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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)

VOLUNTARY ANNOUNCEMENT

**(1) BUSINESS UPDATE;
(2) ADVISORY SERVICES ON HORSE BREEDING
RELATED BUSINESS;
AND
(3) ACQUISITIONS OF HORSES**

This announcement is made by Shen You Holdings Limited on a voluntary basis to provide the Shareholders and potential investors of the Company with the latest business development of the Group.

(1) BUSINESS UPDATE

The Group is principally engaged in the manufacture and trading of sewing threads and broad categories of garment accessories and also in the provision of interior design, fitting out and decoration services (the “**Existing Businesses**”).

References are made to the announcements of the Company dated 19 January 2021, 2 February 2021 and 11 February 2021 (collectively known as, the “**Announcements**”) in relation to the Subscription and the Placing of new Shares under general mandate. As disclosed in the Announcements, the Company intends to apply part of the net proceeds from the Subscription and the Placing for possible investment(s), including but not limited to investment in quality thoroughbred.

Upon conducting a feasibility study on the horse racing and breeding industry in Hong Kong and Australia, while the Existing Businesses will continue to be the core businesses of the Group, the Board intends to develop the horse breeding business in Australia (the “**New Business**”) with a view to broadening its source of income.

The Board considers that the commencement of the New Business can diversify the Group’s business scope with a view to broadening the Group’s revenue base to enhance its profitability and offer better returns to the Shareholders. As such, the

Board expects that the New Business would represent a good business opportunity to the Group and maximise the future contribution to the Group and thus, would be in the interest of the Group and the Shareholders as a whole.

(2) ADVISORY SERVICES ON HORSE BREEDING RELATED BUSINESS

To facilitate the development of the New Business, on 21 May 2021, the Company entered into the Advisory Services Agreement with Newington Farm, trading in the name of Julian Blaxland Bloodstock, pursuant to which Newington Farm has agreed to provide advisory services on horse related business to the Group.

Pursuant to the terms and conditions of the Advisory Services Agreement, Newington Farm shall provide the following general advisory services to the Group:

- (1) provide advice to the Group, as requested by the Company, concerning horse assets and horse transactions or possible horse transactions including valuations, performance and insurance thereof;
- (2) procure from other horse experts intrinsic horse documents and materials such as valuations, insurances, trainer's reports, vet reports etc. as required to enable the Group to be fully informed as to horses it owns or is interested in or horse transactions it is involved in or interested in;
- (3) provide a monthly summary of world-wide horse industry asset valuation commentary and sales results; and
- (4) such other advisory non-transactional and non-originating assistance as the Company might request from time to time.

The applicable remuneration and reimbursement of expenses for each specific advisory service shall be determined by the Company and Newington Farm in writing from time to time.

Information on Newington Farm

Newington Farm is a company incorporated in Australia with limited liability. To the best of the Directors' knowledge, information and belief, Newington Farm is principally engaged in horse breeding business, including the provision of breaking and pre-training as well as veterinary care, and the provision of consignment sales services for horses.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Newington Farm and its ultimate beneficial owner(s) is an Independent Third Party.

Mr. Julian Blaxland, being a controlling shareholder and director of Newington Farm, is a leading bloodstock consultant and agent and is a member of the Federation of Bloodstock Agents Australia. Since 2006, he has selected, advised and purchased high quality bloodstock on behalf of clients in Australasia, Europe and North America through private sale and at public auction. He specialises in purchasing yearlings and tried horses with potential to be stakes performers, consistently achieving stakes level success on the racetrack and commercial returns in the sales ring for clients.

He regularly acts as buying agent and consultant of major Australian owners and breeders. He also regularly provides owners and major racing and breeding operations with valuation estimates of racing and breeding stock, garnered from his over 20 years' experience in the industry as a bloodstock consultant and auctioneer.

Prior to forming Blue Sky Bloodstock Pty Ltd, Mr. Julian Blaxland worked for Magic Millions Sales, followed by BBA Ireland as a bloodstock consultant, and as a leading auctioneer for 12 years at major sales for Magic Millions and New Zealand Bloodstock.

(3) ACQUISITIONS OF HORSES

The Board is also pleased to announce that on 25 May 2021, 26 May 2021 and 27 May 2021, the Company won several bids to acquire (i) 100% ownership interest in eight horses at a total purchase price of AUD1,037,000 (equivalent to approximately HK\$6,222,000) (exclusive of GST); and (ii) 4% ownership interest, 2.5% ownership interest and 2% ownership in three horses at a purchase price of AUD440,000 (equivalent to approximately HK\$2,640,000) (exclusive of GST), AUD20,000 (equivalent to approximately HK\$120,000) (exclusive of GST) and AUD70,000 (equivalent to approximately HK\$420,000) (exclusive of GST), respectively, at the 2021 Gold Coast National Broodmare Sale.

The principal terms of the acquisitions of ownership interest in the following horses (the “**Horses**”) are summarised as follows:

Date	Purchaser	Auctioneer	Assets to be acquired	Purchase price (exclusive of GST)
25 May 2021	Company	Magic Millions Sales Pty Limited	100% ownership interest in a bay mare born in Australia in 2015	AUD320,000 (equivalent to approximately HK\$1,920,000)
			100% ownership interest in a bay or brown mare born in Australia in 2014	AUD120,000 (equivalent to approximately HK\$720,000)
			100% ownership interest in a bay mare born in Australia in 2016	AUD12,000 (equivalent to approximately HK\$72,000)
			4% ownership interest in a chestnut colt born in Australia in 2013	AUD440,000 (equivalent to approximately HK\$2,640,000)
			2.5% ownership interest in a chestnut colt born in Australia in 2012	AUD20,000 (equivalent to approximately HK\$120,000)
26 May 2021	Company	Magic Millions Sales Pty Limited	100% ownership interest in a bay or brown mare born in Australia in 2014	AUD250,000 (equivalent to approximately HK\$1,500,000)
			100% ownership interest in a bay mare born in Australia in 2010	AUD140,000 (equivalent to approximately HK\$840,000)

Date	Purchaser	Auctioneer	Assets to be acquired	Purchase price (exclusive of GST)
			2% ownership interest in a bay or brown colt born in New Zealand in 2014	AUD70,000 (equivalent to approximately HK\$420,000)
			100% ownership interest in a bay mare born in Australia in 2011	AUD60,000 (equivalent to approximately HK\$360,000)
			100% ownership interest in a bay or grey mare born in Australia in 2015	AUD25,000 (equivalent to approximately HK\$150,000)
27 May 2021	Company	Magic Millions Sales Pty Limited	100% ownership interest in a chestnut mare born in Australia in 2013	AUD110,000 (equivalent to approximately HK\$660,000)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are different parties which are not connected or otherwise associated with one another, and each of the Vendors and its ultimate beneficial owner(s) (where applicable) and the Auctioneer and its ultimate beneficial owner(s) is an Independent Third Party.

Purchase price and payment terms

The purchase price of each of the Horses set out above was determined with reference to the reserve price of the Horses set by the Vendors, racetrack performance of the Horses, advice provided by Newington Farm under the Advisory Services Agreement and market prices of similar horses.

Pursuant to the Conditions of Sale, subject to the conditions in relation to credit arrangements as disclosed in the paragraph headed "Credit arrangements" below in this announcement, the full purchase price shall be due and payable to the Auctioneer in Australian currency within one hour of purchase or within such other period of time as the Auctioneer or Vendor may permit pursuant to the conditions in relation to credit arrangements, time being of the essence, notwithstanding that delivery may not have been made.

Credit arrangements

Pursuant to the Conditions of Sale, the Company requiring credit from the Auctioneer or Vendor must enter into a satisfactory credit or terms agreement with the Auctioneer or Vendor in writing prior to the sale.

On 13 May 2021, the Company has entered into the Credit Agreement with the Auctioneer, pursuant to which the Auctioneer shall provide credit to the Company up to AUD10,000,000 (equivalent to approximately HK\$60,000,000) for a term of 30 days for the Acquisitions. Pursuant to the terms of the Credit Agreement, the Company agreed to pay the Auctioneer interest at a rate of 1.25% per month, calculated daily. Such interest shall be calculated on a daily basis and shall begin accruing 31 days from the relevant date of the Acquisitions.

Completion

Pursuant to the Conditions of Sale, title in the Horses shall not pass to the Company until all monies payable by the Company to the Auctioneer and/or the Vendor pursuant to the conditions therein in respect of the Horses shall have been received by the Auctioneer and/or the Vendor, and all bills of exchange tendered in payment of such monies have been honoured. Until title to the Horses has passed to the Company, the Company shall not exercise or purport to exercise any rights of ownership or possession including, without limitation, registering or racing the Horses.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Directors consider that the Acquisitions would enable the Group to generate additional revenue in the horse breeding business in the form of service fee income, sale of breeding rights, sale of broodmares, fillies and colts. In light of the above and taking into account the advice provided by Newington Farm on the Acquisitions, the Directors are of the view that the terms of the Acquisitions are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Acquisitions”	acquisitions of the Horses on 25 May 2021, 26 May 2021 and 27 May 2021 pursuant to the Conditions of Sale
“Advisory Services Agreement”	an advisory services agreement dated 21 May 2021 and entered into between the Company and Newington Farm in relation to the provision of advisory services on horse related business to the Group
“Auctioneer”	Magic Millions Sales Pty Limited, a company incorporated in Australia with limited liability, and having PAMD auctioneer’s and agent’s licence number 2005419 and includes its officers and agents
“Board”	board of Directors
“Company”	Shen You Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8377)
“Conditions of Sale”	conditions of sale applicable to the sale for which any horse is nominated, accepted and offered for sale by the Auctioneer
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Credit Agreement”	a credit agreement dated 13 May 2021 and entered into between the Company and the Auctioneer in relation to a credit limit for AUD10,000,000 (equivalent to approximately HK\$60,000,000) for a term of 30 days
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	Company and its subsidiaries

“GST”	has the meaning ascribed thereto under A New Tax System (Goods and Services Tax) Act 1999 (Cth) as amended from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Horses”	has the meaning ascribed thereto under the section headed “(3) Acquisitions of Horses” in this announcement
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, 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
“Mr. Julian Blaxland”	Mr. Julian Charles Harrison Blaxland, being a controlling shareholder and director of Newington Farm
“Newington Farm”	Newington Farm Operations Pty Ltd, a company incorporated in Australia with limited liability
“Placing”	the offer by way of private placing of 24,000,000 new Shares by or on behalf of the placing agent at HK\$0.30 per placing Share to the placee(s), completion of which took place on 11 February 2021
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription of 24,000,000 new Shares by Mr. Fung Wing Cheung Tony at HK\$0.30 per subscription Share, completion of which took place on 11 February 2021

“Vendor(s)”	the relevant vendor(s) on whose behalf the relevant Horse(s) is/are sold by the Auctioneer
“AUD”	Australian dollar, the lawful currency of Australia
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, conversion of Australian dollars into Hong Kong dollars is calculated at the approximate exchange rate of AUD1.00 to HK\$6.00. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

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

Hong Kong, 31 May 2021

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Wong Kwok Wai, Albert, Mr. Chan Yiu Tung, Enoch, Mr. Leung King Yue, Alex and Mr. Ma Pok Man Josiah; and three independent non-executive Directors, namely, 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 GEM of The Stock Exchange of Hong Kong Limited 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 at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.shenyouholdings.com.