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## **SHUN CHEONG HOLDINGS LIMITED**

**順昌集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock code: 650)

### **DISCLOSEABLE TRANSACTION PROPOSED DISPOSAL OF SUBSIDIARIES**

The Board is pleased to announce that on 21 September 2010, the Company (the “Vendor”) entered into the Sale and Purchase Agreement with Mr. Forrest Chu Ken Wang (the “Purchaser”), pursuant to which the Company has agreed to sell and the purchaser has agreed to purchase 100% equity interests in Super Highway Services Ltd. (the “Super Highway”) at the consideration of HK\$6,230,000, subject to the terms and conditions of the Sale and Purchase Agreement.

As relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction under Rule 14.06 of the Listing Rules and is therefore subject to the notification and announcement requirements set out in Chapter 14 of the Listing Rules.

#### **I. INTRODUCTION**

The Board is pleased to announce that on 21 September 2010, the Company entered into the Sale and Purchase Agreement with Mr. Forrest Chu Ken Wang, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase 100% equity interests in Super Highway at the consideration of HK\$6,230,000, subject to the terms and conditions of the Sale and Purchase Agreement.

#### **II. THE SALE AND PURCHASE AGREEMENT**

##### **1. Date**

21 September 2010

## **2. Parties**

Vendor: the Company  
Purchaser: Mr. Forrest Chu Ken Wang

Based on the Directors' best understanding, knowledge, belief and having made all reasonable enquiries, the Purchaser is third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

## **3. Sale and Purchase**

Pursuant to the Sale and Purchase Agreement, the Company has agreed to sell and the Purchaser has agreed to purchase 100% equity interest in Super Highway, a company incorporated in the British Virgin Islands, on the terms and subject to the conditions of the Sale and Purchase Agreement. Prior to the entering into this Sale and Purchase Agreement, Super Highway is wholly owned by the Company. Upon completion of the transaction, the Company will not hold any equity interests of Super Highway.

The Directors confirmed that Super Highway is no longer as a subsidiary of the Company after the Completion.

## **4. Consideration and payment terms**

Under the Sale and Purchase Agreement, the consideration of HK\$6,230,000 is based on 1.137 times value of the Unaudited Consolidated Net Tangible Assets.

The above consideration is determined after arm's length negotiations between the parties to the Sale and Purchase Agreement and with reference to the value of the Unaudited Consolidated Net Tangible Assets of HK\$5,475,729.

The consideration will be paid by cash or settled to the bank account designated by the Company upon Completion.

The expected gain HK\$754,271 is calculated by the consideration deducting the Unaudited Consolidated Net Tangible Assets. The expected gain will be recognised in the Company's income statement. The expected gain is to be calculated by reference to the carrying value of the assets in the accounts as at 31 March 2010.

## **5. Conditions for Completion**

- i) The Vendor's Warranties having remained true and accurate and not misleading at all times from the date of this Sale and Purchase Agreement up to and including the Completion Date;
- ii) The Purchaser's Warranties having remained true and accurate and not misleading at all times from the date of this Sale and Purchase Agreement up to and including the Completion Date;
- iii) The value of the Unaudited Consolidated Net Tangible Assets having been verified and accepted by the Purchaser and/or its professional adviser;
- iv) The Vendor having obtained the respective approvals in accordance with respective bye-laws and the Listing Rules necessary for the transactions contemplated under the Sale and Purchase Agreement;
- v) The parties hereto undertake to use their respective best endeavors to ensure that the Conditions be fulfilled on or prior to the Completion Date;
- vi) The Purchaser may at any time in writing waive the condition in (i) above, whereas the Vendor may at any time waive the conditions in (ii) above and/or (iii) above; and
- vii) In the event that any of the conditions for Completion shall not have been fulfilled or waived pursuant to (vi) above (as the case may be) and Completion cannot take place on or prior to 29 October 2010 or such other date as the parties may otherwise agree in writing, then the parties hereto shall not be bound to proceed with Completion and this Sale and Purchase Agreement shall automatically terminate.

## **6. Completion**

On Completion, the Purchaser shall pay the consideration and the Vendor shall deliver the Super Highway documents and things as the Purchaser may reasonably require in order to complete the transaction contemplated under this Agreement and to pass control, ownership, management and administration of the Super Highway Group to the Purchaser.

## **III REASONS FOR THE PROPOSED TRANSACTION**

The Group is principally engaged in the hotel and restaurant operations in the People's Republic of China and the provision of building related maintenance services. The Directors are of the view that the proposed disposal could enhance the Company's financial position in the future. Moreover, the Company could utilize the proceeds from the proposed disposal to invest other potential business with prosperous growth and improve our existing core business such as Guangxi Nanning Wharton International Hotel Limited in the Mainland China for development and expansion.

The Board is of the opinion that the Sale and Purchase Agreement and the transaction contemplated thereunder are in line with the Company's ordinary and usual course of business, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

#### **IV. INFORMATION ON SUPER HIGHWAY**

Super Highway is an investment holding company and incorporated in British Virgin Islands with limited liability. The subsidiaries of Super Highway are principally engaged in the provision of building related maintenance services.

The Unaudited Consolidated Net Tangible Assets of Super Highway Group as at 31 March 2010 was HK\$5,475,729.

Set out below is the unaudited financial information of the Super Highway Group.

	<b>For the year ended 31 March</b>	
	<b>2010</b>	<b>2009</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Net loss before tax	<b>153.4</b>	3,878.9
Net loss after tax	<b>187.4</b>	3,888.0

#### **V. INFORMATION OF THE GROUP**

The Group is principally engaged in hotel and restaurant operations in the People's Republic of China and provision of building related maintenance services. The Directors are of the view that the proposed disposal could enhance the Company's financial position in the future. Moreover, the Company could utilize the proceeds from the proposed disposal to invest other potential business with prosperous growth and improve our existing core business such as Guangxi Nanning Wharton International Hotel Limited in the Mainland China for development and expansion.

#### **VI. INFORMATION OF THE VENDOR**

Mr. Forrest Chu Ken Wang is a Hong Kong Citizen and holding a Hong Kong Identity Card.

## VII. LISTING RULES IMPLICATION

As relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but is less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction under Rule 14.06 of the Listing Rules and is therefore subject to the notification and announcement requirements as set out in Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Company” or “Vendor”	Shun Cheong Holdings Limited, an exempted company incorporated in Bermuda with limited liability and registered in Hong Kong under Part XI of the Companies Ordinance, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Sale and Purchase Agreement
“Completion Date”	The day on which the Completion occurs and in any event be not later than 29 October 2010
“Directors”	the director(s) of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Unaudited Consolidated Net Tangible Assets”	The unaudited consolidated net tangible assets of the Super Highway Group as at 31 March 2010
“Sale and Purchase Agreement”	The sale and purchase agreement dated 21 September 2010 entered into between the Company (being the vendor) and Mr. Forrest Chu Ken Wang (being the purchaser) in respect of the disposal of 100% equity interest in Super Highway

“Share(s)”	share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Highway”	Super Highway Services Ltd. is a company incorporated in British Virgin Island with limited liability
“Super Highway Group”	Super Highway and its subsidiaries
“%”	Per cent

By Order of the Board  
**Shun Cheong Holdings Limited**  
**Cao Jing**  
*Executive Chairman*

Hong Kong, 21 September 2010

*As at the date hereof, the board of directors of the Company comprises of six directors, of which two are executive directors, namely Ms. Cao Jing (executive chairman) and Mr. Zhang Shaohua (managing director), one is non-executive director, namely Mr. Mo Tianquan, and three are independent non-executive directors, namely Professor Ye Jianping, Mr. Palaschuk Derek Myles and Mr. Yao Xusheng.*

\* *For identification purposes only*