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**Titan Gas Technology  
Investment Limited**  
*(Incorporated in the British Virgin Islands  
with limited liability)*

  
**Shun Cheong Holdings Limited**  
**順昌集團有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 650)**

## **JOINT ANNOUNCEMENT**

**(1) DESPATCH OF CIRCULAR;**

**(2) FURTHER AMENDMENTS TO THE S&P AGREEMENT,  
THE SUBSCRIPTION AGREEMENT, THE ACQUISITION AGREEMENT,  
THE CN SUBSCRIPTION AGREEMENT AND  
THE DIVESTMENT AGREEMENT;**

**(3) FURTHER DELAY IN DESPATCH OF THE COMPOSITE DOCUMENT;**

**(4) ACQUISITION OF OPTION;**

**(5) ESTIMATED FINANCIAL EFFECT OF THE DIVESTMENT; AND**

**(6) UPDATED ACCOUNTING LISTING EXPENSES AND  
TRANSACTION COST WHICH WOULD AFFECT THE NET PROFIT  
OF THE RESTRUCTURED GROUP**

\* For identification purposes only

## **DESPATCH OF CIRCULAR**

The Circular containing, among other things, details of the Transfer and the Transactions, will be despatched to the Shareholders on 29 June 2016.

## **FURTHER AMENDMENTS TO THE S&P AGREEMENT, THE SUBSCRIPTION AGREEMENT, THE ACQUISITION AGREEMENT, THE CN SUBSCRIPTION AGREEMENT AND THE DIVESTMENT AGREEMENT**

On 28 June 2016 (after trading hours), the respective parties to the S&P Agreement, the Subscription Agreement, the Acquisition Agreement, the CN Subscription Agreement and the Divestment Agreement entered into amendment agreements, pursuant to which the parties have agreed to amend, among other things, as follows:

- (a) In respect of the S&P Agreement, the Target Completion Date has been further extended to 31 August 2016.
- (b) In respect of the Subscription Agreement, each Subscriber has undertaken to the Company not to dispose of, or enter into any agreement to dispose of its/his Subscription Shares in the Non-transfer Period (being the period commencing from the date of the Subscription Completion and ending on the date which is 6 months from the date on which such Subscription Shares are fully paid up).
- (c) In respect of the CN Subscription Agreement, the Offeror has been removed as guarantor.
- (d) In respect of the Subscription Agreement, the Acquisition Agreement, the CN Subscription Agreement and the Divestment Agreement, the long stop date has been further extended to 31 August 2016.

## **FURTHER DELAY IN DESPATCH OF THE COMPOSITE DOCUMENT**

As additional time is required for the fulfilment of the Conditions, the parties to the S&P Agreement have entered into the fifth amendment agreement to further extend the Target Completion Date. As the making of the Offer is subject to the S&P Completion, an application had been made to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to further extend the latest time of despatch of the Composite Document to a date not later than seven (7) days of the extended Target Completion Date (being 31 August 2016) or 7 September 2016, whichever is earlier, and the Executive has indicated that it is minded to grant consent for such extension.

## **ACQUISITION OF OPTION**

On 28 June 2016 (after trading hours), the Company and the Offeror entered into an option deed, pursuant to which the Offeror has granted the Option to the Company to sell its entire equity interest in the PRC Target to the Offeror.

As no premium is payable by the Company for the acquisition of the Option, the acquisition of the Option is not subject to any reporting and announcement requirements under the Listing Rules.

The exercise or non-exercise of the Option and the disposal of the Option Exercise Shares by the Company to the Offeror shall be reviewed and approved by the independent non-executive Directors and/or shall be subject to any applicable disclosure and Shareholders' approval requirements under the Listing Rules.

#### **ESTIMATED FINANCIAL EFFECT OF THE DIVESTMENT**

The estimated gain from the Divestment has increased from approximately HK\$36.3 million (as disclosed in the Joint Announcement) to approximately HK\$42.2 million, mainly due to the increase in combined net liabilities of the Divestment Group and decrease in net amounts due from the Divestment Group to the Company.

#### **UPDATED ACCOUNTING LISTING EXPENSES AND TRANSACTION COST WHICH WOULD AFFECT THE NET PROFIT OF THE RESTRUCTURED GROUP**

As a result of how the Transfer and the Transactions will be accounted for by the Company, the Restructured Group is expected to recognise deemed listing expenses, which are notional and non-cash, of approximately HK\$278.3 million (on the basis that completion of the Transfer and the Transactions had taken place on 30 September 2015). The Company does not consider these one-off notional non-cash accounting expenses shall have any adverse impact on the actual operations of the Restructured Group.

Reference is made to the (i) joint announcement of Shun Cheong Holdings Limited (the “**Company**”) and Titan Gas Technology Investment Limited (the “**Offeror**”) dated 27 October 2015 (the “**Joint Announcement**”) in relation to, among other things, the Transfer and the Transactions; (ii) the announcement dated 20 November 2015 issued by the Company in relation to, among other things, amendments to the Subscription Agreement, the Acquisition Agreement, the CN Subscription Agreement and the Divestment Agreement (collectively, the “**Agreements**”) and the S&P Agreement; (iii) the announcement dated 7 January 2016 jointly issued by the Offeror and the Company in relation to, among other things, the delay in despatch of the Composite Document; (iv) the announcement dated 28 January 2016 jointly issued by the Offeror and the Company in relation to, among other things, amendments to the Agreements and the S&P Agreement and the delay in despatch of the Composite Document; (v) the announcement dated 23 March 2016 jointly issued by the Offeror and the Company in relation to, among other things, further amendments to the Agreements and the S&P Agreement and the further delay in despatch of the Composite Document (the “**Delay Announcement**”); and (vi) the announcement dated 4 May 2016 jointly issued by the Offeror and the Company in relation to the resubmission of the listing application in relation to a very substantial acquisition and reverse takeover involving a new listing application. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement.

## **DESPATCH OF CIRCULAR**

The Circular containing, among other things, (i) further details of the Agreements; (ii) financial information of the Group; (iii) audited financial information of the PRC Target; (iv) a competent person's report on the estimated oil reserve in Block 212; (v) a valuation report on the PRC Target's interest in the oil reserve in Block 212 issued by a competent evaluator; (vi) unaudited financial information of the Divestment Group as reviewed by the Company's auditors; (vii) reports by the auditors or reporting accountants of and the financial adviser to the Company on the estimated gain from the Divestment and the unaudited net losses of the Divestment Group in accordance with Rule 10 of the Takeovers Code; (viii) the unaudited pro forma financial information of the Restructured Group; (ix) a letter from the Independent Board Committee advising the Independent Shareholders on the Divestment Agreement; (x) a letter from the Independent Financial Adviser advising the Independent Board Committee and the Independent Shareholders on the Divestment Agreement; and (xi) a notice of the SGM, together with the form of proxy for use at the SGM will be despatched to the Shareholders on 29 June 2016. As the financial information of the PRC Target has been audited and set out in the Circular, it is no longer required for the Company's financial adviser and reporting accountant to report on the net losses of the PRC Target pursuant to Rule 10 of the Takeovers Code.

## **FURTHER AMENDMENTS TO THE S&P AGREEMENT, THE SUBSCRIPTION AGREEMENT, THE ACQUISITION AGREEMENT, THE CN SUBSCRIPTION AGREEMENT AND THE DIVESTMENT AGREEMENT**

### **Amendment to the S&P Agreement**

As additional time is required for the fulfilment of the Conditions, on 28 June 2016 (after trading hours), the Offeror, Mr. Mo and the Sellers entered into the fifth amendment agreement to the S&P Agreement pursuant to which the Target Completion Date under the S&P Agreement has been further extended from 30 June 2016 to 31 August 2016, or such later date as the parties may agree.

### **Amendments to the Agreements**

On 28 June 2016 (after trading hours), the respective parties to the Agreements entered into amendment agreements (individually, an "**Amendment Agreement**") pursuant to which the following amendments, among other things, have been made to the Agreements:

#### *Amendment to lock-up arrangement under the Subscription Agreement*

Pursuant to the Amendment Agreement to the Subscription Agreement, each Subscriber has undertaken to the Company that, in the period commencing from the date of the Subscription Completion and ending on the date which is 6 months from the date on which any of its/his Subscription Shares are fully paid up (the "**Non-transfer Period**"), such Subscriber shall not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of such Subscription Shares, which, for the avoidance of doubt, shall include any and all Ordinary Shares into which his/its Preferred Shares may be converted during the Non-transfer Period.

### *Removal of Offeror as guarantor in the CN Subscription Agreement*

Pursuant to the Amendment Agreement to the CN Subscription Agreement, the parties thereto agree to remove the Offeror as guarantor to the CN Subscription Agreement.

### *Long stop date under the Agreements*

Pursuant to the Amendment Agreement to each of the Agreements, the parties thereto agree to further extend the long stop date (in the case of Subscription Agreement, the CN Subscription Agreement and the Divestment Agreement, being the latest date for fulfillment or waiver (as applicable) of the conditions precedent referred to therein; in the case of the Acquisition Agreement, the latest date by which the Acquisition Completion may take place) from 30 June 2016 to 31 August 2016 (or such later date as the parties to each of the Agreements may agree) based on the tentative timetable as set out in the Circular and with a view to giving additional buffer for the timetable regarding the Transactions.

### **FURTHER DELAY IN DESPATCH OF THE COMPOSITE DOCUMENT**

As stated in the Joint Announcement, it is the intention of the sole director of the Offeror and the Board to combine the offer document and the offeree board circular in the Composite Document. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched to the Shareholders within 21 days of the date of the Joint Announcement. In addition, as stated in the Delay Announcement, among other things, as additional buffer is required for the timetable regarding the Transfer and the Transactions, the Offeror, Mr. Mo and the Sellers had entered into the fourth amendment agreement to the S&P Agreement, to extend the Target Completion Date from 31 March 2016 to 30 June 2016, or such later date as the parties may agree.

Given the making of the Offer by the Offeror is subject to the prior fulfilment of pre-conditions which cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code, the Offeror has obtained the Executive's consent to further extend the latest time of despatch of the Composite Document to a date not later than seven (7) days of the Target Completion Date or 7 July 2016, whichever is earlier.

As mentioned above, the Offeror, Mr. Mo and the Sellers entered into the fifth amendment agreement to the S&P Agreement pursuant to which the Target Completion Date under the S&P Agreement has been further extended from 30 June 2016 to 31 August 2016, or such later date as the parties may agree.

As the making of the Offer by the Offeror is subject to the S&P Completion, an application had been made to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to a further extension of time to despatch the Composite Document to a date not later than seven (7) days of the extended Target Completion Date (being 31 August 2016) or 7 September 2016, whichever is earlier, and the Executive has indicated that it is minded to grant consent for such extension.

## ACQUISITION OF OPTION

On 28 June 2016 (after trading hours), the Company and the Offeror entered into an option deed (the “**Option Deed**”), pursuant to which the Offeror has granted to the Company an option (the “**Option**”) to sell its entire equity interest in the PRC Target (the “**Option Exercise Shares**”) to the Offeror, at a cash consideration of RMB558,880,000.

### Date

28 June 2016

### Parties

**Grantor:** The Offeror

**Grantee:** The Company

### Exercise Period

The Option may be exercised at the discretion of the Company (with the consent of the independent non-executive Directors) if, at any time within the two years after completion of the Acquisition:

- (i) the exploration permit for Block 212 is not renewed; and
- (ii) a production permit is not granted in respect of Unit 2 and Unit 19 and/or any particular area in Block 212 with proved reserves (together, the “**Triggering Event**”).

Upon occurrence of the Triggering Event, the Company shall then use its reasonable endeavour and effort to remedy the Triggering Event in the six months after the occurrence of the Triggering Event. If the Company fails to remedy the Triggering Event within the six-month period, the Company shall have the right to exercise the Option within 120 days after expiry of the six-month period.

### Consideration

No premium is payable by the Company to the Offeror for the acquisition of the Option.

Upon exercise of the Option, the exercise price of RMB558,880,000, being the consideration payable by the Company to the Target Sellers under the Acquisition, will be paid by the Offeror to the Company.

### Reasons for, and benefits of, the acquisition of the Option

The Company believes that the Option can help provide certain monetary protection to the Company’s proposed investment in the PRC Target under the Acquisition in the case the value of the PRC Target is materially and adversely affected if the development of the Area cannot be continued due to the lack of a valid exploration permit and production permit.

## **Listing Rules implications**

As no premium is payable by the Company for the acquisition of the Option, the acquisition of the Option is not subject to any reporting and announcement requirements under the Listing Rules.

The exercise or non-exercise of the Option and the disposal of the Option Exercise Shares by the Company to the Offeror shall be reviewed and approved by the independent non-executive Directors and/or shall be subject to any applicable disclosure and Shareholders' approval requirements under the Listing Rules.

## **ESTIMATED FINANCIAL EFFECT OF THE DIVESTMENT**

As previously disclosed in the Joint Announcement, it was estimated that the Group would record a gain of approximately HK\$36.3 million based on the assumption that the Divestment had completed on 31 March 2015. On the assumption that the Divestment had completed on 30 September 2015 instead, it is estimated that the Group would record a gain of approximately HK\$42.2 million from the Divestment.

The estimated gain of approximately HK\$42.2 million represents the Initial Consideration of HK\$1,652,995 and adding back the unaudited combined net liabilities of the Divestment Group attributable to owners of the Divestment Group as at 30 September 2015 of HK\$271,938,000 (as per the unaudited financial statements of the Divestment Group as at 30 September 2015 as reviewed by the Company's auditors and set out in the Circular), less the unaudited aggregate amount of the Current Accounts Receivable due from the Divestment Group as at 30 September 2015 of HK\$256,755,000, and adding the release of exchange fluctuation reserve of HK\$25,357,000.

The increase in the estimated gain from approximately HK\$36.3 million (as disclosed in the Joint Announcement) to approximately HK\$42.2 million is primarily due to (i) the increase in the combined net liabilities of the Divestment Group attributable to owners of the Divestment Group of approximately HK\$3.7 million from approximately HK\$268,279,000 as at 31 March 2015 to approximately HK\$271,938,000 as at 30 September 2015 as a result of losses recorded by the Divestment Group during the six months period ended 30 September 2015 of approximately HK\$5.2 million, which was offset by gains from exchange differences arising on translation of foreign operations of approximately HK\$1.5 million for the reason that the Divestment Group was in net liabilities position as at 31 March 2015 and 30 September 2015, and RMB depreciated against the Hong Kong dollar during the six months period ended 30 September 2015; and (ii) the decrease in net amounts due from the Divestment Group to the Company of approximately HK\$758,000 from approximately HK\$257,513,000 as at 31 March 2015 to HK\$256,755,000 as at 30 September 2015 which was mainly due to repayment of the amount due to the Company during the six months ended 30 September 2015. The unaudited estimated gain from the Divestment is regarded as profit forecast for the purposes of the Takeovers Code and the related reports from the reporting accountants and the financial adviser to the Company have been set out in the Circular.

The actual gain or loss to be recorded would depend on the actual balance of the Current Accounts Receivable as at the date of the Divestment Completion.

**UPDATED ACCOUNTING LISTING EXPENSES AND TRANSACTION COST  
WHICH WOULD AFFECT THE NET PROFIT OF THE RESTRUCTURED GROUP**

Shareholders and potential investors of the Company shall pay particular attention that as a result of how the Transfer and the Transactions will be accounted for by the Company, substantial deemed listing expenses, which are notional and non-cash, are expected to be recognised in the consolidated income statement of the Restructured Group upon the S&P Completion and the completion of the Transactions. These expenses are merely resulting from an accounting treatment and does not represent actual monetary expenses incurred in connection with the Transfer and the Transactions. As set out in the unaudited pro forma financial statements of the Restructured Group included in the Circular, assuming that the Transfer and the Transactions were completed on 30 September 2015, the deemed listing expenses are estimated to be approximately HK\$278.3 million, which represents 1.2 times of the loss attributable to the owners of the Company for the year ended 31 March 2015 and 9.5 times of the loss attributable to the owners of the PRC Target for the year ended 31 December 2015.

Whilst such deemed listing expenses are notional expenses without any impact on the Restructured Group's net assets and cash flow, they would have a material adverse impact on the Restructured Group's results for the year ending 31 March 2017 (assuming that the Transfer and the Transactions will be completed that financial year based on the present estimated timetable). The Company does not consider these one-off notional non-cash accounting expenses shall have any adverse impact on the actual operations of the Restructured Group.

**WARNING: As fulfilment of the conditions precedent to the S&P Agreement, the Subscription Agreement, the Acquisition Agreement, the CN Subscription Agreement and the Divestment Agreement is not within the control of the respective parties involved in the Transfer, the Subscription, the Acquisition, the CN Subscription and the Divestment, there is no assurance that they can be fulfilled and/or that the Transfer, the Subscription, the Acquisition, the CN Subscription and the Divestment will be completed as contemplated. Shareholders and potential investors of the Company should exercise caution when dealing in the Ordinary Shares. If the Shareholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisers.**

By order of the sole director of  
**Titan Gas Technology Investment Limited**  
**Xie Jianping**  
*Sole Director*

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

Hong Kong, 28 June 2016

*As at the date of this joint announcement, the Board comprises two executive Directors, being Ms. Cao Jing and Mr. Zhang Shaohua, one non-executive Director, being Mr. Mo Tianquan, and three independent non-executive Directors, being Prof. Ye Jianping, Mr. Palaschuk Derek Myles and Prof. Chen Zhiwu.*

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Xie Jianping.*

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

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, Mr. Mo, the Sellers, the PRC Target, League Way and parties acting in concert with them), and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.*