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**SHUN HO PROPERTY  
INVESTMENTS LIMITED**  
(incorporated in Hong Kong with  
limited liability)  
(Stock Code: 219)

**Major Transaction  
and  
Connected Transaction**



**SHUN HO HOLDINGS LIMITED**  
(incorporated in Hong Kong with  
limited liability)  
(Stock Code: 253)

**Very Substantial Acquisition  
and  
Connected Transaction**

**JOINT ANNOUNCEMENT  
ACQUISITION OF INTEREST IN  
ENHANCE INVEST INC.**

**THE ACQUISITION**

The respective Boards of Shun Ho Property and Shun Ho Holdings are pleased to announce that on 17 February 2017 (after trading hours), the Purchaser (a wholly-owned subsidiary of Shun Ho Property) and the Vendor (a wholly-owned subsidiary of Henderson Land and a deemed connected person of the Company) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company, together with the Sale Loan. The Consideration shall be HK\$1 billion, subject to adjustment, which shall be satisfied by cash payment by the Purchaser to the Vendor in the manner as set out in this Agreement. The Target Company owns 100% interest in Conradion which is the legal and beneficial owner the Property.

Upon Completion, the Target Company will become a wholly-owned subsidiary of Shun Ho Property and the financial results of the Target Group will be consolidated into the financial statements of the SHP Group and the SHH Group.

### **IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for Shun Ho Holdings under the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 25% but below 100%, the Acquisition constitutes a major transaction for the Shun Ho Property under the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Dr. Lee is interested in approximately 73.08 % of Henderson Land which indirectly owns 100% interest in the Vendor. Mr. Cheng, the Chairman and an executive director and the controlling shareholder of each of Shun Ho Holdings and Shun Ho Property, is the son-in-law of Dr. Lee. The Vendor is thus a deemed connected person of both Shun Ho Holdings and Shun Ho Property under Rule 14A.21 of the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction for each of Shun Ho Holdings and Shun Ho Property under Chapter 14A of the Listing Rules and is subject to the approval of the SHH Independent Shareholders at the SHH EGM and the SHP Independent Shareholders at the SHP EGM, respectively.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing, has been established to consider the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and to advise the SHH Independent Shareholders and the SHP Independent Shareholders as to whether the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Shun Ho Holdings and Shun Ho Property and their shareholders as a whole, respectively. An independent financial adviser will be appointed to advise the Independent Board Committee and the SHH Independent Shareholders and SHP Independent Shareholders in this regard.

## **GENERAL**

The SHH EGM will be convened and held for the SHH Independent Shareholders to consider and, if thought fit, approve the Acquisition. A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information of the Target Group; (iii) the property valuation report on the Property by an independent professional valuer to be engaged by the Purchaser; and (iv) the notice convening the SHH EGM and a proxy form, is expected to be despatched to the shareholders of SHH on or before 28 April 2017.

The SHP EGM will be convened and held for the SHP Independent Shareholders to consider and, if thought fit, approve the Acquisition. A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information of the Target Group; (iii) the property valuation report on the Property by an independent professional valuer to be engaged by the Purchaser; and (iv) the notice convening the SHP EGM and a proxy form, is expected to be despatched to the shareholders of SHP on or before 28 April 2017.

## **WARNING**

**COMPLETION OF THE ACQUISITION IS SUBJECT TO THE FULFILMENT OF THE CONDITIONS PRECEDENT TO THE SALE AND PURCHASE AGREEMENT WHICH ARE SET OUT IN THE SECTION HEADED “CONDITIONS PRECEDENT” OF THIS ANNOUNCEMENT. THE ACQUISITION MAY OR MAY NOT PROCEED. SHAREHOLDERS OF SHUN HO HOLDINGS AND SHUN HO PROPERTY AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF SHUN HO HOLDINGS AND SHUN HO PROPERTY.**

## **THE ACQUISITION**

The respective Boards of Shun Ho Property and Shun Ho Holdings are pleased to announce that on 17 February 2017 (after trading hours), the Purchaser (a wholly-owned subsidiary of Shun Ho Property) and the Vendor (a wholly-owned subsidiary of Henderson Land and a deemed connected person of the Company) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company, together with the Sale Loan. The Consideration shall be HK\$1 billion, subject to adjustment, which shall be satisfied by cash payment by the Purchaser to the Vendor in the manner as set out in this Agreement. The Target Company owns 100% interest in Conradion which is the legal and beneficial owner of the Property.

The principal terms of the Sale and Purchase Agreement are set out below:

## **THE SALE AND PURCHASE AGREEMENT**

**Date:** 17 February 2017

**The Vendor:** Kingslee S.A.

**The Purchaser:** Houston Venture Limited

**The Purchaser's Guarantor:** Shun Ho Property guaranteeing the due performance and discharge by the Purchaser of its obligations under the Sale and Purchase Agreement

**Assets to be Acquired:** the entire issued share capital of Enhance Invest Inc. and the Sale Loan owed by Conradion to the Vendor

**Consideration:** the total consideration payable by the Purchaser to the Vendor for the transfer of the Sale Shares and the assignment of the Sale Loan shall be the Agreed Acquisition Value, namely HK\$1 billion, (subject to adjustments based on the net assets value of the Target Company upon Completion on excluding the Property, the Sale Loan and deferred tax assets and liabilities etc.) and is payable as follow:

- (i) HK\$100,000,000 as the deposit upon signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance will be paid upon on Completion

**Completion:** the date falling on the (two) 2 months after all the conditions are fulfilled (or such other date as the Vendor and the Purchaser may agree in writing)

### **Basis of the Consideration**

The Consideration was determined after arm's length negotiation between the parties to the Sale and Purchase Agreement, taking into account, among other things, (a) the quality and size of the Property; (b) the re-building potential of the Property; (c) the unaudited net asset value of the Target Group as at 31 December 2016; and (d) the carrying value of the Property in the financial statements of the Target Group equal to the valuation of the Property by adopting the market approach of HK\$1,000,000,000 as at 31 December 2016 valued by an independent professional valuer engaged by Henderson Land for annual financial reporting purposes.

### **Conditions precedent to Completion**

Completion of the sale and purchase of the Sale Shares and the Sale Loan under the Sale and Purchase Agreement is conditional upon the following Conditions being satisfied:

- (a) the independent shareholders of Shun Ho Holdings having approved the entering into and the performance of the Sale and Purchase Agreement by the Purchaser and Shun Ho Property and the transactions contemplated thereunder; and
- (b) the independent shareholders of Shun Ho Property having approved the entering into and the performance of the Sale and Purchase Agreement by the Purchaser and Shun Ho Property and the transactions contemplated thereunder.

The Purchaser undertakes to use all reasonable endeavours to procure the fulfillment of the Conditions at the Purchaser's own costs and expenses by the Long Stop Date. Shun Ho Property shall procure that shareholders meeting of Shun Ho Holdings and its own be convened as soon as practicable after the date of the Sale and Purchase Agreement for the purposes of seeking approval from the respective independent shareholders of Shun Ho Holdings and Shun Ho Property the entering into and the performance of the Sale and Purchase Agreement by the Purchaser and Shun Ho Property and the transactions contemplated hereunder, by the Long Stop Date. None of the Conditions can be waived by any party to the Sale and Purchase Agreement.

If on or before 5:30 p.m. on the Long Stop Date, any of the Conditions have not been fulfilled, then the Vendor may at any time thereafter, in addition to and without prejudice to all other accrued rights or remedies available to it, terminate the Sale and Purchase Agreement by so notifying the other parties to the Sale and Purchase Agreement in writing.

### **Completion**

Completion shall take place the date falling on the (two) 2 months after all the Conditions are fulfilled (or such other date as the Vendor and the Purchaser may agree in writing).

## **INFORMATION ON THE TARGET GROUP**

### **The business of the Target Group**

The Target Company is an investment holding company whose principal asset is 100% interest in Conradion. The principal asset of Conradion is the Property which is located at No.88 Chun Yeung Street, North Point, Hong Kong and known as Newton Inn. The Property has a site area of 9,557 sq. ft. and an approval building plan area of 143,342 sq. ft. The Property houses 317 guest rooms with food and beverage and swimming pool facilities.

### **Financial information of the Target Group**

Set out below is the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2015 and 2016 (assuming that the members of the Target Group were consolidated throughout the relevant periods):

	<b>For the year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Revenue	18,000	18,000
(Loss)/Profit before tax	(78,376)	250,270
(Loss)/Profit after tax	(80,325)	248,431

The unaudited consolidated profit or loss before tax and after tax of the Target Group for each of the two years ended 31 December 2016 was arrived at after taking into account changes in fair value in investment properties of an increase of approximately HK\$239,302,100 in 2015 and a decrease of approximately HK\$90,348,300 in 2016, respectively.

According to the unaudited financial information of the Target Group at 31 December 2016, the adjusted net asset value of the Target Group (excluding the amount due to the Henderson Land Group which will be treated as the Sale Loan and deferred tax liabilities which shall be excluded for calculation of the net asset value of the Target Company for adjustment to the Consideration) as of 31 December 2016 was approximately HK\$ 999,900,000. The Property was developed by the Target Group in 1999 with an aggregate land and construction costs of approximately HK\$392,014,000. All information relating to the Target Group, including information relating to its business and its financial information, as disclosed in this announcement has been provided by the Vendor and is subject to the audited financial statements of the Target Group.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Property has an approved floor area 143,342 sq. ft. and currently houses 317 guest rooms with food and beverage and swimming pool facilities. The Consideration of HK\$1 billion represents approximately HK\$6,900 per sq. ft. or HK\$3.1 million per room only. The Directors consider the low acquisition unit price presents an extremely attractive investment opportunity to acquire a large scale property located in the busiest retail, commercial and tourism area of the fast developing and bustling commercial district of North Point.

Shun Ho Property does not intend to run the hotel business being operated in the Property itself but will seek to lease the Property to a hotel operator for a medium term. Because of its excellent location for retail, commercial and entertainment, the management of Shun Ho Property has a long-term plan to convert or rebuild the superstructure for a first class retail commercial building with an area of 143,342 sq. ft. at appropriate time for long term investment. With this long term plan of commercial building redevelopment, the Boards consider it more appropriate for Shun Ho Property to make the Acquisition rather than through its listed subsidiary, Magnificent Hotel which focuses on the investment and operation of hotels so as to maintain clear delineation of businesses between Shun Ho Property and Magnificent Hotel.

The Directors consider the Acquisition, the Consideration for which is almost equal to today's construction replacement cost, not only offers stable recurring income for the short and medium terms but also provides future substantial capital gain potential for conversion or rebuilding into first class commercial building.

Shun Ho Property will fund the Acquisition through internally resources and bank borrowings. Shun Ho Property and Shun Ho Holdings **will not** raise fund by way of equity financing to fund the Acquisition.

Based on the reasons and consideration set out above, the Directors are of the view that the Acquisition is in the interests of each of Shun Ho Holdings and Shun Ho Property their respective shareholders as a whole, and the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of each of Shun Ho Holdings and Shun Ho Property their respective shareholders as a whole. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save and except for Mr. Cheng who was deemed to be materially interested in the Acquisition through the interest of his father-in-law, Dr. Lee in the Vendor and therefore, Mr. Cheng had abstained from voting on the relevant Board resolutions of Shun Ho Holdings and Shun Ho Property approving the Acquisition, none of the other Directors was in any way materially interested in the Acquisition.

## **INFORMATION ON THE PARTIES TO THE SALE AND PURCHASE AGREEMENT**

### **The Purchaser and the Shun Ho Group**

The Purchaser is a limited liability company established in the British Virgin Islands and a direct wholly-owned subsidiary of Shun Ho Property, and is principally engaged in investment holding.

Shun Ho Property is principally an investment holding company. Through its subsidiaries, including Magnificent Hotel, the SHP Group is principally engaged in property investment, property development and leasing, investment in and operation of hotels.

Shun Ho Holdings is principally an investment holding company. Through its major subsidiaries, Shun Ho Property and Magnificent Hotel, the SHH Group is principally

engaged in property investment, property development and leasing, investment in and operation of hotels.

For the reasons set out above, each of the Shun Ho Property and Shun Ho Holdings Boards believe that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders of Shun Ho Property and Shun Ho Holdings as a whole.

### **The Vendor and Henderson Land**

The Vendor, a company incorporated in the Republic of Panama with limited liability, is a wholly-owned subsidiary of Henderson Land. The Vendor is principally engaged in investment holding and its principal asset is the 100% interest in Conradion.

Henderson Land is a company incorporated in Hong Kong and its shares are listed on the Main Board of the Stock Exchange. Henderson Land is an investment holding company and the principal activities of its subsidiaries are property development and investment, construction, hotel operation, finance, department store operation, project management, investment holding and property management.

### **IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for Shun Ho Holdings under the Listing Rules, and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 25% but below 100%, the Acquisition constitutes a major transaction for Shun Ho Property under the Listing Rules, and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Dr. Lee is interested in approximately 73.08% of Henderson Land which indirectly owns 100% interest in the Vendor. Mr. Cheng, the Chairman and an executive director and the controlling shareholder of each of Shun Ho Holdings and Shun Ho Property, is the son-in-law of Dr. Lee. The Vendor is thus a deemed connected person of both Shun Ho Holdings and Shun Ho Property under Rule 14A.21 of the Listing Rules. Therefore, the Acquisition also constitutes a connected transaction for each of Shun Ho Holdings and Shun Ho Property under Chapter 14A of the Listing Rules and is subject to the approval of the SHH Independent Shareholders at the SHH EGM and the SHP Independent Shareholders at the SHP EGM, respectively.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing, has been established to consider the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and to advise the SHH Independent Shareholders and the SHP Independent Shareholders as to whether the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Shun Ho Holdings and Shun Ho Property and their shareholders as a whole, respectively. An independent financial adviser will be appointed to advise the Independent Board Committee and the SHH Independent Shareholders and SHP Independent Shareholders in this regard.

## **GENERAL**

The SHH EGM will be convened and held for the SHH Independent Shareholders to consider and, if thought fit, approve the Acquisition. A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information of the Target Group; (iii) the property valuation report on the Property by an independent professional valuer to be engaged by the Purchaser; and (iv) the notice convening the SHH EGM and a proxy form, is expected to be despatched to the shareholders of SHH on or before 28 April 2017 as more time is needed to prepare the financial reports of the Target Group.

The SHP EGM will be convened and held for the SHP Independent Shareholders to consider and, if thought fit, approve the Acquisition. A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information of the Target Group; (iii) the property valuation report on the Property by an independent professional valuer to be engaged by the Purchaser; and (iv) the notice convening the SHP EGM and a proxy form, is expected to be despatched to the shareholders of SHP on or before 28 April 2017 as more time is needed to prepare the financial reports of the Target Group.

## WARNING

**COMPLETION OF THE ACQUISITION IS SUBJECT TO THE FULFILMENT OF THE CONDITIONS PRECEDENT TO THE SALE AND PURCHASE AGREEMENT WHICH ARE SET OUT IN THE SECTION HEADED “CONDITIONS PRECEDENT” OF THIS ANNOUNCEMENT. THE ACQUISITION MAY OR MAY NOT PROCEED. SHAREHOLDERS OF SHUN HO HOLDINGS AND SHUN HO PROPERTY AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF SHUN HO HOLDINGS and SHUN HO PROPERTY.**

### Definitions

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

“Acquisition”	the acquisition of the Sale Shares and Sale Loan from the Vendor by the Purchaser
"Agreed Acquisition Value"	HK\$1,000,000,000, being the value attributed to the Property (and all those fixtures and fittings affixed to, and plants and equipment in the Property which should be free from Encumbrances) as agreed between the Vendor and the Purchaser
“associate”	has the meaning ascribed to it under the Listing Rules
“Boards”	collectively the board of Directors of Shun Ho Property and Shun Ho Holdings
“Conradion”	Conradion Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Vendor
‘Conditions’	means the conditions precedent to Completion, as more particularly set out under the section headed “Conditions precedent to Completion” of this announcement

“Consideration”	means the aggregate consideration of HK\$1,000,000,000 (subject to adjustment) for the sale and purchase of Sale Shares and Sale Loan pursuant to the Sale and Purchase Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Completion”	the completion of the sale and purchase of the Sale Shares and Sale Loan pursuant to the terms and conditions of the Sale and Purchase Agreement
“Directors”	director(s) of Shun Ho Holdings and/or Shun Ho Property
“Dr. Lee”	Dr. The Honourable Lee Shau Kee, GBM, the Chairman, a director and controlling shareholder of Henderson Land
“Henderson Land”	Henderson Land Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 12)
“Henderson Land Group”	means Henderson Land and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Houston Venture Limited” or the “Purchaser”	Houston Venture Limited, a company incorporated in British Virgin Islands with limited liability, a wholly-owned subsidiary of Shun Ho Property as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Kingslee S.A.” or the “Vendor”	Kingslee S.A., a company incorporated in the Republic of Panama

“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	17 August 2017 (or such later date(s) as may be agreed in writing between the Vendor and the Purchaser)
“Magnificent Hotel”	Magnificent Hotel Investments Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 201)
“Mr. Cheng”	Mr. William Cheng Kai Man, Chairman, a director and controlling shareholder of each of Shun Ho Holdings and Shun Ho Property
“Property”	No.88 Chun Yeung Street, North Point, Hong Kong and known as Newton Inn
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 February 2017 entered into between Kingslee S.A. as vendor and Houston Venture Limited as purchaser
“Sale Loan”	the aggregate amount then outstanding and owing by Conradion to the Vendor as at Completion
“Sale Shares”	2 shares of US\$1.00 each in the Target Company, representing the entire issued share capital of the Target Company
“SHH EGM”	means an extraordinary general meeting of Shun Ho Holdings to be convened to approve, among other matters (if any), the Sale and Purchase Agreement
“SHH Group”	means Shun Ho Holdings and its subsidiaries
“SHH Independent Shareholders”	means shareholders of Shun Ho Holdings other than Mr. Cheng and his associates

“SHP EGM”	means an extraordinary general meeting of Shun Ho Property to be convened to approve, among other matters (if any), the Sale and Purchase Agreement
“SHP Group”	means Shun Ho Property and its subsidiaries
“SHP Independent Shareholders”	means shareholders of Shun Ho Property other than Mr. Cheng and his associates
“Shun Ho Holdings”	Shun Ho Holdings Limited, a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (Stock Code: 253)
“Shun Ho Property”	Shun Ho Property Investments Limited, a public limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (Stock Code: 219)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Enhance Invest Inc., a company incorporated in BVI with limited liability
“Target Group”	The Target Company and its subsidiary
“%”	per cent

By order of the board of directors of

**Shun Ho Holdings Limited**

**William Cheng Kai Man**

*Chairman*

By order of the board of directors of

**Shun Ho Property Investments Limited**

**William Cheng Kai Man**

*Chairman*

Hong Kong, 17 February 2017

*As at the date of this announcement, the Boards of each of Shun Ho Property Investments Limited and Shun Ho Holdings Limited comprise comprises six Directors, of which two are Executive Directors, namely Mr. William Cheng Kai Man and Mr. Albert Hui Wing Ho and one is Non-executive Director, namely Madam Mabel Lui Fung Mei Yee; and three are Independent Non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing.*