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**MAGNIFICENT HOTEL  
INVESTMENTS  
LIMITED**

*(incorporated in Hong Kong with  
limited liability)*

**(Stock Code: 201)**

**MAJOR AND  
CONNECTED  
TRANSACTION**



**SHUN HO PROPERTY  
INVESTMENTS  
LIMITED**

*(incorporated in Hong Kong with  
limited liability)*

**(Stock Code: 219)**

**DISCLOSEABLE  
AND CONNECTED  
TRANSACTION**



**SHUN HO HOLDINGS  
LIMITED**

*(incorporated in Hong Kong with  
limited liability)*

**(Stock Code: 253)**

**MAJOR AND  
CONNECTED  
TRANSACTION**

**JOINT ANNOUNCEMENT  
FORMATION OF JOINT VENTURE  
FOR ACQUISITION OF ROSEWOOD HOTEL GEORGIA**

**FORMATION OF A JOINT VENTURE FOR ACQUISITION OF  
ROSEWOOD HOTEL GEORGIA**

The respective boards of directors of Shun Ho Holdings, Shun Ho Property and Magnificent Hotel are pleased to announce that on 27 February 2017 (at 8:00 p.m. Vancouver time), the Purchaser entered into the Asset Purchase Agreement for the acquisition of the Purchased Assets for a total consideration of CA\$145 million (equivalent to approximately HK\$858.02 million).

The Purchaser is a wholly owned subsidiary of the JV Company which in turn is an investment holding company owned as to 50% by Babenna (a wholly owned subsidiary of Magnificent Hotel) and as to 50% by Able Shine. Babenna will within three business days from the signing of the Asset Purchase Agreement make the Initial Capital Contribution to the JV Company for financing the Purchaser to pay the First Deposit. Babenna and Able Shine entered into the Shareholders

Agreement on 27 February 2017 to provide for the ownership, funding, management and activities of the JV Company and its subsidiaries as well as its rights and obligations in relation thereto. Babenna and Able Shine shall provide shareholder loans to the JV Company on the same terms and a 50:50 basis for payment of the Consideration payable by the Purchaser for the Acquisition.

On 27 February 2017 (after trading hours), Babenna, Able Shine, Magnificent Hotel and Mr. Jonathan Cheng entered into the JV Acquisition Agreement pursuant to which Babenna has agreed to purchase and Able Shine has agreed to sell its entire 50% interest in the JV Company together with the AS Shareholder Loan at cost in the event that the Further Capital Contribution is voted down or not passed by the independent shareholders of the Companies at their respective extraordinary general meetings to be held to approve, amongst other things, the Further Capital Contribution.

#### **LISTING RULES IMPLICATIONS**

As one or more the applicable percentage ratios in respect of the Initial Capital Contribution and Further Capital Contribution in aggregate exceed 25% but are all less than 100%, for the purposes of Rule 14.07 of the Listing Rules, the Initial Capital Contribution and Further Capital Contribution together constitutes a major transaction for each of Shun Ho Holdings and Magnificent Hotel under the Listing Rules.

As one or more the applicable percentage ratios in respect of the Initial Capital Contribution and Further Capital Contribution in aggregate exceed 5% but are all less than 25%, for the purposes of Rule 14.07 of the Listing Rules, the Initial Capital Contribution and Further Capital Contribution together constitutes a discloseable transaction for Shun Ho Property under the Listing Rules.

As Able Shine is a company wholly owned by Mr. Jonathan Cheng, a brother of Mr. William Cheng, the Chairman and an executive Director and a controlling shareholder of each of the Companies, Able Shine is therefore an associate of a connected person of each of the Companies. The formation of the JV Company, the Initial Capital Contribution and the Further Capital Contribution constitute connected transactions for each of the Companies under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the revenue and profits ratios) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the formation of JV Company and Initial Capital Contribution collective is less than 5%, formation of JV Company and the Initial Capital Contribution together is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the revenue and profits ratios) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the Further Capital Contribution exceeds 5%, the Further Capital Contribution is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the revenue and profits ratios) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the acquisition of 50% interest in the JV Company under the JV Acquisition Agreement is less than 5%, the acquisition is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In case the sale and purchase under the JV Acquisition Agreement is invoked, the Acquisition will no longer be a connected transaction but will become a major transaction of each of the Companies. Ordinary resolutions in respect of the Acquisition will be proposed for approval by the respective shareholders of the Companies at the SHH EGM, SHP EGM and MHIL EGM respectively and no shareholders are need to abstain from voting. Mr. William Cheng who controls 71.17% of Shun Ho Holdings has indicated that he will cause his controlled companies to vote in favour of the Acquisition in the SHH EGM. Shun Ho Holdings which controls 62.02% of Shun Ho Property will vote in favour of the Acquisition in the SHP EGM. Shun Ho Property which is interested in 71.09% in Magnificent Hotel will vote in favor of the Acquisition at the MHIL EGM.

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 Shareholders' Agreement and the transactions contemplated thereunder and the Further Capital Contribution, and to advise the SHH Independent Shareholders, the SHP Independent

Shareholders and the MHIL Independent Shareholders as to whether the Further Capital Contribution and the Shareholders' Agreement are on normal commercial terms, fair and reasonable and in the interests of the Shun Ho Holdings, Shun Ho Property and Magnificent Hotel 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, SHP Independent Shareholders and MHIL 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 Further Capital Contribution. A circular containing, among other things, (i) further information on the Asset Purchase Agreement, the Shareholders' Agreement and the transactions contemplated thereunder; (ii) the property valuation report on the Lands and the Hotel by an independent professional valuer to be engaged by the Purchaser; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the SHH Independent Shareholders; (iv) the notice convening the SHH EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the shareholders of Shun Ho Holdings on or before 12 May 2017, as additional time is required by Shun Ho Holdings for the preparation of certain information for inclusion in the circular.

The SHP EGM will be convened and held for the SHP Independent Shareholders to consider and, if thought fit, approve the Further Capital Contribution. A circular containing, among other things, (i) further information on the Asset Purchase Agreement, the Shareholders' Agreement and the transactions contemplated thereunder; (ii) the property valuation report on the Lands and the Hotel by an independent professional valuer to be engaged by the Purchaser; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the SHP Independent Shareholders; (iv) the notice convening the SHP EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the shareholders of Shun Ho Property on or before 12 May 2017, as additional time is required by Shun Ho Property for the preparation of certain information for inclusion in the circular.

The MHIL EGM will be convened and held for the MHIL Independent Shareholders to consider and, if thought fit, approve the Further Capital Contribution. A circular

containing, among other things, (i) further information on the Asset Purchase Agreement, the Shareholders' Agreement and the transactions contemplated thereunder; (ii) the property valuation report on the Lands and the Hotel by an independent professional valuer to be engaged by the Purchaser; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the MHIL Independent Shareholders; (iv) the notice convening the MHIL EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the shareholders of Magnificent Hotel on or before 12 May 2017, as additional time is required by Magnificent Hotel for the preparation of certain information for inclusion in the circular.

## **WARNING**

**COMPLETION OF THE ACQUISITION IS SUBJECT TO THE FULFILMENT AND/OR WAIVER OF THE CONDITIONS PRECEDENT TO THE ASSET PURCHASE AGREEMENT WHICH ARE SET OUT IN THE PARAGRAPH HEADED "CONDITIONS PRECEDENT TO COMPLETION" OF THIS ANNOUNCEMENT. THE ACQUISITION MAY OR MAY NOT PROCEED. SHAREHOLDERS OF SHUN HO HOLDINGS AND SHUN HO PROPERTY AND MAGNIFICENT HOTEL AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANIES.**

## **INTRODUCTION**

The respective boards of directors of Shun Ho Holdings, Shun Ho Property and Magnificent Hotel are pleased to announce that on 27 February 2017 (at 8:00 p.m. Vancouver time), the Purchaser entered into the Asset Purchase Agreement for the acquisition of the Hotel and the related assets for a total consideration of CA\$145 million (equivalent to approximately HK\$858.02 million), subject to adjustment.

The Purchaser is a wholly owned subsidiary of the JV Company which in turn is an investment holding company owned as to 50% by Babenna (a wholly owned subsidiary of Magnificent Hotel) and as to 50% by Able Shine. Babenna will within three business days from the signing of the Asset Purchase Agreement make the Initial

Capital Contribution to the JV Company for finance the Purchaser to pay the First Deposit. Babenna and Able Shine entered into the Shareholders Agreement on 27 February 2017 to provide for the ownership, funding, management and activities of the JV Company and its subsidiaries as well as its rights and obligations in relation thereto. Babenna and Able Shine shall provide shareholder loans to the JV Company on the same terms and a 50:50 basis for payment of the Consideration payable by the Purchaser for the Acquisition.

On 27 February 2017 (after trading hours), Babenna, Able Shine, Magnificent Hotel and Mr. Jonathan Cheng entered into the JV Acquisition Agreement pursuant to which Babenna has agreed to purchaser and Able Shine has agreed to sell its entire 50% interest in the JV Company together with the AS Shareholder Loan at cost in the event that the Further Capital Contribution is voted down or not passed by the independent shareholders of the Companies at their respective extraordinary general meetings to be held to approve, amongst other things, the Further Capital Contribution.

The principal terms of the Asset Purchase Agreement, Shareholders Agreement and the JV Acquisition Agreement are set out below:

## **THE ASSET PURCHASE AGREEMENT**

**Date** 27 February 2017

### **Parties:**

**(i) The Vendors** Georgia Properties Partnership, Hotel Georgia Development Ltd., and 801 West Georgia Ltd.

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

**(ii) The Purchaser** 1106558 B.C. Limited

**(iii) The Sponsor** Honestwide Investment Limited, a wholly owned subsidiary of Magnificent Hotel, which together with the Purchaser gives customary representations and warranties under the Asset Purchase Agreement

**Assets to be Acquired** The undertaking and all of the property and assets of every kind and description, wheresoever situate, of the Purchased Business, including:

- (a) the legal and beneficial right, title and interest of the Vendors (as applicable) in and to the Lands and the Hotel;
- (b) all furniture, furnishings, office equipment, artwork, trade fixtures, equipment, computer hardware, machinery, and accessories, spare parts and supplies of all kinds including restaurant, hotel and office supplies, owned by the Vendors (or any of them) and used in connection with the Purchased Business;
- (c) all trucks, cars and other vehicles, if any, owned by the Vendors (or any of them) and used in connection with the Purchased Business;
- (d) all inventories of the Purchased Business owned by the Vendors;
- (e) all prepaid expenses of the Purchased Business;
- (f) all amounts received as deposits in respect of the delivery of goods and/or services relating to the Purchased Business post-Closing;
- (g) the Vendors' legal and beneficial interest as landlord under the leases, or other rights of occupation, granted to third parties in respect of parts of the Hotel; and
- (h) the Vendors' legal and beneficial interest as landlord and tenant under the operating lease leases portions of the Hotel and certain of the Purchased Assets for the purposes of operating the Hotel.

Apart from the above, the Purchaser has the option to acquire from one of the Vendors 100% interest in a special purpose vehicle which holds certain operating license to facilitate completion of the Acquisition. The Purchaser's right to purchase the special purpose vehicle may be exercised by the Purchaser delivering written Notice to the Vendors on or before the date the Purchaser delivers the Purchaser's Waiver Notice (as defined below).

**Consideration**

The Consideration payable by the Purchaser to the Vendors for the Purchased Assets is CA\$145,000,000 (equivalent to approximately HK\$858.02 million), subject to adjustments for the excluded and assumed liabilities and all revenues, accounts receivable, and expenses, liabilities and obligations with respect to the Purchased Assets and the Purchased Business accrued up to and after the Closing Date to be taken up by the Vendors and Purchaser respectively in accordance with the Asset Purchase Agreement. The Consideration shall be satisfied in cash in the following manner:

- (i) CA\$7,250,000 (equivalent to approximately HK\$42.90 million) as the first deposit within three business days after the execution of the Asset Purchase Agreement;
- (ii) CA\$7,250,000 (equivalent to approximately HK\$42.90 million) as the second deposit, provided that the Asset Purchase Agreement is not terminated prior to the expiration of the due diligence period; and
- (iii) the remaining balance will be paid upon Completion.

**Completion**

sixty (60) days from the date upon which the Purchaser delivers the written notice waiving the due diligence conditions

**Basis of the Consideration**

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendors after taking into account, among other things, (a) the excellent location and the condition of the Hotel; and (b) the track record of the operation of the Hotel.



## Conditions precedent to Completion

The obligation of the Vendors to complete the purchase and sale of the Purchased Assets under the Asset Purchase Agreement is conditional upon:

- (a) the Vendors obtaining written confirmation from RHR that RHR approves the Purchaser as a "Qualified Transferee" (as defined in the Management Agreement) under the Management Agreement; and
- (b) the Vendors obtaining written approval of the transactions contemplated by the Asset Purchase Agreement from the beneficial owners of the Vendors, (together, the "**Approval Conditions**").

The Vendors covenant to use commercially reasonable efforts to satisfy the Approval Conditions, and the Purchaser agrees to provide the Vendors with such information as is reasonably necessary for RHR to approve the Purchaser as a "Qualified Transferee". The Approval Conditions are for the exclusive benefit of the Vendors. If the Vendors do not deliver written notice (the "**Vendors' Waiver Notice**") waiving the Approval Conditions on or before the day that is thirty (30) days from the date of execution of the Asset Purchase Agreement, the Asset Purchase Agreement will be terminated and neither the Purchaser nor any of the Vendors will have any further obligations to one another thereafter under the Asset Purchase Agreement, except where expressly provided to the contrary.

As at the date of this announcement, Condition (a) of the Approved Conditions has been fulfilled.

The obligation of the Purchaser to complete the purchase and sale of the Purchased Assets under the Asset Purchase Agreement is conditional upon:

- (a) the Purchaser being satisfied, in its sole and absolute discretion, with:
    - (i) all of its due diligence investigations of the due diligence deliveries and the Purchased Assets and the viability of the Purchased Business; and
- the Vendors' title to the Purchased Assets, (together, the "**Due Diligence Conditions**");

- (b) the Purchaser or its affiliate or affiliates obtaining approval of the Asset Purchase Agreement and the transactions contemplated hereunder from the shareholders of the parent entities of the Purchaser, if required under the Listing Rules (the “**Exchange Condition**” and together with the Due Diligence Conditions, the “**Purchaser's Conditions**”); and
- (c) the ICA Approval shall have been obtained on terms satisfactory to the Purchaser in its sole discretion.

The Purchaser covenants to use commercially reasonable efforts to satisfy the Purchaser's Conditions. The Purchaser's Conditions are for the exclusive benefit of the Purchaser. If the Purchaser does not deliver written notice (the “**Purchaser's Waiver Notice**”) waiving the Purchaser's Conditions on or before the expiration of the Due Diligence Period, the Asset Purchase Agreement will be terminated and neither the Purchaser nor any of the Vendors will have any further obligations to one another thereafter under Asset Purchase Agreement, except where expressly provided to the contrary.

## **MAJOR TERMS OF THE SHAREHOLDERS AGREEMENT**

- |                                   |  |
|-----------------------------------|--|
| <b>Date</b>                       | 27 February 2017   |
| <b>Parties</b>                    | <ol style="list-style-type: none"> <li>1. Babenna (a wholly owned subsidiary of Magnificent Hotel) as shareholder</li> <li>2. Able Shine as shareholder</li> <li>3. Magnificent Hotel as guarantor of Babenna</li> <li>4. Mr. Jonathan Cheng as guarantor of Able Shine</li> </ol> |
| <b>Business of the JV Company</b> | The business of the JV Company and its subsidiaries shall be the operation of the Hotel and any other business ancillary thereto, including but not limited to renting out various portion of the Hotel to other business or business operators.                                   |
| <b>Directors</b>                  | The board of the JV Company shall comprise of not more than four (4) directors to the intent that each shareholder of the JV Company shall have the right to appoint two (2) directors for each fifty percent (50%) (but not part  |

thereof) of the issued share capital of the JV Company owned by it and to remove the director appointed by it.

**Financing**

The shareholders of the JV Company shall provide funding for the business of the JV Company and its subsidiaries (including all costs and expenses incurred or to be incurred prior to and during the winding up of the Company) by means of shareholders' loans or by such other means as may be agreed by them.

Unless all shareholders of the JV Company shall otherwise agree, the shareholders' loans shall (i) bear interest at rates to be determined by the board of the JV Company; (ii) be made by the JV Company's two shareholders on a 50:50 basis.

**Transfer of Shares**

None of the shareholders of the JV Company shall be entitled to sell, transfer or dispose of any part or part(s) of, or any interest in, its shares in the JV Company without first offering to the other shareholder of the JV Company.

**Disposal or Charging of Shares**

None of the parties to the Shareholders Agreement shall, expect (i) with the prior written consent of the other party or (ii) as security for loans made by third party to the JV Company or its subsidiaries, create or permit to subsist any pledge, lien or charge over, or grant any option or other right or dispose of any interest (direct, indirect, beneficial or otherwise) in all or any of the shares of the JV Company held by them.

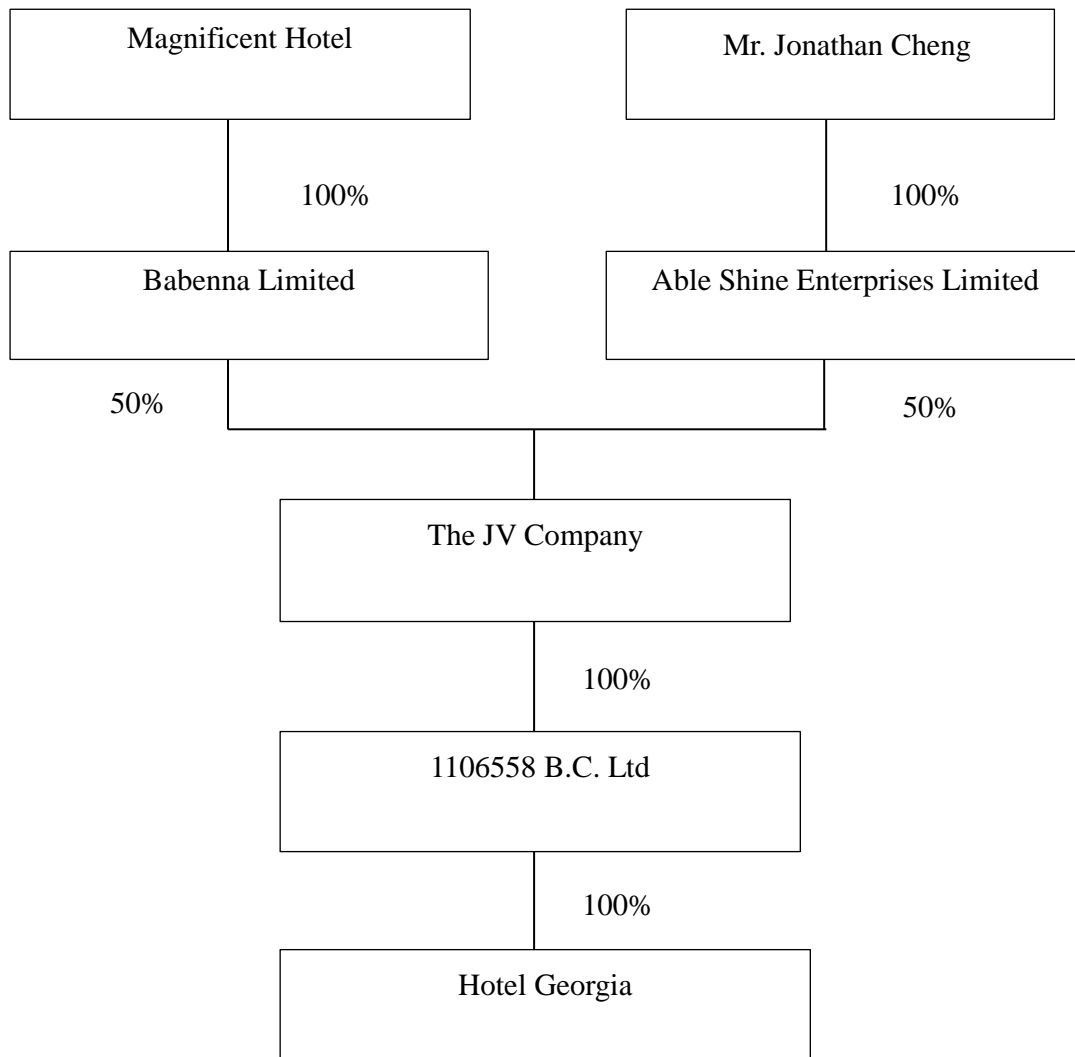
**Capital Commitment**

The JV Company is a special purpose vehicle newly set up as the investment holding company for the Acquisition. The JV Company has a minimal paid up capital of HK\$2 and will be funded primarily by proportional shareholders' loans from Babenna and Able Shine. Babenna will make the Initial Capital Contribution in the approximate amount of HK\$21,450,000 to finance the payment of the Initial Deposit

for the Acquisition. Subject to the satisfaction or waiver of the conditions to completion of the Asset Purchase Agreement, Babenna will make the Further Capital Contribution of approximately HK\$407.56 million (subject to the final amount of the final Consideration after adjustment as mentioned above) to the JV Company for the payment of a second deposit and the balance of the consideration.

**Shareholding Structure of the JV Company**

Set out below is a shareholding chart of the JV Company and the Hotel immediately after Completion of the Asset Purchase Agreement.



## MAJOR TERMS OF THE JV ACQUISITION AGREEMENT

<b>Date</b>	27 February 2017
<b>Parties</b>	<ol style="list-style-type: none"><li>1. Babenna (a wholly owned subsidiary of Magnificent Hotel) as purchaser</li><li>2. Able Shine as vendor</li><li>3. Magnificent Hotel as guarantor of Babenna</li><li>4. Mr. Jonathan Cheng as guarantor of Able Shine</li></ol>
<b>Asset to be Acquired</b>	50% interest in the JV Company and the AS Shareholders Loan
<b>Key Terms</b>	<p>If the resolutions for the Further Capital Contribution shall not be passed or be voted down by the respective independent shareholders of the Companies, Able Shine shall sell and Babenna shall buy Able Shine's shareholding in the JV Company together with the AS Shareholders Loan at an amount equal to the sum of (i) the outstanding amount of AS Shareholders Loan; (ii) the amount of the share capital of the JV Company subscribed by Able Shine; and (iii) all incidental costs reasonably incurred by Able Shine and/or Mr. Jonathan Cheng in relation to giving effect to the Shareholders Agreement and the transaction contemplated thereunder and the Acquisition. Completion of such sale and purchase shall take place within two calendar weeks from such resolutions not being passed or voted down.</p>

It is expected after the capital contribution by Babenna and Able Shine for funding the payment of the First Deposit, further capital call will not be made by the JV Company before the SHH EGM, SHP EGM and MHIL EGM. Based on the amount of initial capital contribution by Able Shine to the JV Company, it is expected that the consideration for the sale and purchase of the AS Shareholder Loan and 50% interest in the JV Company under the JV Acquisition Agreement shall not exceed HK\$22 million.

Following completion of the JV Acquisition Agreement (if invoked), the JV Company will become a wholly owned subsidiary of Magnificent Hotel. The financial results of the JV Company (including the Hotel after the Acquisition) will be consolidated into the results of the Companies.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE FORMATION OF THE JOINT VENTURE**

Vancouver has recorded the highest growth in the North America tourism markets with overnight visitor growth of 4.8% in 2016. Overnight trips from China to Vancouver increased by 94% during the period from 2011 to 2015, representing a compound annual growth of 18%. The growth for the first half 2016 was 22%, further underscoring the city's importance to tourism. The 5-star Rosewood Hotel Georgia is one of the most sought-after and legendary luxury downtown Vancouver hotels, offering unparalleled service in an ideal locale. It is just a few blocks up from waterfront Canada Place (the convention center and cruise ship terminal) and across the street from the Vancouver Art Gallery. The Rosewood Hotel Georgia is at the heart of Vancouver's downtown attractions. It is also just a one-block walk from the Vancouver City Center Skytrain station, a 25-minute ride from the airport on the Canada Line.

The Hotel building was newly constructed in 2011 with a total gross floor area of 197,000 sq. ft. on a lot size of 29,924 sq. ft. and the rooms were modified from 312 rooms to 156 exceptionally large guest rooms. The acquisition price of CA\$736 (equivalent to approximately HK\$4,355) per sq. ft. is below the construction replacement costs.

The Hotel is branded and managed by Rosewood, one of the most well-known and prestigious brands in the world. The Hotel recorded handsome net operating profits of approximately CA\$3.0 million and CA\$6.0 million for the year ended 31 December 2015 and 2016, respectively, demonstrating a remarkable growth.

Set out below is the unaudited financial information of the Hotel for the two years ended 31 December 2015 and 2016.

	<b>For the year ended 31 December</b>			
	<b>2016</b>		<b>2015</b>	
	<i>(CA\$'000)</i>	<i>(HK\$'000)</i>	<i>(CA\$'000)</i>	<i>(HK\$'000)</i>
Revenue	31,479	186,273	26,680	158,876
Profit before tax	6,031	35,687	3,052	18,060

Since the Hotel is not a separate legal entity, its profit has been included in the partnership account of one of the Vendors. There was no separate tax assessment for the profit of the Hotel and accordingly, the amount of profit after tax for the past two years are not available. The value of the Purchased Assets under the Asset Purchase Agreement agreed by the parties thereto amounts to CA\$145 million (equivalent to approximately HK\$858.02 million).

In brief, the Acquisition presents an excellent opportunity to enter the vibrant Vancouver real estate and hotel market at a low unit price of HK\$4,355 per square foot which is below the construction cost, for a new and most prestigious building on the most prominent location of the city centre with initial yield of 4%.

Magnificent Hotel teams up with Mr. Jonathan Cheng to acquire the Hotel so as to limit the capital outlay for the investment. Besides having the financial capability, Mr. Jonathan Cheng has rich experience in hotel and service apartment investments and management. The JV Company is a co-operation of two equals who share the positive view in investment in the Hotel. Magnificent Hotel considers Mr. Jonathan Cheng an ideal partner for the Acquisition compared with a pure financial investor.

Magnificent Hotel will fund the Further Capital Contribution through internal resources and bank borrowings. The Companies **will not** raise fund by way of equity financing to finance the Further Capital Contribution.

After the Acquisition, Magnificent Hotel will indirectly own 50% of the Hotel. The Hotel will be accounted for as a jointly controlled entity and its results will not be consolidated into the financial statements of the Companies.

The Directors consider that the Acquisition, the formation of the JV Company, the Initial Capital Contribution and the Further Capital Contribution are beneficial to the Companies and carried out in the ordinary and normal course of business of the Companies, under normal commercial terms, and is fair and reasonable and in the interests of the Companies and their shareholders as a whole. Except for Mr. William Cheng, none of the Directors is required to abstain from voting and abstained from voting on the resolutions on the forgoing transactions.

## **INFORMATION OF THE PARTIES**

### **The Shun Ho Group**

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.

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.

Magnificent Hotel is principally an investment holding company. Through its subsidiaries, the MHIL Group is principally engaged in investment in and operation of hotels.

Babenna is an investment holding company incorporated in Hong Kong with limited liability. It is 100% owned by Magnificent Hotel and will hold 50% interest in the JV Company.

Honestwide Investment Limited is an investment holding company and a wholly owned subsidiary of Magnificent Hotel.

### **Other Parties**

The Purchaser is a company incorporated in the British Columbia, Canada with limited liability. It was set up for the acquisition for the Hotel.

Able Shine is an investment holding company incorporated in Hong Kong with



limited liability. It is 100% owned by Mr. Jonathan Cheng and will hold 50% interest in the JV Company.

To the best of the knowledge, information and belief of the Directors, the Vendors are affiliates of Delta Land Development Ltd. which is the North American division of the Delta Group of Companies, a prominent global firm with diverse interests in real estate development and investment, management and industry. With offices in Singapore, London, United Kingdom and Vancouver, Canada the Delta Group has built and developed a substantial portfolio of residential and commercial ventures worldwide.

## **LISTING RULES IMPLICATIONS**

As one or more the applicable percentage ratios in respect of the Initial Capital Contribution and Further Capital Contribution in aggregate exceed 25% but are all less than 100%, for the purposes of Rule 14.07 of the Listing Rules, the Initial Capital Contribution and Further Capital Contribution together constitutes a major transaction for each Shun Ho Holdings and Magnificent Hotel under the Listing Rules.

As one or more the applicable percentage ratios in respect of the Initial Capital Contribution and Further Capital Contribution in aggregate exceed 5% but are all less than 25%, for the purposes of Rule 14.07 of the Listing Rules, the Initial Capital Contribution and Further Capital Contribution together constitutes a discloseable transaction for Shun Ho Property under the Listing Rules.

As Able Shine is a company wholly owned by Mr. Jonathan Cheng, a brother of Mr. William Cheng, the Chairman and an executive Director and a controlling shareholder of each of the Companies, Able Shine is therefore an associate of a connected person of each of the Companies. The formation of the JV Company, the Initial Capital Contribution and the Further Capital Contribution constitute connected transactions for each of the Companies under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the revenue and profits ratios) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the formation of JV Company and Initial Capital Contribution collective is less than 5%, formation of JV Company and the Initial Capital Contribution together is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the revenue and profits ratios) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the Further Capital Contribution exceeds 5%, the Further Capital Contribution is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the revenue and profits ratios) as calculated in accordance with Chapter 14 of the Listing Rules in respect of the acquisition of the 50% interest in the JV Company under the JV Acquisition Agreement is less than 5%, the acquisition is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In case the sale and purchase under the JV Acquisition Agreement is invoked, the Acquisition will no longer be a connected transaction but will become a major transaction of each of the Companies. Ordinary resolutions in respect of the Acquisition will be proposed for approval by the respective shareholders of the Companies at the SHH EGM, SHP EGM and MHIL EGM respectively and no shareholders are need to abstain from voting. Mr. William Cheng who controls 71.17% of Shun Ho Holdings has indicated that he will cause his controlled companies to vote in favour of the Acquisition in the SHH EGM. Shun Ho Holdings which controls 62.02% of Shun Ho Property will vote in favour of the Acquisition in the SHP EGM. Shun Ho Property which is interested in 71.09% in Magnificent Hotel will vote in favor of the Acquisition at the MHIL EGM.

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 Shareholders Agreement and the transactions contemplated thereunder and the Further Capital Contribution, and to advise the SHH Independent Shareholders, the SHP Independent Shareholders and the MHIL Independent Shareholders as to whether the Further Capital Contribution and the Shareholders Agreement are on normal commercial terms, fair and reasonable and in the interests of the Shun Ho Holdings, Shun Ho Property and Magnificent Hotel 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, SHP Independent Shareholders and MHIL 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 Further Capital Contribution. A circular containing, among other things, (i) further information on the Asset Purchase Agreement, the Shareholders' Agreement and the transactions contemplated thereunder; (ii) the property valuation report on the Lands and the Hotel by an independent professional valuer to be engaged by the Purchaser; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the SHH Independent Shareholders; (iv) the notice convening the SHH EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the shareholders of Shun Ho Holdings on or before 12 May 2017, as additional time is required by Shun Ho Holdings for the preparation of certain information for inclusion in the circular.

The SHP EGM will be convened and held for the SHP Independent Shareholders to consider and, if thought fit, approve the Further Capital Contribution. A circular containing, among other things, (i) further information on the Asset Purchase Agreement, the Shareholders' Agreement and the transactions contemplated thereunder; (ii) the property valuation report on the Lands and the Hotel by an independent professional valuer to be engaged by the Purchaser; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the SHP Independent Shareholders; (iv) the notice convening the SHP EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the shareholders of Shun Ho Property on or before 12 May 2017, as additional time is required by Shun Ho Property for the preparation of certain information for inclusion in the circular.

The MHIL EGM will be convened and held for the MHIL Independent Shareholders to consider and, if thought fit, approve the Further Capital Contribution. A circular containing, among other things, (i) further information on the Asset Purchase Agreement, the Shareholders' Agreement and the transactions contemplated thereunder; (ii) the property valuation report on the Lands and the Hotel by an independent professional valuer to be engaged by the Purchaser; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the MHIL Independent Shareholders; (iv) the notice convening the MHIL EGM; and (v) other information as required under the Listing Rules, is expected to be

despatched to the shareholders of Magnificent Hotel on or before 12 May 2017, as additional time is required by Magnificent Hotel for the preparation of certain information for inclusion in the circular.

## **WARNING**

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

## **DEFINITIONS**

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

“Able Shine”	Able Shine Enterprises Limited (顯俊企業有限公司), a company incorporated in Hong Kong
“Acquisition”	the acquisition of the Purchased Assets under the Asset Purchase Agreement
“AS Shareholder Loan”	The pro rata shareholder loan extended by Able Shine to the JV Company pursuant to the Shareholder Agreement
“Asset Purchase Agreement”	the asset purchase agreement entered into between the Vendors and the Purchaser on 27 February 2017 for the sale and purchase of the Purchased Assets
“associate(s)”	has the meanings ascribed to it under the Listing Rules

“Babenna”	Babenna Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Magnificent Hotel
“Board(s)”	the board of directors of Shun Ho Holdings, Shun Ho Property and Magnificent Hotel
“Companies”	Shun Ho Holdings, Shun Ho Properties and Magnificent Hotel
“Completion”	completion of the Acquisition
“Conditions”	means the conditions precedent to Completion, as more particularly set out under the section headed “Conditions Precedent to Completion” of this announcement
“Connected person”	has the meanings ascribed to it under the Listing Rules
“controlling shareholder”	has the meanings ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendors for the Purchased Assets of CA\$145,000,000 (equivalent to approximately HK\$858.02 million), subject to adjustment
“Directors”	the directors of Shun Ho Holdings, Shun Ho Property and Magnificent Hotel
“Due Diligence Period”	means the period: (a) commencing on the day following the later of: (i) the day the Vendors’ confirmation of delivery of the due diligence materials set out in the Asset Purchase Agreement; and (ii) the day the Vendors deliver the Vendors' Waiver Notice; and

(b) ending on the day that is thirty (30) days from the commencement date established by (a) above

“First Deposit”	the initial deposit of CA\$7,250,000 (equivalent to approximately HK\$42.90 million) for the purchase of the Purchased Assets payable in accordance with the Asset Purchase Agreement
“Further Capital Contribution”	the further contribution of capital to the JV Company by Babenna and Able Shine by way of shareholders’ loan of HK\$407.56 million each to fund the rest of the Consideration
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Hotel”	the hotel building situate on the Lands, municipally known as at 801 West Georgia Street, Vancouver, British Columbia, Canada and presently named and referred to generally as the Hotel Georgia or Rosewood Hotel Georgia
“ICA Approval”	means that the Purchaser shall have received written notice from the Minister of Canadian Heritage responsible for cultural investments under the Investment Canada Act, R.S.C. 1985, c. 28 (1 <sup>st</sup> Supp.) that the Minister of Canadian Heritage is satisfied that the transactions contemplated by the Asset Purchase Agreement are likely to be of net benefit to Canada pursuant to the Investment Canada Act
“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
“Initial Capital	the initial contribution of capital to the JV Company

Contribution”	by Babenna and Able Shine by way of shareholders’ loan of HK\$21,450,000 each to fund the payment of the First Deposit
“JV Acquisition Agreement”	the sale and purchase agreement dated 27 February 2017 entered into between Babenna, Magnificent Hotel, Able Shine and Mr. Jonathan Cheng in respect of 50% interest in the JV Company
“JV Company”	Funstar Development Limited, a company incorporated in Hong Kong and owned as to 50% by Magnificent Hotel (through its wholly owned subsidiary Babenna) and as to 50% by Able Shine
“Lands”	the land in the City of Vancouver, in the Province of British Columbia, legally described as PID: 027-196-267, Parcel 1 Block 41 District Lot 541 Group 1 New Westminster District Plan BCP32307 except Plan BCP48084
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Magnificent Hotel”	Magnificent Hotel Investments Limited, a company incorporated in Hong Kong with limited liability, a subsidiary of SHP and the securities of which are listed on the Stock Exchange
“Management Agreement”	the hotel management agreement between the Georgia Properties Partnership, as owner, and RHR, as manager, executed as of 4 December 2009
“MHIL EGM”	an extraordinary general meeting of Magnificent Hotel to be convened to approve, among other matters (if any), the Further Capital Contribution and the Shareholders Agreement
“MHIL Group”	Magnificent Hotel and its subsidiaries

“MHIL Independent Shareholders”	shareholders of Magnificent Hotel other than Mr. William Cheng and his associates
“Mr. Jonathan Cheng”	Mr. Jonathan Cheng Kai Chun, the 100% owner of Able Shine and a brother of Mr. William Cheng
“Mr. William Cheng”	Mr. William Cheng Kai Man, the Chairman and an executive director and a controlling shareholder of each of Shun Ho Holdings, Shun Ho Property and Magnificent Hotel
“Purchased Assets”	the undertaking and all of the property and assets of the Purchased Business including interest in the Hotel and Lands and other related assets in connection with the Purchased Business such as inventories, furniture and fixture, motor vehicles and account receivable etc.
“Purchased Business”	the business of owning and operating the Hotel including leasing portions thereof and all management associated with such leasing
“Purchaser”	1106558 B.C. Ltd., a company incorporated in British Columbia, Canada 1106558 and a wholly owned subsidiary of the JV Company
“RHR”	RHR Operating, L.L.C
“Shun Ho Holdings”	Shun Ho Holdings Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange
“SHH EGM”	an extraordinary general meeting of Shun Ho Holdings Limited to be convened to approve, among other matters (if any), the Further Capital



## Contribution and the Shareholders Agreement

“SHH Group”	SHH and its subsidiaries
“SHH Independent Shareholders”	shareholders of Shun Ho Holdings other than Mr. William Cheng and his associates
“Shareholders Agreement”	the shareholders’ agreement dated 27 February 2017 entered into amongst Babenna, Magnificent Hotel, Able Shine and Mr. Johnathan Cheng
“Shun Ho Property”	Shun Ho Property Investments Limited, a company incorporated in Hong Kong with limited liability, a subsidiary of SHH and the securities of which are listed on the Stock Exchange
“SHP EGM”	an extraordinary general meeting of Shun Ho Property Investments Limited to be convened to approve, among other matters (if any), the Further Capital Contribution and the Shareholders Agreement
“SHP Group”	SHP and its subsidiaries
“SHP Independent Shareholders”	shareholders of Shun Ho Property other than Mr. William Cheng and his associates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	the vendors of the Purchased Assets
“CA\$”	Canadian Dollars, the lawful currency of Canada
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

*In this announcement, CA\$ has been converted to HK\$ at the rate of CA\$1=HK\$5.9174 for illustration purpose only.*

By order of the Board  
**Magnificent Hotel  
Investments Limited**

By order of the Board  
**Shun Ho Property  
Investments Limited**

By order of the Board  
**Shun Ho Holdings  
Limited**

**William Cheng Kai Man**  
*Chairman*

**William Cheng Kai Man**  
*Chairman*

**William Cheng Kai Man**  
*Chairman*

Hong Kong, 28 February 2017

*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.*