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SHEN YOU HOLDINGS LIMITED

申酉控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8377)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON RECORD DATE AND CHANGE IN BOARD LOT SIZE

Reference is made to the announcement of Shen You Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 9 April 2020 (the “**Announcement**”) in relation to, among others, the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. Unless otherwise defined, capitalized terms used herein shall bear the same meanings as defined in the Announcement.

The Company would like to supplement the following information to the Announcement:

ADDITIONAL INFORMATION ON THE REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

In addition to those reasons and benefits of the Rights Issue as already mentioned in the Announcement, the Board considers there is an imminent need for the Company to conduct the Rights Issue to ensure a sufficient and healthy cash reserve for general working capital and business development for the foreseeable future in view of the recent market conditions. The continuing Sino-US trade conflict, the gradual economic slowdown in the PRC and the recent coronavirus (COVID-19) pandemic had also posed unascertained impact on the Group’s business. Against such backdrop, the Company intends to apply the net proceeds from the Rights Issue for the replenishment of the general working capital of the Group towards administrative and other expense, including but not limited to office rent, salaries and allowances, and legal and professional fees; and as funds for operational expenses and for acquisition of raw materials. The Directors also consider that the Rights Issue can strengthen the capital base of the Company to withstand the current depressive market sentiment. As such, the Board considers that the proposed Rights Issue is necessary for the Group to maintain an adequate level of liquidity to satisfy the Group’s funding requirements in a timely manner.

As disclosed in the Announcement, the gross proceeds from the Rights Issue is approximately HK\$17.2 million and the net proceeds from the Rights Issue are estimated to be approximately HK\$15.2 million. The estimated expenses of approximately HK\$2 million represents the professional fees and other related expenses necessary for the implementation of the Rights Issue. The Board considers that the level of professional fees for the Rights Issue is at normal market rate and that the transaction cost of the Rights Issue is justifiable in light of the benefits of the Rights Issue as a whole. In conducting the proposed Rights Issue, the Company has provided all its Shareholders an equal opportunity to participate and increase their shareholding at a discounted price. Having taken into consideration the recent market conditions and the imminent funding needs of the Group as disclosed above, the Board is of the view that the terms and conditions of the Rights Issue are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

APPLICATION FOR EXCESS RIGHTS SHARES

The Board would like to clarify and confirm that the last paragraph under the section headed “Application for excess Rights Shares” contained in page 8 of the Announcement shall be amended and be replaced as follows:

“Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) to note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for registration by no later than 4:30 p.m. on Monday, 20 April 2020. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.”

CHANGE IN BOARD LOT SIZE

The Board would like to clarify that the effective date of the proposed change in the board lot size of the Shares from 10,000 Shares to 50,000 Shares shall be 9:00 a.m. on Tuesday, 26 May 2020 on page 13 of the Announcement.

By order of the Board
Shen You Holdings Limited
Wong Kwok Wai, Albert

Chairman, chief executive officer and executive Director

Hong Kong, 17 April 2020

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Wong Kwok Wai, Albert and Mr. Chan Yiu Tung, Enoch; one non-executive Director, namely, Mr. Gao Biao; and three independent non-executive Directors, namely, Dr. Yeung Ngai Man, John, Mr. Sung Alfred Lee Ming and Mr. Zhang Guofu.

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.shenyouholdings.com.