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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)**

### **HOLDING ANNOUNCEMENT**

Reference is made to (i) the Announcement dated 8 June 2015 in respect of the Possible Transactions (as defined in the Announcement); and (ii) the announcement of the Company dated 22 June 2015 in relation to the halt in trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 22 June 2015. Unless otherwise defined, capitalised terms used herein shall bear the same meanings as ascribed thereto in the Announcement.

#### **A. THE POSSIBLE TRANSACTIONS**

The Board wishes to inform the public that on 22 June 2015, agreements in relation to the Possible Transactions were entered into with the current status as follows:

##### **(a) The Possible Transfer**

On 22 June 2015, Upsky, Tanisca, Mr. Mo (who holds the entire equity interests in Upsky and Tanisca) and the Investor entered into a sale and purchase agreement in relation to the conditional sale and purchase of 175,000,000 Shares (representing approximately 50.38% of the entire issued share capital of the Company as at the date of this announcement) at a consideration of HK\$117,180,000 (representing approximately HK\$0.6696 per Share) by Upsky (as vendor) and the Convertible Bonds with an aggregate principal amount of HK\$96,832,526 at a consideration of HK\$175,477,833 by Tanisca (as vendor) to the Investor (as purchaser).

##### **(b) The Possible Subscription**

On 22 June 2015, the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 4,017,323,774 Subscription Shares, comprising (i) the subscription of 1,269,414,575 Ordinary Shares at a subscription price of HK\$0.6696 each; (ii) the

\* *For identification purpose only*

tranche 1 preferred shares subscription of 1,373,954,600 preferred shares of the Company at a subscription price of HK\$0.6696 each; and (iii) the tranche 2 preferred shares subscription of 1,373,954,599 preferred shares of the Company at a subscription price of HK\$0.6696 each.

The 2,747,909,199 preferred shares of the Company to be issued pursuant to the Subscription Agreement are non-voting and convertible into 2,747,909,199 new Ordinary Shares.

**(c) The Possible Acquisition**

On 22 June 2015, Target Sellers (as sellers), the Company (as purchaser) and the PRC Target entered into the Acquisition Agreement pursuant to which, the Company has conditionally agreed to acquire from Target Sellers, the entire equity interests in the PRC Target at a consideration of RMB558,880,000.

**(d) The Possible CN Subscription**

On 22 June 2015, the Company, the CN Subscriber (a company owned by the Target Sellers) and the Investor (as guarantor) entered into the CN Subscription Agreement pursuant to which the CN Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Note in the aggregate principal amount of HK\$250 million which is convertible into 373,357,228 New Conversion Shares based on the initial conversion price of HK\$0.6696 each.

**(e) Divestment Agreement**

On 22 June 2015, the Company as vendor and Upsky as purchaser entered into the Divestment Agreement pursuant to which, the Company has conditionally agreed to sell to Upsky, and Upsky has conditionally agreed to purchase from the Company the Divestment Shares at an initial consideration equals to the aggregate net asset value of Target 1 and Target 2 and the carrying value of the net account receivables owed by the Divestment Group to the Company as at 31 March 2015 which shall be subject to adjustments as set out in the Divestment Agreement.

**The Possible Takeover Offer**

Completion of the Possible Transfer will trigger the Possible Takeover Offer. Details of the Possible Takeover Offer will be set out in a joint announcement to be made by the Company and the Investor in accordance with Rule 3.5 of the Takeovers Code.

**Listing Rules and Takeovers Code requirements**

The Acquisition constitutes a very substantial acquisition for the Company and a reverse takeover of the Company under the Listing Rules. The Divestment constitutes a very substantial disposal and a connected transaction of the Company under the Listing Rules and a special deal under the Takeovers Code as Upsky is the existing controlling shareholder of the Company and thus is a connected person of the Company under the Listing Rules.

Completion of the Subscription, the Acquisition, the CN Subscription and the Divestment are subject to a number of conditions, including but not limited to (i) the passing of resolutions by the Independent Shareholders in special general meeting of the Company approving, among other things, the execution of the relevant transaction agreements and consummation and completion of the transactions thereunder; (ii) approvals and consents for the relevant transactions by the Stock Exchange and the SFC (to the extent necessary); (iii) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in (a) the new Ordinary Subscription Shares and New Conversion Shares which may be issued upon conversion of the preferred shares under the Subscription and (b) the New Conversion Shares which may be issued upon conversion of the Convertible Note; and (iv) in respect of the Divestment, the Executive having consented to the Divestment as a special deal under Note 4 of Rule 25 of the Takeovers Code.

## **B. FURTHER ANNOUNCEMENT**

The Company is in the process of preparing a joint announcement with the Investor setting out amongst other things, details of the Possible Transactions and the Possible Takeover Offer in accordance with Rule 3.5 of the Takeovers Code and the applicable requirements under Chapter 14 and Chapter 14A of the Listing Rules. The joint announcement will be published as soon as practicable. Trading in the Shares on the Stock Exchange will remain suspended pending the release of the joint announcement.

**There is no assurance that any of the Possible Takeover Offer and the Possible Transactions mentioned in this announcement will materialize or eventually be consummated, Shareholders and the public investors are urged to exercise extreme caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Acquisition”	the sale and purchase of the entire equity interest in the PRC Target as contemplated under the Acquisition Agreement
“Acquisition Agreement”	the agreement entered into between the Company, Target Sellers and the PRC Target on 22 June 2015 pursuant to which the Company has conditionally agreed to acquire from Target Sellers the entire equity interests in the PRC Target
“Announcement”	the announcement of the Company dated 8 June 2015
“Board”	board of directors of the Company

“CN Subscriber”	a company incorporated in the British Virgin Islands with limited liability, being the subscriber of the Convertible Note pursuant to the terms of the CN Subscription Agreement and is owned by the Target Sellers
“CN Subscription”	subscription of the Convertible Note under the CN Subscription Agreement
“CN Subscription Agreement”	the subscription agreement entered into between the Company, the CN Subscriber and the Investor on 22 June 2015 in relation to the issue of the Convertible Note
“Company”	Shun Cheong Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$120,000,000 issued by the Company to Tanisca pursuant to a subscription agreement executed on 29 October 2007 and as amended by two separate deeds on 28 March 2013 and 3 June 2014 with a maturity of 30 April 2018
“Convertible Note”	a convertible promissory note to be issued by the Company with a principal amount of HK\$250,000,000 pursuant to the CN Subscription Agreement
“Director(s)”	the director(s) of the Company
“Divestment”	the disposal of the Divestment Shares and the assignment of the net accounts receivables owed by the Divestment Group to the Company in accordance with the terms and conditions of the Divestment Agreement
“Divestment Agreement”	the agreement entered into between the Company and Upsky on 22 June 2015 regarding the disposal of the Divestment Shares and the assignment of the net accounts receivables owed by the Divestment Group to the Company in accordance with the terms and conditions of the Divestment Agreement
“Divestment Group”	being Target 1, Target 2 and their respective subsidiaries
“Divestment Shares”	the 100 ordinary shares held by the Company in Target 1, representing 100% of the issued and outstanding share capital of Target 1, and the 100 ordinary shares held by the Company in Target 2, representing 100% of the issued and outstanding share capital of Target 2

“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“Independent Shareholders”	shareholders of the Company other than Mr. Mo and his associates and other Shareholders who have a material interest or are involved in or interested in any of the Subscription, the Acquisition, the CN Subscription and the Divestment
“Investor”	Titan Gas Technology Investment Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Titan Gas Technology Holdings Limited which in turn is held as to (i) approximately 49.13% together by IDG-Accel China Capital II L.P. and IDG-Accel China Capital II Investors L.P., both of which funds are under common control of IDG-Accel China Capital GP II Associates Ltd., their ultimate general partner, with Ho Chi Sing (何志成), Zhou Quan (周全), Shong Hugo (熊曉鵠) and the certain other individuals being the ultimate owners of IDG-Accel China Capital GP II Associates Ltd.; (ii) approximately 35.13% by Standard Gas Capital Limited, all of the issued voting shares in which are held by Blazing Success Limited, a company incorporated in the British Virgin Islands and wholly owned by Lee Khay Kok. (On 8 May 2015, Blazing Success Limited has granted a power of attorney to the board of directors of Standard Gas Capital Limited to exercise all the voting rights attached to all voting shares in Standard Gas Capital Limited held by Blazing Success Limited. The board of directors of Standard Gas Capital Limited comprised Wang Jingbo (王靜波), Lin Dongliang (林棟樑) and Shong Hugo (熊曉鵠).); (iii) approximately 8.05% by Wang Jingbo (王靜波); (iv) approximately 6.87% by 金世旗國際控股股份有限公司 (Kingsbury International Holdings Co., Ltd.*), which is owned as to approximately 74.80% by Luo Yuping (羅玉平) and as to approximately 14.15% by Guo Xihong (郭西紅), with the remaining approximately 11.05% interest being held by six PRC individuals, none of whom is holding more than 10%; and (v) approximately 0.82% by two individual investors who are not affiliated with the other shareholders of Titan Gas Technology Holdings Limited
“Mr. Mo”	Mr. Mo Tianquan (a non-executive director of the Company and the major shareholder of the Company through its interest in Upsky and Tanisca)

“New Conversion Share(s)”	Ordinary Share(s) to be allotted and issued upon conversion of the preferred shares under the Subscription and/or the Convertible Note
“Ordinary Subscription Shares”	1,269,414,575 new Ordinary Shares, in aggregate, to be subscribed for by the Subscribers
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Target”	a company established in the PRC with limited liability, the entire interest of which is owned by the Target Sellers as at the date of this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)” or “Ordinary Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscribers”

the Investor and the other subscribers under the Subscription Agreement, namely (1) Lu Xi (盧熙), (2) Prime Eagle Holdings Limited, which is ultimately wholly owned by Jiang Jianning (蔣建寧), (3) Fang Chao (房超), (4) Classictime Investments Limited, which is ultimately wholly owned by Jun Yang Solar Power Investments Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange, (5) China Alpha Fund Management (HK) Limited, which subscribes for the Subscription Shares for and on behalf of China Alpha II Fund Ltd and Global Integrity Alpha Fund Ltd, which will be the ultimately beneficial owners of the relevant Subscription Shares, (6) Leading Global Investment Ltd, which is ultimately wholly owned by Cheng Hei Yu (鄭熹榆), (7) Hwabao. Overseas Investment Series 2 No 20-6 QDII Single Money Trust (華寶•境外市場投資2號系列20-6期QDII單一資金信託) and Hwabao. Overseas Investment Series 2 No 20-7 QDII Single Money Trust (華寶•境外市場投資2號系列20-7期QDII單一資金信託), the above two QDII Trusts are required to act based on the instructions of Shanghai Trend Capital Co., Ltd. (上海宏流投資管理有限公司) (“Trend Capital”). Trend Capital will, upon completion of the Subscription, exercise the voting rights attached to the Subscription Shares subscribed by the two QDII Funds. Trend Capital is owned by Wang Ruyuan (王茹遠) as to 85% and Yang Mei (楊梅) as to 15% respectively, (8) New Fast Investments Limited, which is ultimately wholly owned by Yu Nan (余楠), (9) Real Smart Holdings Limited, which is ultimately wholly owned by Xu Sa (徐颯), (10) Grand Empire Global Limited, which is ultimately wholly owned by Zhang Lu (張璐), (11) True Success Global Limited, which is ultimately wholly owned by Ko Wing Yan Samantha (高穎欣), (12) Sonic Gain Limited, which is ultimately wholly owned by Ko Chun Shun Johnson (高振順), (13) Aquarius Growth Investment Limited, which owned as to 91% and 9% by Zhao Ming (趙明) and Wang Jingbo respectively. Zhao Ming is a businessman and Wang Jingbo is the director of Aquarius Growth Investment Limited, and the chief executive officer and an executive director of Titan Gas Technology Holdings Limited which beneficially owns 100% equity interests of the Investor

“Subscription”

subscription of the Subscription Shares under the Subscription Agreement

“Subscription Agreement”

the subscription agreement dated 22 June 2015 entered into between the Company and the Subscribers regarding the subscription of the Subscription Shares by the Subscribers

“Subscription Shares”	the subscription by the Subscribers of (i) 1,269,414,575 Ordinary Shares, (ii) the tranche 1 preferred shares subscription of 1,373,954,600 preferred shares of the Company; and (iii) the tranche 2 preferred shares subscription of 1,373,954,599 preferred shares of the Company
“Target 1”	Aykens Holdings Limited, a limited liability company incorporated and existing under the laws of the British Virgin Islands and a wholly owned subsidiary of the Company
“Target 2”	Hopland Enterprises Limited, a limited liability company incorporated and existing under the laws of the British Virgin Islands and a wholly owned subsidiary of the Company
“Target Sellers”	(i) 上海宏博投資管理（集團）有限公司 (Shanghai Hongbo Investment & Management (Group) Co. Ltd.*), a company incorporated in the PRC with limited liability and is ultimately held as to 80% by Shi Jianji (石建極) and 20% by Shi Wei (石為) and; (ii) 上海立大投資管理有限公司 (Shanghai Lida Investment Management Company Limited*), a company incorporated in the PRC with limited liability and is ultimately wholly owned as to 95% by 上海宏博投資管理（集團）有限公司 (Shanghai Hongbo Investment & Management (Group) Co., Ltd.*), (which is ultimately held as to 80% by Shi Jianji (石建極) and 20% by Shi Wei (石為)) and 5% by Shi Jianji (石建極)

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

Hong Kong, 9 July 2015

*As at the date of this announcement, the Board of the Company comprises two executive Directors, being Ms. CAO Jing and Mr. ZHANG Shaohua, one non-executive Director, being Mr. MO Tianquan; and two independent non-executive Directors, being Prof. YE Jianping and Mr. PALASCHUK Derek Myles.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any such statement contained in this announcement misleading.*