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SAMSON HOLDING LTD.

順誠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00531)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF JOLLY STATE INTERNATIONAL LIMITED AND ITS SUBSIDIARY IN VIETNAM

THE ACQUISITION

The Board is pleased to announce that, on 16 July 2019, the Purchaser, a wholly-owned subsidiary of the Company, the Vendor, the Cayman Company and the Target Group entered into the Share Transfer Agreement pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing 70% of the share capital of the Target, at the consideration of US\$32,550,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but all those applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

The Acquisition is subject to the fulfilment of a number of conditions precedents. As such, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that, on 16 July 2019, the Purchaser, a wholly-owned subsidiary of the Company, the Vendor, the Cayman Company and the Target Group entered into the Share Transfer Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 70% of the total issued share capital of the Target, at the consideration of US\$32,550,000.

THE ACQUISITION

The principal terms of the Share Transfer Agreement are set out below:

Date

16 July 2019

Parties

- (i) the Purchaser, a wholly-owned subsidiary of the Company, as the purchaser;
- (ii) the Vendor, as the vendor;
- (iii) the Cayman Company, a company wholly-owned by the Vendor;
- (iv) the Vietnam Company, a company wholly-owned by the Vendor; and
- (v) the Target, a company wholly-owned by the Vendor.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the Vendor is a third party independent of and not connected with the Company and its connected persons as defined under the Listing Rules.

Assets to be acquired

The Assets to be acquired include the following:

- (1) The Sale Shares, being 0.7 share of the Target, representing 70% of the total issued share capital of the Target; and
- (2) The Vietnam Company, currently owned as to 47% by the Vendor and 53% by the Cayman Company, which will be 100% transferred to the Target within 120 days from the date of the Share Transfer Agreement.

Consideration

The consideration for the Acquisition shall be US\$32,550,000, subject to certain conditions precedent being fulfilled as elaborated in the paragraph headed "Payment of Consideration" of this announcement.

The Consideration was determined based on the operating and assets conditions of the Target Group at the date of the Share Transfer Agreement and with reference to normal commercial terms through arm's length negotiations between the Parties. The Consideration will be funded by the internal resources of the Group.

Payment of Consideration

The Consideration for the Acquisition shall be paid to the designated account of the Vendor as follows:

- (1) 30% of the Consideration in the amount of US\$9,765,000 shall be paid on the date of the Share Transfer Agreement;
- (2) 20% of the Consideration in the amount of US\$6,510,000 shall be paid upon transfer of the *de facto* control of the Vietnam Company to the Purchaser by 31 July 2019; and
- (3) 50% of the Consideration in the amount of US\$16,275,000 shall be paid upon completion of the transfer registration of the Target Group and delivery of the evidence of transfer to the Purchaser.

Termination

The Share Transfer Agreement may be terminated, including but not limited to:

- (1) by mutual consent of all Parties;
- (2) by the Vendor if the payment of the Consideration is overdue by 15 days or more;
- (3) by the Purchaser if the Vendor fails to hand over the assets of the Target Group within 15 days from 31 July 2019 or transfer 100% shares of the Vietnam Company to the Target within 120 days from the date of the Share Transfer Agreement; or
- (4) by the non-defaulting Party for breach of representations, warranties and undertaking without compensation.

INFORMATION OF THE COMPANY

The Company is the holding company comprising members of the Group. The Group is principally engaged in the manufacturing and wholesaling of furniture.

INFORMATION ABOUT THE PARTIES

Information about the Purchaser

The Purchaser is an investment holding company and a wholly-owned subsidiary of the Company incorporated for the purpose to acquire the Sale Shares.

Information about the Vendor

As at the date of the Share Transfer Agreement, the Vendor wholly owns the Cayman Company and the Target Group, and is the legal and beneficial owner of the Sale Shares.

Information about the Cayman Company

The Cayman Company is an investment vehicle wholly-owned by the Vendor to hold shares in the Vietnam Company. As at the date of the Share Transfer Agreement, the Cayman Company is the legal owner of 53% of the shares in the Vietnam Company.

Information about the Target and the Target Group

The Target is wholly-owned by the Vendor and incorporated for the purpose of holding all the shares of the Vietnam Company.

The Vietnam Company is the legal owner of a furniture manufacturing factory in Vietnam and has land use rights over two parcels of lands with the total size of 190,482.1 square meters used for the plants.

Based on the audited balance sheet of the Vietnam Company which is the only asset of the Target, the net assets value of the Vietnam Company is approximately US\$17,248,000 as of 31 December 2018.

Based on the audited accounts of the Vietnam Company for the financial years ended 31 December 2017 and 31 December 2018, the net profits of the Vietnam Company are as follows:

	For the year ended 31 December	
	2017	2018
	US\$	US\$
Net profit before taxation	712,266.75	2,908,186.82
Net profit after taxation	533,208.24	2,269,289.40

REASONS AND BENEFITS OF THE ACQUISITION

Since its establishment in 1995, the Group has now become a fully vertically-integrated furniture company and ranks as one of top 10 furniture wholesalers in the United States. In order to support the Group's wholesale furniture branding portfolio, the Group has established solid and diverse manufacturing bases, including China, Indonesia, Bangladesh and the United States, to continue to support and expand its furniture brands globally. The Acquisition is consistent with the Group's business ambitions, and will further expand the manufacturing facilities in Vietnam to mitigate the uncertainty caused by the continuing trade tension between China and the United States. The Acquisition will enhance Shareholders' value and will strengthen the core competitiveness of the Group.

Taking into account of the above factors, the Directors consider that the terms of the Acquisition including the Consideration, are fair and reasonable, on normal commercial terms, and the Acquisition is in the interests of the shareholders of the Company and the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but all those applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

The Acquisition is subject to the fulfilment of a number of conditions precedents. As such, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the terms and conditions of the Share Transfer Agreement
“Board”	the board of directors of the Company
“Cayman Company”	Timber Industries Co., Ltd. (Cayman), a company incorporated in the Cayman Islands and wholly-owned by the Vendor
“Company”	Samson Holding Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration for the Acquisition in the amount of US\$32,550,000
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Party(ies)”	party(ies) to the Share Transfer Agreement
“Purchaser”	Sheen Success Corporation Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Sale Shares”	0.7 share of the Target, representing 70% of the total issued share capital of the Target
“Shareholder(s)”	shareholder(s) of the Company

“Share Transfer Agreement”	the share transfer agreement dated 16 July 2019 entered into among the Purchaser, the Vendor, the Cayman Company and the Target Group in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Target”	Jolly State International Limited, a company established under the laws of the British Virgin Islands and wholly owned by the Vendor
“Target Group”	The Target and the Vietnam Company to be acquired by the Target pursuant to the Share Transfer Agreement
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	Mr. Hsu Wei-Fu, the sole owner of the Cayman Company and the Target Group
“Vietnam Company”	Timber Industries Co., Ltd. (Vietnam), a limited liability company incorporated in the Socialist Republic of Vietnam on 2 January 2004 and currently owned as to 47% by the Vendor and 53% by the Cayman Company
“%”	per cent.

For and on behalf of the Board
Samson Holding Ltd.
Shan Huei KUO
Chairman

16 July 2019

As at the date of this announcement, Mr. Shan Huei KUO (Chairman), Ms. Yi-Mei LIU and Mr. Mohamad AMINOZZAKERI are the executive directors of the Company; Mr. Sheng Hsiung PAN is the non-executive director of the Company; and Mr. Ming-Jian KUO, Mr. Siu Ki LAU and Mr. Sui-Yu WU are the independent non-executive directors of the Company.

* *For identification purposes only*