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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)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION**

#### **THE MOU**

The Board announces that, on 24 June 2020 (after trading hours of the Stock Exchange), the Company and the Vendor entered into the MOU in relation to the possible acquisition of not less than 55% of the issued share capital of the Target Company. The Target Group is principally engaged in the trading of furnishing and the provision of interior design, fitting out and decoration services.

Subject to the terms and conditions of the Agreement, the consideration for the Acquisition is expected to be satisfied by the Company by way of allotment and issue of new Shares at a price of HK\$0.04 per Share, or the issue of convertible bonds carrying rights to convert into new Shares at an initial conversion price of HK\$0.04 per Share, or a combination of the above, or by any other kind of consideration.

**The Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Acquisition, if materialises, may constitute a notifiable transaction for the Company under the GEM Listing Rules. Should the Company enter into the Agreement or decide to terminate the MOU or there be any material development on the Acquisition, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the GEM Listing Rules as and when appropriate.**

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 17.10 of the GEM Listing Rules.

## **THE MOU**

The Board announces that, on 24 June 2020 (after trading hours of the Stock Exchange), the Company and the Vendor entered into the MOU in relation to the Acquisition. Details of the MOU are set out below:

Date: 24 June 2020

Parties: (i) the Company; and  
(ii) the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party. As at the date of this announcement, the Vendor is interested in 8,000,000 Shares, representing 0.67% of the entire issued share capital of the Company. Save for the disclosed, the Vendor does not hold any other Share or other securities in the Company.

### **Assets to be acquired**

Subject to the parties entering into the Agreement, the Vendor shall sell, and subject to further negotiations between the parties to the MOU procure other shareholders of the Target Company to sell, and the Company shall purchase not less than 55% of the entire issued share capital of the Target Company. The Target Group is principally engaged in the trading of furnishing and the provision of interior design, fitting out and decoration services.

### **Consideration**

The consideration for the Acquisition will be subject to further negotiation between the parties to the MOU and is expected to be satisfied by the Company by way of allotment and issue of new Shares or convertible bonds carrying rights to convert into new Shares or a combination of the above, or by any other kind of consideration.

To the extent that the whole or any part of the consideration for the Acquisition comprises any new Shares or convertible bonds carrying rights to convert into new Shares or any other kind of equity or equity linked securities to be issued by the Company, the issue price of and/or the initial conversion price for new Shares shall be HK\$0.04 per Share, representing a discount of approximately 16.32% to the average of the closing prices per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the MOU.

### **Exclusivity Period**

The Vendor agreed that he shall not and shall procure that the Target Group and its directors, officers, employees, representatives and agents shall not, directly or indirectly, for a period of 21 days from the date of the MOU, (i) solicit, initiate or encourage enquiries or offers from; or (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or statement of intent or understanding with,

any person or entity other than the Company and/or its subsidiaries with respect to the sale or other disposition of the equity interest in or the sale, subscription, or allotment of any part thereof or any other shares of the Target Company.

The parties thereto shall negotiate in good faith towards one another in ensuring the Agreement be entered into as soon as possible and in any event, on or before the date falling 21 days from the date of the MOU, or such later date as the parties to the MOU may agree.

### **Conditions**

Completion of the Acquisition is conditional upon, among other things:

- (i) the Company being reasonably satisfied with the results of the due diligence review to be conducted after signing of the MOU on the assets, liabilities, operations and affairs of the Target Group;
- (ii) all necessary consents, licences and approvals required to be obtained on the part of the Vendor, the Target Group and if applicable, other shareholders of the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iii) all necessary consents, licences and approvals required to be obtained on the part of the Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iv) the passing by the shareholders of the Company at its extraordinary general meeting to be convened and held to approve the Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules and the applicable laws and regulations (including but not limited to the allotment and issue of new Shares or the issue of convertible bonds carrying rights to convert into new Shares, or a combination of the above (as the case may be));
- (v) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the consideration shares and/or convertible bonds (as the case may be); and
- (vi) any other conditions agreed by the Vendor and the Company to be included in the Agreement.

### **Legal effect**

The MOU is non-legally binding save for the provisions relating to, among other things, the issue price/initial conversion price for the securities to be issued by the Company, due diligence, exclusivity, confidentiality, costs and governing law and jurisdiction of the MOU.

## INFORMATION ON THE GROUP

The Group is principally engaged in the manufacturing and selling of sewing threads. The Board considers that the Acquisition allows the Group to tap into the business of the trading of furnishing as well as the provision of interior design, fitting out and decoration services and it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden the Group's source of income.

**The Acquisition may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares. The Acquisition, if materialises, may constitute a notifiable transaction for the Company under the GEM Listing Rules. Should the Company enter into the Agreement or decide to terminate the MOU or there be any material development on the Acquisition, the Company will inform the Shareholders and investors by way of announcement(s) in accordance with the GEM Listing Rules as and when appropriate.**

## DEFINITIONS

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

“Acquisition”	the possible acquisition by the Company and/or its nominee(s) of not less than 55% of the entire issued share capital of the Target Company from the Vendor, and if applicable, other shareholders of the Target Company
“Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Acquisition
“Board”	board of Directors
“Company”	Shen You Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8377)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“LMP”	LMP International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“MOU”	the memorandum of understanding dated 24 June 2020 entered into between the Company and the Vendor setting out the preliminary understanding in relation to the Acquisition
“Shareholder(s)”	holder(s) of issued Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Diamond Motto Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 55% by the Vendor and 45% by other shareholders
“Target Group”	collectively, the Target Company and LMP
“Vendor”	Mr. Leung Tat Chi (梁達志), being a shareholder interested in 55% of the equity interests of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Shen You Holdings Limited**  
**Wong Kwok Wai, Albert**  
*Chairman, chief executive officer and executive Director*

Hong Kong, 24 June 2020

*As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Wong Kwok Wai, Albert, Mr. Chan Yiu Tung, Enoch and Mr. Leung King Yue, Alex; one non-executive Director, namely, Mr. Gao Biao; and five independent non-executive Directors, namely, Dr. Yeung Ngai Man, John, Mr. Sung Alfred Lee Ming, Mr. Zhang Guofu, Mr. Chan Tsun Choi, Arnold and Mr. Chow Chin Hang, Joel.*

*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 <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at [www.shenyouholdings.com](http://www.shenyouholdings.com).*