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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 AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF 30% SHARES IN
JOLLY STATE INTERNATIONAL LIMITED**

THE ACQUISITION

The Board is pleased to announce that, on 3 August 2020, the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Target 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 30% of the share capital of the Target, at the consideration of US\$13,950,000.

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 Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

As at the date of this announcement, the Vendor owns 30% of the total issued share capital of the Target and the Target is a subsidiary of the Company. Accordingly, the Vendor (being a substantial shareholder of the Target) is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the Share Transfer Agreement and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Share Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of 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 3 August 2020, the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Target 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 30% of the total issued share capital of the Target, at the consideration of US\$13,950,000.

THE ACQUISITION

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

Date

3 August 2020 (After trading hours)

Parties

- (i) the Purchaser, a wholly-owned subsidiary of the Company, as the purchaser;
- (ii) the Vendor, as the vendor; and
- (iii) the Target, a company owned as to 70% by the Purchaser and a non wholly-owned subsidiary of the Company.

Assets to be acquired

The Sale Shares, being 0.3 shares of the Target, representing 30% of the total issued share capital of the Target and all of the shares of the Target owned by the Vendor.

Consideration

The consideration for the Acquisition shall be US\$13,950,000, 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 took into account the net assets value and the business and financial prospects of the Vietnam Company, which is the only asset of the Target. The Consideration will be funded by a bank loan of the Group.

Payment of Consideration

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

- (1) 30% of the Consideration in the amount of US\$4,185,000 shall be paid within 5 business days after signing of the Share Transfer Agreement;
- (2) 50% of the Consideration in the amount of US\$6,975,000 shall be paid within 14 business days after the Purchaser received the share certificate and the share transfer documents from the Vendor, which shall be provided within 5 business days after the Vendor received 30% of the Consideration; and
- (3) 20% of the Consideration in the amount of US\$2,790,000 shall be paid within 5 business days after the completion of the registration for the transfer of the Sale Shares by the Purchaser and the Purchaser received evidence for the change of shareholding. In any event, the registration for the transfer of the Sale Shares shall complete by no later than 25 business days after the Purchaser received the share certificate and the share transfer documents from the Vendor.

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 owns 30% of the equity interests in the Target Group, and is the legal and beneficial owner of the Sale Shares.

Information about the Target

The Target is a subsidiary of the Company and owned as to 70% by the Purchaser. The 70% equity held by the Purchaser in the Company was acquired pursuant to a share transfer agreement dated 16 July 2019. After completion of the said acquisition in 2019, the Vietnam Company became a wholly-owned subsidiary of the Target. The Target Group operates 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. Further details of the above are set out in the Company's announcements dated 16 July 2019 and 1 August 2019.

Based on our audited balance sheet of the Vietnam Company which is the sole asset of the Target, the net assets value of the Vietnam Company was approximately US\$18,409,000 as of 31 December 2019.

Based on the audited financial statements of the Vietnam Company for the financial years ended 31 December 2018 and 31 December 2019, the net profits of the Vietnam Company are as follows:

	For the years ended 31 December	
	2018	2019
	<i>US\$</i>	<i>US\$</i>
Net profit before taxation	712,266.75	1,683,323.21
Net profit after taxation	533,208.24	1,331,550.72

REASONS AND BENEFITS OF THE ACQUISITION

Since its establishment in 1995, the Group has 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. Since the acquisition of 70% equity interest of the Target in 2019, the Group expanded its production lines in Vietnam and transferred the majority of its manufacturing operations from the PRC to Vietnam. The Board consider the Acquisition will ensure that the Group continues to strengthen its core competitiveness and enjoy the full benefits that the Vietnam Company brings to the Group. Upon completion of the Acquisition, the Target will become a wholly-owned subsidiary of the Company.

Taking into account of the above factors, the Directors (including the independent non-executive 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 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 Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

As at the date of this announcement, the Vendor owns 30% of the total issued share capital of the Target and the Target is a subsidiary of the Company. Accordingly, the Vendor (being a substantial shareholder of the Target) is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the Share Transfer Agreement and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Share Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of 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
“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\$13,950,000
“Connected person”	has the meaning ascribed to it under the Listing Rules
“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
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Sheen Success Corporation Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Sale Shares”	0.3 shares of the Target, representing 30% of the total issued share capital of the Target
“Shareholder(s)”	shareholder(s) of the Company
“Share Transfer Agreement”	the share transfer agreement dated 3 August 2020 entered into among the Purchaser, the Vendor and the Target 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 owned as to 70% by the Purchaser and 30% by the Vendor as at the date of this announcement
“Target Group”	The Target and the Vietnam Company to be acquired by the Target pursuant to the Share Transfer Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Mr. Hsu Wei-Fu, the owner of 30% equity interests in the Target
“Vietnam Company”	Timber Industries Co., Ltd. (Vietnam), a limited liability company incorporated in the Socialist Republic of Vietnam on 2 January 2004 and a subsidiary of the Company, owned as to 100% by the Target
“%”	per cent.

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

3 August 2020

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*