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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 MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

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.

References are made to the announcement of the Company dated 24 June 2020 in relation to the MOU regarding the Acquisition and the announcement of the Company dated 16 July 2020 in relation to the Share Consolidation (collectively known as, the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

THE SUPPLEMENTAL MOU

The Board announces that, in view of the Share Consolidation, on 17 July 2020 (after trading hours of the Stock Exchange), the Company and the Vendor entered into the supplemental memorandum of understanding (the “**Supplemental MOU**”) to vary certain terms of the MOU. Set out below are the principal amendments to the terms of the MOU:

Consideration

The consideration payable for the Sale Shares is expected to be satisfied by the Company by way of allotment and issue of new Existing Shares (or new Consolidated Shares, in the event that the Share Consolidation has become effective) or issue of convertible bonds carrying rights to convert into new Existing Shares (or new Consolidated Shares, in the event that the Share Consolidation has become effective), 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 Existing Shares (or new Consolidated Shares, in the event that the Share Consolidation has become effective) or convertible bonds carrying rights to convert into new Existing Shares (or new Consolidated Shares, in the event that the Share Consolidation has become effective) 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 Existing Shares shall

be HK\$0.05 per Existing Share (or HK\$0.25 per Consolidated Share, in the event that the Share Consolidation has become effective), representing a discount of approximately 2.34% to the average of the closing prices per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Supplemental 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 42 days, instead 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 Sale Shares or the sale, subscription, or allotment of any part thereof or any other shares of the Target Company.

The Company and the Vendor shall negotiate in good faith towards one another in ensuring that the Agreement be entered into as soon as possible and in any event, on or before the date falling 42 days, instead of 21 days, from the date of the MOU, or such later date as the parties to the MOU may agree.

Conditions

As disclosed in the announcement of the Company dated 24 June 2020, completion of the Acquisition is conditional upon certain conditions precedents. Pursuant to the terms and conditions of the Supplemental MOU, condition (iv) of which shall be amended as follows:

“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 Existing Shares (or new Consolidated Shares, in the event that the Share Consolidation has become effective) or the issue of convertible bonds carrying rights to convert into new Existing Shares (or new Consolidated Shares, in the event that the Share Consolidation has become effective), or a combination of the above (as the case may be))”.

Save for the amendments contained in the Supplemental MOU as disclosed above, there are no other changes to the terms and conditions of the MOU.

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 (as amended and supplemented by the Supplemental 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.

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

Hong Kong, 17 July 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; and four independent non-executive Directors, namely, Dr. Yeung Ngai Man, John, Mr. Sung Alfred Lee Ming, 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 Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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 “Latest Listed Company Information” page of the GEM website for at least 7 days from the date of its posting.