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**MAGNIFICENT HOTEL
INVESTMENTS LIMITED**

*(Incorporated in Hong Kong
with limited liability)*

(Stock Code: 201)



**SHUN HO PROPERTY
INVESTMENTS LIMITED**

*(Incorporated in Hong Kong
with limited liability)*

(Stock Code: 219)



**SHUN HO HOLDINGS
LIMITED**

*(Incorporated in Hong Kong
with limited liability)*

(Stock Code: 253)

**EXEMPTED CONNECTED TRANSACTION
DISPOSAL OF 25% EQUITY INTEREST IN
THE TARGET COMPANY AND THE SALE DEBT**

THE DISPOSAL

The Boards announce that on 6 May 2021 (after trading hours), the Vendor, a wholly-owned subsidiary of the Companies, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Purchaser agreed to acquire from the Vendor (i) the Sale Shares, representing 25% of the total issued shares of the Target Company; and (ii) the Sale Debt, at a consideration of HK\$13,050,000.

The Target Company, being a wholly-owned subsidiary of the Companies, is a limited company incorporated in Hong Kong whose sole business is the holding of the Property.

IMPLICATIONS UNDER THE LISTING RULES

The Purchaser is (i) the executive Director of each of the Companies; and (ii) the ultimate controlling shareholder holding (directly and indirectly) 71.09%, 64.76% and 73.47% equity interest in Magnificent Hotel, Shun Ho Property and Shun Ho Holdings, respectively. Therefore, the Purchaser is a connected person of each of the Companies for the purpose of Chapter 14A of the Listing Rules and the entering into of the Sale and Purchase Agreement constitutes a connected transaction for each of the Companies.

As all applicable percentage ratios in respect of the Disposal are over 0.1% but less than 5% for all of the Companies, the Disposal is subject to the notification and announcement requirements and exempted from the requirement of independent shareholders' approval under the Listing Rules for all of the Companies.

THE SALE AND PURCHASE AGREEMENT

On 6 May 2021 (after trading hours), the Vendor, a wholly-owned subsidiary of the Companies, entered into the Sale and Purchase Agreement with the Purchaser. The salient terms of the Sale and Purchase Agreement are summarised below:

Subject Matter

The Purchaser shall acquire from the Vendor i) the Sale Share, representing 25% of the total issued shares of the Target Company; and ii) the Sale Debt.

Consideration

The consideration of the Disposal is HK\$13,050,000, which was determined by the parties after arm's length negotiations with reference to (i) the net asset value of the Target Company as at 31 December 2020; and (ii) the market value of the Property of HK\$52,000,000 as valued by an independent valuer.

The consideration will be payable by the Purchaser in the following manners:

- (i) HK\$1,000,000 shall be payable on the date of signing the Sale and Purchase Agreement; and
- (ii) the balance of HK\$12,050,000 shall be payable upon Completion.

The Target Company

The Target Company, being a wholly-owned subsidiary of the Companies, is a limited company incorporated in Hong Kong whose sole business is holding of the Property.

The property is now leased. The rental income attributable to the Property for the year ended 31 December 2020 and 31 December 2019 were HK\$840,000 and HK\$0 respectively.

The net asset value of the Target Company as at 31 December 2020 was approximately HK\$31,791,000. Financial results of the Target Company for the two years immediately preceding the date of the Sale and Purchase Agreement are as follows:

	For the year ended 31 December	
	2019 (audited) HK\$'000	2020 (audited) HK\$'000
Net (loss)/ profit before tax	(379)	706
Net (loss)/profit after tax	(379)	706

After Completion, the Companies continue to hold 75% equity interest in the Target Company as a subsidiary.

The Disposal is not expected to give rise to any gain on disposal for the Group. The Boards currently intend to apply the proceeds from the Disposal as general working capital and to repay certain debts of the Group.

REASON FOR THE TRANSACTION

As disclosed in the 2020 annual report of the Companies, due to the continuous COVID-19 effect, hotels in Hong Kong and retail stores will continue to suffer from low occupancies and high operating costs. Under such impact on the hotel and property investment business of the Group, the Disposal benefits the Group in generating working capital as may be needed from time to time to cope with the unstable COVID-19 pandemic conditions in Hong Kong.

In addition, the proceeds from the Disposal reduces the debt level of the Group, and hence reduces the financial risk of the Group under the current adverse economic environment brought by the COVID-19 pandemic.

The Boards (including the independent non-executive Directors) consider the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Companies and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Companies

Each of Magnificent Hotel, Shun Ho Property and Shun Ho Holdings is a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange which is principally engaged in investment and operation of hotels, property investment and securities investment.

The Vendor

The Vendor is a wholly-owned subsidiary of the Companies and is principally engaged in investment holding.

The Purchaser

The Purchaser is (i) the executive Director of each of the Companies; and (ii) the ultimate controlling shareholder holding (directly and indirectly) 71.09%, 64.76% and 73.47% equity interest in Magnificent Hotel, Shun Ho Property and Shun Ho Holdings, respectively.

IMPLICATIONS UNDER THE LISTING RULES

The Purchaser is (i) the executive Director of each of the Companies; and (ii) the ultimate controlling shareholder holding (directly and indirectly) 71.09%, 64.76% and 73.47% equity interest in Magnificent Hotel, Shun Ho Property and Shun Ho Holdings, respectively. Therefore, the Purchaser is a connected person of each of the Companies for the purpose of Chapter 14A of the Listing Rules and the entering into of the Sale and Purchase Agreement constitutes a connected transaction for each of the Companies.

As all applicable percentage ratios in respect of the Disposal are over 0.1% but less than 5% for all of the Companies, the Disposal is subject to the notification and announcement requirements and exempted from the requirement of independent shareholders' approval under the Listing Rules for all of the Companies.

The Purchaser, being the executive Director, is considered to have a material interest in the Disposal and has abstained from voting on the board resolutions of the Companies for approving the Sale and Purchase Agreement.

DEFINITIONS

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

“Boards”	the boards of Directors;
“Companies”	Magnificent Hotel, Shun Ho Property and Shun Ho Holdings;
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Companies;
”Disposal”	the sale of the Sale Shares in the Target Company and the Sale Debt by the Vendor to the Purchaser;
“Group”	the Companies and their subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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 and listed on the Main Board of the Stock Exchange (stock code: 201), which is the holding company of the Vendor and the Target Company;
“PRC”	the People’s Republic of China;
“Property”	Flat A, 11th Floor, 152 Tai Hang Road, Hong Kong;
“Purchaser”	Mr. William CHENG Kai Man, the Executive Director and ultimate controlling shareholder of each of the Companies;
“Sale and Purchase Agreement”	the agreement dated 6 May 2021 between the Vendor and the Purchaser;
“Sale Debt”	25% of the existing shareholders’ loan (which is interest-free, unsecured and without fixed term of repayment) payable by the Target Company to the Vendor;
“Sale Shares”	250 shares of HK\$1.00 each in the Target Company, representing 25% of the total issued shares of the Target Company;
“Shareholder(s)”	shareholder(s) of the Companies;
“Shun Ho Holdings”	Shun Ho Holdings Limited, a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange (stock code: 253), which is the holding company of Shun Ho Property, Magnificent Hotel, the Vendor and the Target Company;
“Shun Ho Property”	Shun Ho Property Investments Limited, a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange (stock code: 219), which is the holding company of Magnificent Hotel, the Vendor and the Target Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Postal Power Company Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Vendor;

“Vendor” Babenna Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Magnificent Hotel; and

“%” per cent.

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, 6 May 2021

As at the date hereof, the Board of each of Magnificent Hotel, Shun Ho Property and Shun Ho Holdings comprises five Executive Directors, namely, Mr. William Cheng Kai Man, Mr. Albert Hui Wing Ho, Madam Kimmy Lau Kam May, Madam Ng Yuet Ying and Madam Wendy Cheng Wai Kwan; one Non-Executive Director, namely, Madam Mabel Lui Fung Mei Yee; and three Independent Non-Executive Directors, namely, Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Lam Kwai Cheung.