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**MAGNIFICENT HOTEL  
INVESTMENTS LIMITED**

(incorporated in Hong Kong with  
limited liability)  
(Stock Code: 201)



**SHUN HO TECHNOLOGY  
HOLDINGS LIMITED**

(incorporated in Hong Kong  
with limited liability)  
(Stock Code: 219)



**SHUN HO RESOURCES  
HOLDINGS LIMITED**

(incorporated in Hong Kong  
with limited liability)  
(Stock Code: 253)

**MAJOR  
TRANSACTION**

**MAJOR  
TRANSACTION**

**VERY SUBSTANTIAL  
ACQUISITION**

**JOINT ANNOUNCEMENT  
ACQUISITION OF PROPERTY  
AND  
RESUMPTION OF TRADING**

**THE ACQUISITION**

The Boards are pleased to announce that the Purchaser, a direct wholly-owned subsidiary of MHI, had on 23 June 2016 entered into the Purchase Agreement with the Vendor pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to buy the Property for a consideration of GBP70,300,000 (equivalent to approximately HK\$731,120,000).

MHI, SHT and SHR are all listed on the Stock Exchange. SHR controls approximately 62.02% of SHT, which in turn controls approximately 71.09% of MHI.

For SHR, since one of applicable percentage, ratio in respect of the Acquisition exceeds 100%, the Acquisition contemplated under the Purchase Agreement constitutes a very substantial acquisition under the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Acquisition shall be subject to approval by SHR Shareholders in general meeting.

Since none of Trillion Resources BVI (which hold 154, 006,125 SHR Shares, representing approximately 50.60% of the total issued SHR Shares) and its associates have any interest in the Acquisition which is different from that of other SHR Shareholders, Trillion Resources BVI is not required to abstain from voting in the SHR EGM on the resolutions approving the Acquisition. And Trillion Resources BVI has irrevocably undertaken to SHR that it will vote for the resolutions approving the Acquisition at the SHR EGM.

Since one of the applicable percentage ratios for the Acquisition exceeds 25% but below 100%, the Acquisition as contemplated by the Purchase Agreement constitutes a major transaction for SHT and requires SHT Shareholders' approval. Although shareholders' approval is required pursuant to Rule 14.40 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding general meeting of SHT to approve the Acquisition. Written approvals for the Acquisition have already been obtained by SHT from Omnico Company Inc. and Trillion Resources (HK) which are both wholly owned subsidiaries of SHR and hold 281,904,489 and 9,500,000 SHT Shares respectively, representing approximately 48.62% and 1.64% of the total issued SHT Shares respectively. As no SHT Shareholders are required to abstain from voting at a general meeting to approve the Acquisition, such written shareholder's approval will be accepted in lieu of a majority vote at a general meeting of SHT and thus Rule 14.40 of the Listing Rules will be fulfilled.

Since one of the applicable percentage ratios for the Acquisition exceeds 25% but below 100%, the Acquisition as contemplated by the Purchase Agreement constitutes a major transaction for MHI and requires MHI Shareholders' approval. Although shareholders' approval is required pursuant to Rule 14.40 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding general meeting of MHI to approve the Acquisition. Written approvals for the Acquisition have already been obtained by MHI from SHT and its wholly-owned subsidiaries, which together controls more than 50% in the nominal value of the securities giving the right to attend and vote at general meetings of MHI. As no MHI Shareholders are required to abstain from voting at a general meeting to approve the Acquisition, such written shareholder's approval will be accepted in lieu of a majority vote at a general meeting of MHI and thus Rule 14.40 of the Listing Rules will be fulfilled.

A circular containing further particulars of the Acquisition, profit and loss statement and valuation report of the Property in accordance with Rule 14.69(4)(b)(i), and other information as required under the Listing Rules, together with notice of the

SHR EGM, will be despatched to the SHR Shareholders on or around 5 August 2016 for inclusion of the financial information into the Circular.

Respective circulars containing further particulars of the Acquisition, profit and loss statement and valuation report of the Property in accordance with Rule 14.67(6)(b)(i) and other information as required under the Listing Rules will be despatched to the SHT Shareholders and MHI Shareholders for information purposes on or around 5 August 2016 for inclusion of the financial information into the Circular.

### **TRADING HALT AND RESUMPTION OF TRADING**

At the request of the Companies, trading in the shares of the Companies was halted with effect from 9:00 a.m. on 24 June, Friday 2016 pending publication of this announcement. The Companies have made an application to the Stock Exchange for the resumption of trading of the shares of the Companies on the Stock Exchange from 9:00 a.m. on 28 June 2016.

The Boards are pleased to announce that the Purchaser, a direct wholly-owned subsidiary of MHI, had on 23 June 2016 entered into the Purchase Agreement with the Vendor pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to buy the Property for a consideration of GBP70,300,000 (equivalent to approximately HK\$731,120,000).

### **THE PURCHASE AGREEMENT**

**Date :**

23 June 2016

**Parties**

Vendor : British Overseas Bank Nominees Limited and WGTC Nominees Limited in their capacity as nominees for and on behalf of National Westminster Bank PLC as depositary and not otherwise of Henderson UK Property PAIF

Purchaser : King Express Development Limited, a direct wholly-owned subsidiary of MHI

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

### **Consideration**

The Consideration for the Acquisition is GBP70,300,000 (equivalent to approximately HK\$731,120,000) payable in cash by the Purchaser in the following manner:

- (i) an initial deposit of GBP7,030,000 (equivalent to approximately HK\$73,112,000), representing 10% of the total consideration for the Acquisition, had been paid by the Purchaser to the Vendor's solicitors as stakeholder before the date of the Purchase Agreement;
- (ii) a further payment of GBP61,161,000 (equivalent to approximately HK\$636,074,400), shall be payable by the Purchaser to the Vendor's solicitors to receive on behalf of the Vendor on 7 July 2016; and
- (iii) the final payment sum of GBP2,109,000 (equivalent to approximately HK\$21,933,600), shall be made on the Final Payment Date upon Closing (which the parties intend to consummate within two days after the passing of the resolutions approving the Acquisition at the SHR EGM, but not later than three months from the date of the Purchase Agreement).

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor by reference to, among others, the prevailing market conditions in the United Kingdom, market prices of comparable properties in the district and the appraised value of GBP70,300,000 (equivalent to approximately HK\$731,120,000) of the Property as of the date of the Purchase Agreement valued by Allsop LLP, an independent professional valuer in the United Kingdom. After the poll results of the Brexit referendum of 23 June 2016, Allsop LLP have confirmed that their valuation on the Property remained GBP70,300,000 (equivalent to approximately HK\$ 731,120,000) as of 24 June 2016.

The Boards consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Companies and the MHI Shareholders, the SHT Shareholders and the SHR Shareholders as a whole.

## **CLOSING OF THE PURCHASE AGREEMENT**

The parties to the Purchase Agreement acknowledge that the parent companies of the Purchaser (namely, SHR, SHT and MHI) are obliged to obtain respective shareholders' approvals of the Purchase Agreement and the transactions thereunder to comply with the relevant requirements under the Listing Rules.

Under the Purchase Agreement, the Purchaser undertakes to obtain such approvals before the Final Payment Date and in the event that the approvals are not obtained on or before the Final Payment Date the parties agree that:

- (a) the Final Payment shall be released to the Vendor in accordance with the Purchase Agreement; and
- (b) the Purchaser shall be entitled to novate the Purchase Agreement to an alternative entity approved by the Vendor acting reasonably and without delay and for the avoidance of doubt the Vendor shall be treated as acting reasonably in withholding consent to any entity which is listed on any sanctions lists.

The Acquisition is conducted in accordance with the normal conveyancing practice in the UK and the Purchase Agreement, which is governed by the UK law, adopts Part 1 of the Standard Commercial Property Conditions (Second Edition) in the UK.

One of the distinguishing features of the UK conveyancing practice and procedures which the Acquisition follows from that of Hong Kong is that proof of title to the properties had been achieved upon signing of the Purchase Agreement. As such it is common practice in the UK (and in the case of the Acquisition) that a large portion of consideration is paid upon signing of sale and purchase agreement. Most real estates transaction in the UK even see full-payment having been made upon signing of sale and purchase agreements. And at the time of signing the Purchase Agreement, the title to the Property had been proved to the Purchaser.

Since the management believes that this sizable hotel acquisition is in line with the growth strategy of the Groups and the acquisition price is cheap for a large piece of freehand hotel had in Central London. The Acquisition also allows the Groups to enter into the London tourism and to benefit from steady growing income and considerable development upside for expansions and/development. It is beneficial to the Companies and Shareholders as a whole. Accordingly Trillion Resources BVI has

irrevocably undertaken to vote in favour of the resolutions approving the Acquisition in the SHR EGM.

Pursuant to Rule 14.49 of the Listing Rule, the Acquisition must be made conditional upon approval by SHR Shareholders in general meeting. To comply with the Listing Rules, Closing of the Acquisition will only take place after such approval has been obtained from the SHR Shareholders.

With the irrevocable voting undertaking by Trillion Resources BVI, it is virtually certain that approval of the Acquisition by the SHR Shareholders will be obtained. Further, despite a large portion of Consideration will be paid before Closing, the interest of the Company are well protected with the novation agreement mentioned above.

## **INFORMATION OF THE PROPERTY**

The Property comprises a 6-storey, 408-room hotel facility located at 100 King's Cross Road, London, WC1X 9DT, United Kingdom and commonly known as the "Travelodge Royal Scot Hotel". The ground lease is freehold. The Property is situated on a triangular island site bounded by King's Cross Road to the west, Great Percy Street to the south, Percy Circus to the east and Vernon Rise to the north. The Property has a total net floor area of approximately 133,532 sq. ft. and gross floor area of about 157,000 sq. ft. It is equipped with a restaurant and café and a car park providing approximately 40 car parking spaces. The acquisition cost is equivalent to GBP172,300 (equivalent to approximately HK\$1,791,920) per room and GBP447 (equivalent to approximately HK\$4,649) per sq. ft. gross. The management is confident that the total floor area of the Property can be further increased at a later stage through extensions and/or redevelopment.

The Property is currently let to Travelodge Hotels Limited on an effectively full repairing and insuring lease for a term of 35 years from 22 June 2004 therefore expiring 21 June 2039. The rent is to be reviewed every 5 years of the term, the first two of which were fixed uplifts (which have now all taken place) with the following reviews being Retail Price Index linked with no cap or collar. The next rent review is on 22 June 2019. The current rent is GBP3,137,487 (equivalent to approximately HK\$32,629,865) per annum.

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

MHI Group is principally engaged in hotel development and management.

SHT Group is principally engaged in property investments and leasing. Through its major subsidiary MHI, SHT is also engaged in investment in and operation of hotels.

SHR Group is principally an investment holding company. Through its major subsidiaries SHT and MHI, SHR is principally engaged in property investments and leasing and investment in and operation of hotels.

Henderson UK Property PAIF (acting through nominees as the Vendor) is a property authorized investment fund established in the United Kingdom. The principal activities of Henderson UK Property PAIF are primary investment in commercial property and property related assets and investments in money market instruments, derivatives and forward foreign exchange contracts.

The Boards consider the Acquisition represents a good opportunity for the MHI Group (a member of the SHT Group and SHR Group) to expand and diversify into property investment in the United Kingdom, one of the world's biggest tourist destinations. The purchase price of GBP172,300 (equivalent to approximately HK\$1,791,920) per room is relatively low in the Central London (zone 1) hotel market. The Boards believe that the Acquisition represents a good opportunity for the Group to acquire a sizeable hotel in the Central London location at a relative low price at GBP447 (equivalent to approximately HK\$4,649) per sq. ft. gross. The Acquisition will enable the Groups to be better benefited from a steady income stream and potential capital gain from the Property. The management is confident the total floor area and rooms can be further increased at a later stage through extensions and/or redevelopment thus offering significant upside potentials. The Acquisition will be financed by the internal resources.

During the evaluation of the investment potentials and merits of the Acquisition, the management had envisaged the possibility of Brexit and its possible impact on the UK economy.

The management considers the outcome of Brexit, which has now been confirmed following the 23 June 2016 referendum, will have no adverse effect on the London tourism market. The Acquisition presents a long term investment opportunity to the Groups at an attractive price. The steady income stream from the Property is insulated

from any effects from the outcome of Brexit to the UK economy with the long lease term of the Property and upward rent review mechanism. Further, the GBP is experiencing a dramatic depreciation as a result of Brexit. The depreciated GBP is favourable news as far as the tourism in the UK is concerned. As the weaker GBP may attract more travellers to the UK and the accommodation providers will enjoy increasing demand of accommodation accordingly.

Since MHI is a 71.09%-owned subsidiary of SHT, which in turn is a 62.02%-owned subsidiary of SHR, both SHT and SHR will benefit from the Acquisition through its shareholdings in MHI. For the above reasons, the Boards are of the view that the Acquisition is in the best interests of the Companies and the MHI Shareholders, the SHT Shareholders and the SHR Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

MHI, SHT and SHR are all listed on the Stock Exchange. SHR controls approximately 62.02% of SHT, which in turn controls approximately 71.09% of MHI.

For SHR, since one of the applicable percentage ratios in respect of the Acquisition exceeds 100%, the Acquisition contemplated under the Purchase Agreement constitutes a very substantial acquisition under the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Acquisition shall be subject to approval by SHR Shareholders in general meeting.

None of Trillion Resources BVI (which holds 154,006,125 SHR Shares, representing approximately 50.60% of the total issued SHR Shares) and its associates have any interest in the Acquisition which is different from those of other SHR Shareholders. Accordingly Trillion Resources BVI is not required to abstain from voting in the SHR EGM on the resolutions approving the Acquisition. And Trillion Resources BVI has irrevocably undertaken to SHR that it will vote for the resolutions approving the Acquisition at the SHR EGM.

Since one of the applicable percentage ratios for the Acquisition exceeds 25% but below 100%, the Acquisition as contemplated by the Purchase Agreement constitutes a major transaction for SHT and requires SHT Shareholders' approval. Although shareholders' approval is required pursuant to Rule 14.40 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding general meeting of SHT to approve the Acquisition. Written approvals for the Acquisition have already been obtained by SHT from Omnico Company Inc. and Trillion Resources (HK), which are

both wholly owned subsidiaries of SHR and hold 281,904,489 and 9,500,000 SHT Shares respectively, representing approximately 48.62% and 1.64% of the total issued SHT Shares respectively. As no SHT Shareholders are required to abstain from voting at a general meeting to approve the Acquisition, such written shareholder's approval will be accepted in lieu of a majority vote at a general meeting of SHT and thus Rule 14.40 of the Listing Rules will be fulfilled.

Since one of the applicable percentage ratios for the Acquisition exceeds 25% but below 100%, the Acquisition as contemplated by the Purchase Agreement constitutes a major transaction for MHI and requires MHI Shareholders' approval. Although shareholders' approval is required pursuant to Rule 14.40 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding general meeting of MHI to approve the Acquisition. Written approvals for the Acquisition have already been obtained by MHI from SHT and its wholly-owned subsidiaries, which together controls more than 50% in the nominal value of the securities giving the right to attend and vote at general meetings of MHI.

Written approvals of the Acquisition have been obtained from SHT and its wholly-owned subsidiaries which together hold more than 50% of the issued MHI Shares giving the right to attend and vote at a general meeting. Set out below are the number of MHI Shares held by SHT and its wholly-owned subsidiaries:

<b>Company Name</b>	<b>Number of MHI Shares held</b>	<b>Approximate percentage of shareholding (%) (Note)</b>
Shun Ho Technology Holdings Limited	2,709,650,873	30.29
South Point Investments Limited	273,579,983	3.06
Fastgrow Engineering & Construction Co. Limited	2,978,198,581	33.28
Good Taylor Limited	395,656,000	4.42
Shun Ho Technology Developments Limited	<u>3,500,000</u>	<u>0.04</u>
<b>Total</b>	<b><u>6,360,585,437</u></b>	<b><u>71.09</u></b>

*Note: The percentage was calculated based on 8,947,051,324 issued MHI Shares as at the date of this announcement.*

As no MHI Shareholders are required to abstain from voting at a general meeting to approve the Acquisition, such written shareholder's approval will be accepted in lieu of a majority vote at a general meeting of MHI and thus Rule 14.40 of the Listing Rules will be fulfilled.

A circular containing further particulars of the Acquisition, profit and loss statement and valuation report of the Property in accordance with Rule 14.69(4)(b)(i), and other information as required under the Listing Rules, together with notice of the extraordinary general meeting of the SHR Shareholders, will be despatched to the SHR Shareholders on or around 5 August 2016 which is more than 15 business days after publication of this announcement, as additional time is required to prepare the information to be included in the circular, including the indebtedness statement.

Respective circulars containing further particulars of the Acquisition, profit and loss statement and valuation report of the Property in accordance with Rule 14.67(6)(b)(i) and other information as required under the Listing Rules will be despatched to the SHT Shareholders and MHI Shareholders for information purposes on or around 5 August 2016, which is more than 15 business days after publication of this announcement, as additional time is required to prepare the information to be included in the circular, including the indebtedness statement. The Company will apply to the Stock Exchange for a waiver from strict compliance of Rule 14.41(a) of the Listing Rules in respect of the delay in despatch of the circular.

## **TRADING HALT AND RESUMPTION OF TRADING**

At the request of the Companies, trading in shares of the Companies was halted with effect from 9:00 a.m. on 24 June 2016, Friday pending publication of this announcement. The Companies have made an application to the Stock Exchange for the resumption of trading of the shares of the Companies on the Stock Exchange from 9:00 a.m. on 28 June 2016.

## **DEFINITIONS**

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

“Acquisition”                      the acquisition of the Property pursuant to the Purchase Agreement

“associates”	has the meaning ascribed to it under the Listing Rules
“Boards”	the board of Directors of the respective Companies
“Brexit”	The UK leaving the European Union
“Companies”	MHI, SHT and SHR
“Closing”	the closing of the Acquisition pursuant to the terms and conditions of the Purchase Agreement
“Consideration”	the consideration payable by the Purchaser for the Property under the Purchase Agreement
“Director(s)”	director(s) of the Companies
“EGM”	extraordinary general meeting
“Final Payment”	GBP2,109,000 (equivalent to approximately HK\$21,933,600), representing the remaining balance of the total consideration for the Acquisition
“Final Payment Date”	23 September 2016 or such earlier date as agreed between the Purchaser and Vendor
“GBP”	British Pound(s), the lawful currency of United Kingdom
“Groups”	MHI Group, SHT Group and SHR Group
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MHI”	Magnificent Hotel Investments Limited 華大酒店投資有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“MHI Group”	MHI and its subsidiaries
“MHI Share(s)”	share(s) in the share capital of MHI
“MHI Shareholder(s)”	holder(s) of MHI Shares
“Property”	all that freehold land and property known as “Travelodge Royal Scot Hotel”, 100 King’s Cross Road, London, WC1X 9DT, United Kingdom and which is registered at Land Registry with absolute title under Title Number NGL274145
“Purchaser”	King Express Development Limited, a direct wholly owned subsidiary of MHI
“Purchase Agreement”	the purchase agreement dated 23 June 2016 between the Vendor and the Purchaser in relation to the Acquisition
“SHR”	Shun Ho Resources Holdings Limited 順豪資源集團有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“SHR EGM”	the extraordinary general meeting of SHR to be held to approve the Purchase Agreement and transactions contemplated thereunder
“SHR Group”	SHR and its subsidiaries
“SHR Share(s)”	share(s) in the share capital of SHR
“SHR Shareholder(s)”	holder(s) of SHR Shares

“SHT”	Shun Ho Technology Holdings Limited 順豪科技控股有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“SHT Group”	SHT and its subsidiaries
“SHT Share(s)”	share(s) in the share capital of SHT
“SHT Shareholder(s)”	holder(s) of SHT Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trillion Resources BVI”	Trillion Resources Limited, a company incorporated in British Virgin Islands with limited liability and controlled by Mr. William Cheng Kai Man who is the Chairman of the Boards
“Trillion Resources (HK)”	Trillion Resources Limited, a company incorporated in Hong Kong with limited liability
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“Vendor”	British Overseas Bank Nominees Limited and WGTC Nominees Limited, Independent Third Parties, in their capacity as nominees for and on behalf of National Westminster Bank PLC as depositary and not otherwise of Henderson UK Property PAIF
“Working Day”	any day (other than a Saturday or a Sunday) on which clearing banks in the City of London are actually open for banking business during banking hours and references to "Working Days" shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet

“%”

per cent.

*In this announcement, save as otherwise stated, figures in GBP are translated to HK\$ at the exchange rate of GBP1.00 = HK\$10.4 (which represents the median of bank buy and bank sell rates for telegraphic transfer quoted by HSBC around noon time on 27 June 2016.) for illustration purposes only. No representation is made that any amount in GBP could be converted at such rates or any other rates.*

By order of the Board

**Magnificent Hotel  
Investments Limited**

**William Cheng Kai Man**  
Chairman

By order of the Board

**Shun Ho Technology  
Holdings Limited**

**William Cheng Kai Man**  
Chairman

By order of the Board

**Shun Ho Resources  
Holdings Limited**

**William Cheng Kai Man**  
Chairman

Hong Kong, 27 June 2016

*As at the date hereof, the Board of each of the Companies comprises of two executive directors, namely Mr. William Cheng Kai Man and Mr. Albert Hui Wing Ho; one non-executive director, namely Madam Mabel Lui Fung Mei Yee; and three independent non-executive directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing.*