building.
- (3) The Properties are subject to a Debenture and Mortgage in favour of The Bank of East Asia, Limited for a consideration of HK\$834,000,000 vide Memorial No. 14051202330198 dated 14 April 2014 (Re: RBL 324).
 - (4) The Properties are subject to a Supplement to Debenture and Mortgage in favour of The Bank of East Asia, Limited vide Memorial No. 20050601910021 dated 28 April 2020 (Re: RBL 324).
 - (5) The Properties are subject to a Second Supplement to Debenture and Mortgage in favour of The Bank of East Asia, Limited vide Memorial No. 23090501970065 dated 14 August 2023 (Re: RBL 324).
 - (6) The Properties are zoned for Residential (Group C) use under Draft Pok Fu Lam Outline Zoning Plan No.S/H10/22.
 - (7) The major parameters used in our valuation are as below:-

Market rent	:	HK\$48 per sq.ft. (saleable area)
Capitalization rate	:	2.75%

We have adopted the market rent of HK\$48 per sq.ft (on saleable area) at a net rent basis (after deducting the outgoings, such as management fee, rates and Government rent). Such market rent is made by the reference of the existing passing rent (at net rent basis) in which the unit rents are in between around HK\$41 to HK\$54 and the average unit rent is about HK\$48.

On the other hand, we adopted the capitalization at 2.75% which is estimated by reference to the yields generally expected by the market for comparable properties of domestic use type. The adopted capitalization rate implicitly reflects the type and quality of the Properties, and is, in our opinion, reasonable and in line with the market norm having regard to the analysed yields of comparable of the relevant use type.

- (8) We have selected 3 recent residential transactions in the market which the areas of the comparable are over 1,000 sq.ft., all situated in the same locality of the Properties and all transacted in 2024. The transacted unit rates of the comparable are in the range of around HK\$23,400 to HK\$25,000 per sq.ft. (on saleable area). In our valuation, we have taken into account the factors of location, building age, size, floor, view and time etc. to reflect the differences between the Properties and the comparable transactions. The unit rates after the downward adjustment of about 14% to 15% are in between HK\$20,000 to HK\$21,100 per sq.ft. and we adopted the average adjusted unit rate at HK\$20,800 per sq.ft. (on saleable area) in our valuation. As mentioned in Note (7) above, the adopted unit rent is HK\$48 per sq.ft. (saleable area) and the capitalization rate is 2.75%. In arriving the market value by Income Approach, the calculation of the market unit rate is $\text{HK\$48} \times 12(\text{months}) / 2.75\%$ which equal to HK\$20,900. Such unit rate is in line with the market unit rate by Direct Comparison Approach of HK\$20,800.
- (9) The presence of the Modification Letter dated 23 April 2014 and the Debenture and Mortgage in favour of The Bank of East Asia, Limited will not affect the valuation of the Properties.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (“SFO”)) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in appendix C3 of the Listing Rules, were as follows:

(i) *The Company*

Name of Director	Capacity	Nature of Interests	Number of Shares/ Underlying Shares held	Approximately % of shareholding
William Cheng Kai Man	Beneficial owner and interest of controlled corporations	Personal and corporate	385,395,999 (Note)	66.48

Note: Omnico Company Inc. (“Omnico”), Mercury Fast Limited (“Mercury Fast”) and Trillion Resources (HK) beneficially owned 281,904,489 shares of the Company (the “Shares”) (48.63%), 68,139,510 Shares (11.75%) and 33,642,000 Shares (5.80%) respectively. Mr. William Cheng Kai Man had controlling interests in these companies. In addition, Mr. William Cheng Kai Man beneficially owned 1,710,000 Shares (0.29%). All the above interests in the Shares are long position.

(ii) *Interests in associated corporations (within the meaning of Part XV of the SFO) of the Company*

Name of Director	Name of Associated Corporation	Capacity	Nature of Interests	Number of Shares/ Underlying Shares held	Approximately % of Shareholding
William Cheng Kai Man	MHI (Note 1)	Interest of controlled corporations	Corporate	6,360,585,437	71.09
William Cheng Kai Man	SHH (Note 2)	Beneficial owner and interest of controlled corporations	Personal and Corporate	226,454,825	74.40
William Cheng Kai Man	Trillion Resources (BVI) (Note 3)	Beneficial owner	Personal	2	100

Notes:

1. Magnificent Hotel Investments Limited (“MHI”), the Company’s subsidiary, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
2. SHH, the Company’s holding company, is a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange.
3. Trillion Resources (BVI), the Company’s ultimate holding company, is a company incorporated in the British Virgin Islands.
4. All the above interests in the shares of the associated corporations are long position.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be entered in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and none of the Directors or their associates or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company or associated corporations, or had exercised any such right.

Substantial Shareholders

So far as is known by or otherwise notified by any Director and chief executive of the Company, as at the Latest Practicable Date, the particulars of the corporations or individuals (not being Directors or chief executive of the Company), had an interest and/or short position in the Shares or underlying Shares (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or was otherwise interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Capacity	Number of Shares/ underlying Shares held	Approximately % of shareholding
Mercury Fast (Note 1)	Beneficial owner	68,139,510	11.75
MHI (Note 1)	Interest of controlled corporations	68,139,510	11.75
Omnico (Note 2)	Beneficial Owner and Interest of controlled corporations	350,043,999	60.38
SHH (Note 3)	Interest of controlled corporations	383,685,999	66.18
Trillion Resources (BVI) (Note 3)	Interest of controlled corporations	383,685,999	66.18
Trillion Resources (HK) (Note 3)	Beneficial owner	33,642,000	5.80
Liza Lee Pui Ling (Note 4)	Interest of Spouse	385,395,999	66.48
Credit Suisse Trust Limited (Note 5)	Interest of controlled corporations	63,379,591	10.93
Hashim Majed Hashim A. (Note 5)	Interest of controlled corporations	63,379,591	10.93
North Salomon Limited (Note 5)	Interest of controlled corporations	63,379,591	10.93
Saray Capital Limited (Note 5)	Interest of controlled corporations	63,379,591	10.93
Saray Value Fund SPC (Note 5)	Beneficial owner and interest in person acting in concert	63,379,591	10.93
Hashim Ahmed Hashim A. (Note 5)	Beneficial owner and interest in person acting in concert	63,379,591	10.93
Shobokshi Hussam Ali H. (Note 5)	Interest of controlled corporations	63,379,591	10.93

Notes:

1. Mercury Fast is a wholly-owned subsidiary of MHI.
2. Omnico beneficially owned 281,904,489 Shares and was taken to be interested in 68,139,510 Shares held by Mercury Fast which was owned as to 100% by MHI, which was in turn owned as to 71.09% by the Group, the Company was in turn directly and indirectly owned as to 60.38% by Omnico.
3. Both Omnico and Trillion Resources (HK) are direct wholly-owned subsidiaries of SHH, which is in turn directly and indirectly owned as to 71.20% by Trillion Resources (BVI), which is in turn wholly-owned by Mr. William Cheng Kai Man. Since Trillion Resources (HK) beneficially owned 33,642,000 Shares (5.80%), SHH and Trillion Resources (BVI) were taken to be interested in 383,685,999 Shares (66.18%) by virtue of their direct or indirect interests in Omnico and Trillion Resources (HK).
4. Madam Liza Lee Pui Ling was deemed to be interested in 385,395,999 Shares (66.48%) by virtue of the interest in such Shares of her spouse, Mr. William Cheng Kai Man, a director of the Company.
5. Hashim Ahmed Hashim A. beneficially held 746,346 Shares. Saray Value Fund SPC (“**Saray Value Fund**”), a wholly-owned subsidiary of Saray Capital Limited, beneficially held 62,633,245 Shares. Saray Value SPV Asia I disposed of 746,346 Shares and ceased to be a concert part on 14 April 2022. Since Hashim Ahmed Hashim A. and Saray Value Fund are concert parties to an agreement to buy shares under section 317 (1)(a) of SFO, they are deemed to have interest in the Shares held by the other concert parties. Saray Capital Limited was held by Shobokshi Hussam Ali H. as to 26.76% and Hashim Majed Hashim A. as to 50%. Therefore, the total number of Shares in which Hashim Ahmed Hashim A., Saray Value Fund, Saray Capital Limited, Shobokshi Hussam Ali H. and Hashim Majed Hashim A. were interested under Sections 317 and 318 of SFO was 63,379,591 Shares.

Saray Value Fund is held by North Salomon Limited as to 67.40%. North Salomon Limited is held by Credit Suisse Trust Limited as to 100%. Therefore, the total number of Shares in which North Salomon Limited and Credit Suisse Trust Limited were interested under Sections 317 and 318 of SFO was 63,379,591 Shares (10.93%).

6. All the above interests are long position.

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, no other person (other than the Directors and chief executives) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates, was interested in any business (apart from the Group’s business) which competes or is likely to compete either directly or indirectly with the Group’s business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACT OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the directors had any existing or was proposing to enter into any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

6. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

8. MATERIAL CONTRACTS

The following contract (being a contract entered into outside the ordinary course of business carried on by the Company and its subsidiaries) has been entered into by members of the Company and its subsidiaries within the two years immediately preceding the date of this circular:

- (a) the Formal Sale and Purchase Agreement.

9. CONSENTS

Cushman & Wakefield Limited and Deloitte Touche Tohmatsu had given and have not withdrawn their respective written consent to the inclusion of their respective report(s) in this circular with references to their respective names in form and context in which they appear.

10. QUALIFICATION OF EXPERTS

The followings are the qualification of the experts who have given opinion or advice, contained in this circular:

Name	Qualifications
Cushman & Wakefield Limited	Professional Valuer
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, Cushman & Wakefield Limited and Deloitte Touche Tohmatsu did not have any holding, directly or indirectly, of any securities in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities of any member of the Group.

As at the Latest Practicable Date, Cushman & Wakefield Limited and Deloitte Touche Tohmatsu did not have any direct or indirect interests in any assets which since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

11. GENERAL

- (a) The registered office of the Company is situated at 3rd Floor, Shun Ho Tower, 24-30 Ice House Street, Central, Hong Kong.
- (b) The share registrar of the Company is Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The secretary of the Company is Ms. Koo Ching Fan, an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and a fellow member of the Association of Chartered Certified Accountants. Ms. Koo is also a holder of the Practitioner's Endorsement issued by the Hong Kong Chartered Governance Institute.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange website (<http://www.hkexnews.hk>) and the Company's website (<http://www.shunho.com.hk/shpi/>) up to and including the date which is 14 days from the date of this circular:

- (a) this circular;
- (b) the letter of consent referred to in the section headed "Consents" in this appendix;
- (c) the report from Deloitte Touche Tohmatsu on the unaudited pro forma statement of assets and liabilities, the text of which is set out in Appendix III to this circular;
- (d) the property valuation report of Cushman & Wakefield Limited in respect of the Properties, the text of which is set out in Appendix IV to this circular; and
- (e) the material contracts referred to in the paragraph headed "Material Contracts" above.