

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Acquisition”	the sale and purchase of the entire equity interest in the PRC Target as contemplated under the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 22 June 2015 (as amended on 20 November 2015, 28 January 2016 and 23 March 2016) and entered into among the Company, the Target Sellers and the PRC Target regarding the Acquisition
“Acquisition Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Acquisition Conditions”	the conditions precedent to the Acquisition Agreement
“acting in concert”	has the meaning ascribed in the Takeovers Code
“Adjusted CB Conversion Price”	the adjusted conversion price at which the CB Conversion Shares will be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds, being HK\$0.0672 per CB Conversion Share as a result of the Subscription and the CN Subscription which shall become effective on the date of completion of the Transactions
“Adjustment Amount”	the sum of the following: <ul style="list-style-type: none">(a) the amount (which, for the avoidance of doubt, can either be a positive amount or a negative amount) of (i) the aggregate fair market value of the Real Properties set forth in this circular, minus (ii) the aggregate book value of the Real Properties (including any related leasehold improvement) as reflected in the Company’s audited accounts for the financial year ended 31 March 2015; and(b) the amount (which, for the avoidance of doubt, can either be a positive amount or a negative amount) of (i) the aggregate net amount of the Current Accounts Receivable as of the date of the Divestment Completion, minus (ii) HK\$257,513,295, being the aggregate net amount of the Current Accounts Receivable as of 31 March 2015
“ADS”	American Depository Shares in respect of shares in SouFun

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“Aquarius Investment”	Aquarius Growth Investment Limited, a company incorporated in the BVI, being one of the Subscribers
“Area”	Block 212 and Block 378, which consists of a total area of approximately 591 km ² located in 中國內蒙古自治區錫林郭勒盟東烏珠穆沁旗及西烏珠穆沁旗 (East Ujimqin Banner and West Ujimqin Banner, Xilin Gol League, Inner Mongolia Autonomous Region, the PRC*)
“Block 212”	an area of approximately 212.9 km ² which forms part of the Area
“Block 378”	an area of approximately 378.1 km ² which forms part of the Area
“Board”	the board of Directors
“BOSC International”	BOSC International Company Limited, licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“BVI”	British Virgin Islands
“Bye-laws”	bye-laws of the Company as may be amended from time to time
“CAPEX”	capital expenditure
“CB Conversion Share(s)”	new Ordinary Share(s) to be allotted and issued by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bonds
“Claimant”	北京炅湘鈺技術開發有限公司 (Beijing Jiongxiangyu Technology Development Co. Ltd.*), a company incorporated in the PRC which is the claimant in the litigation involving, among others, the PRC Target described in the section headed “History and Business of the PRC Target — Litigation” in this circular
“CN Conditions”	the conditions precedent to the CN Subscription Agreement
“CN Conversion Share(s)”	new Ordinary Share(s) to be allotted and issued by the Company pursuant to the exercise of the conversion rights attached to the Convertible Note
“CN Principal Amount”	the principal amount of the Convertible Note of HK\$250,000,000

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“CN Relevant Period”	the period commencing from the date of the CN Subscription Completion and ending on the date on which the cash offer made by the Offeror to acquire the Convertible Note and all the Convertible Bonds (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) (if any) closes or lapses
“CN Subscription”	subscription of the Convertible Note under the CN Subscription Agreement
“CN Subscription Agreement”	the subscription agreement dated 22 June 2015 (as amended on 20 November 2015, 28 January 2016 and 23 March 2016) entered into among the Company, League Way and the Offeror in relation to the issue of the Convertible Note
“CN Subscription Completion”	completion of the CN Subscription in accordance with the terms and conditions of the CN Subscription Agreement
“Companies Act”	the Companies Act of 1981 of Bermuda
“Company”	Shun Cheong Holdings Limited, a company incorporated in Bermuda with limited liability and the Ordinary Shares of which are listed on the Main Board of the Stock Exchange
“Competent Evaluator’s Report”	the report prepared by the Competent Evaluator on Block 212 in compliance with Chapter 18 of the Listing Rules, the text of which is set forth in Appendix VIII to this circular
“Competent Person” or “Competent Evaluator”	Gaffney, Cline & Associates (Consultants) Pte. Ltd., a company incorporated in Singapore qualified under Chapter 18 of the Listing Rules as a competent person and a competent evaluator, and an independent third party of the Company
“Composite Document”	the composite offer document combining the offer document to be issued by the Offeror and the offeree board circular to be issued by the Company (together with the Form of Acceptance) in respect of the Offer to be despatched to the registered Shareholders in accordance with the Takeovers Code
“Confirmation Letter”	the confirmation letter issued by Yanchang to the PRC Target dated 26 May 2015 confirming, among other things, that it will renew the EPCC with the PRC Target based on the term of the relevant exploration and/or production permit, as long as the PRC Target has performed its obligations under the EPCC

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“Controlling Shareholders”	the controlling shareholders of the Company after the Transfer as identified in the section headed “Relationship between the Restructured Group and the Controlling Shareholders — Controlling Shareholders” in this circular
“Convertible Bonds”	the convertible bonds with an aggregate principal amount of HK\$120,000,000 issued by the Company to Seller 2 pursuant to a subscription agreement between the Company and Seller 2 dated 29 October 2007 and as amended by two separate deeds on 28 March 2013 and 3 June 2014 with the maturity date 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
“Current Accounts Receivable”	aggregate amount of (a) the net account receivable owed by Target 1 to the Company; (b) the net account receivable owed by Target 2 to the Company; and (c) the net account receivable owed by a subsidiary of Target 1 to the Company
“Customer”	東烏珠穆沁旗天浩石化有限公司 (East Ujimqin Banner Tianhao Petrochemical Limited*), the current sole customer of the PRC Target designated by Yanchang pursuant to the EPCC
“Director(s)”	the director(s) of the Company
“Divestment”	the disposal of the Divestment Shares and the assignment of the Current Accounts Receivable by the Company in accordance with the terms and conditions of the Divestment Agreement
“Divestment Agreement”	the agreement dated 22 June 2015 (as amended on 23 October 2015, 20 November 2015, 28 January 2016 and 23 March 2016) and entered into between the Company and Seller 1 regarding the Divestment
“Divestment Completion”	completion of the Divestment in accordance with the terms and conditions of the Divestment Agreement
“Divestment Conditions”	the conditions precedent to the Divestment Agreement
“Divestment Group”	being Target 1, Target 2 and their respective subsidiaries

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“Divestment Shares”	the 100 ordinary shares in Target 1 held by the Company, representing 100% of the issued and outstanding share capital of Target 1, and the 100 ordinary shares in Target 2 held by the Company, representing 100% of the issued and outstanding share capital of Target 2
“EIT”	enterprise income tax
“EIT Law”	PRC Enterprise Income Tax Law
“EPCC”	exploration and production cooperation contract entered into between the PRC Target and Yanchang in respect of the Area since 2010 as renewed from time to time thereafter
“Essence Securities”	Essence International Securities (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
“Excluded Bonds”	the Convertible Bonds with an aggregate principal amount of HK\$23,167,474 held by Seller 2, being all the Convertible Bonds held by Seller 2 as at the date of the S&P Agreement less the Sale Bonds, and of which Seller 2 has irrevocably and unconditionally undertaken in the S&P Agreement in favour of the Offeror that during the Relevant Period Seller 2 shall not: (i) directly or indirectly, (a) offer, (b) sell, transfer, give or otherwise dispose of, (c) grant any option, right or warrant to purchase in respect of, (d) charge, mortgage, pledge or otherwise create an encumbrance over, or (e) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the legal, beneficial or economic consequences of ownership of, all or any of the Sale Bonds and the Excluded Bonds or any interest therein, except other than as contemplated under the S&P Agreement; (ii) accept an offer (if any) to be made by the Offeror to acquire all the Convertible Bonds (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in respect of the Excluded Bonds; and (iii) convert any of the Excluded Bonds into Ordinary Shares

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“Excluded Shares”	34,753,409 Ordinary Shares held by Seller 1, being all of the Ordinary Shares held by Seller 1 as at the date of the S&P Agreement less the Sale Shares, and of which Seller 1 has irrevocably and unconditionally undertaken in the S&P Agreement in favour of the Offeror that during the Relevant Period that Seller 1 shall not: (i) directly or indirectly, (a) offer, (b) sell, transfer, give or otherwise dispose of, (c) grant any option, right or warrant to purchase in respect of, (d) charge, mortgage, pledge or otherwise create an encumbrance over, or (e) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the legal, beneficial or economic consequences of ownership of, all or any of the Sale Shares and the Excluded Shares or any interest therein, except other than as contemplated under the S&P Agreement; (ii) accept the Offer in respect of the Excluded Shares; and (iii) acquire any Ordinary Shares or any interest in Ordinary Shares, other the Ordinary Shares or an interest in Ordinary Shares deriving from the Excluded Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Existing CB Conversion Price”	the conversion price at which the CB Conversion Shares will be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds, being HK\$0.3695 per CB Conversion Share before any adjustment as a result of the Subscription and the CN Subscription
“Form of Acceptance”	the accompanying form of acceptance and transfer of Ordinary Shares in respect of the Offer
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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“Hongbo Investment”	上海宏博投資管理(集團)有限公司 (Shanghai Hongbo Investment & Management (Group) Co., Ltd*), formerly known as 上海宏博投資管理有限公司 (Shanghai Hongbo Investment & Management Co. Ltd.*), a company incorporated in the PRC with limited liability and ultimately held as to 80% by Shi Jianji (石建極) and 20% by Shi Wei (石為)
“Hongjin Engineering”	錫林郭勒盟宏錦工程技術服務有限公司 (Xilin Gol League Hongjin Engineering Technical Service Company Limited*), a company incorporated in the PRC with limited liability and held as to 60% by Hongbo Investment and 40% by Lida Investment, which (along with their respective ultimate owners), to the best knowledge, information and belief of the Directors having made all reasonable enquiries, are independent third parties and not connected with the Company or its connected persons nor the Offeror or parties acting in concert with the Offeror as at the Latest Practicable Date
“IDG-Accel Capital II”	IDG-Accel China Capital II L.P., an exempted limited partnership registered in the Cayman Islands under the Exempted Limited Partnership Law (as amended)
“IDG-Accel Investors II”	IDG-Accel China Capital II Investors L.P., an exempted limited partnership registered in the Cayman Islands under the Exempted Limited Partnership Law (as amended)
“IDG-Accel Ultimate GP”	IDG-Accel China Capital GP II Associates Ltd., an exempted company incorporated in the Cayman Islands, being the ultimate general partner of each of IDG-Accel Capital II and IDG-Accel Investors II
“IDG Capital Partners”	IDG Funds together with its affiliated funds which primarily focus on investing in PRC related venture capital and private equities projects
“IDG Funds”	collectively, IDG-Accel Capital II and IDG-Accel Investors II, which together own approximately 49.14% of the issued share capital of Titan Gas Holdings
“IDG Technology”	IDG Technology Venture Investment III, L.P., a limited partnership formed under the laws of the State of Delaware, the US, being the direct sole beneficial owner of an aggregate of 11,500,000 Ordinary Shares

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“Increase of Authorised Share Capital”	the increase of the authorised share capital of the Company from HK\$80,000,000 to HK\$130,000,000 divided into 8,000,000,000 Ordinary Shares of HK\$0.01 each and 5,000,000,000 Preferred Shares of HK\$0.01 each as referred to in the Increase of Authorised Share Capital and Adoption of New Bye-laws Resolution
“Increase of Authorised Share Capital and Adoption of New Bye-laws Resolution”	the special resolution proposed to be passed by the Independent Shareholders at the SGM approving, inter alia, the increase of the authorised share capital of the Company from HK\$80,000,000 to HK\$130,000,000 by the creation of 5,000,000,000 Preferred Shares of HK\$0.01 each, such Preferred Shares having the rights, privileges and restrictions as set out in the New Bye-laws, such that the authorised share capital of the Company shall become HK\$130,000,000 divided into 8,000,000,000 Ordinary Shares of HK\$0.01 each, and 5,000,000,000 Preferred Shares of HK\$0.01 each, and all the existing shares of the Company in issue shall be designated as Ordinary Shares and; (ii) the adoption of the New Bye-laws
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors and established to make recommendation to the Independent Shareholders in respect of the Offer and the Divestment
“Independent Financial Advisor”	Somerley Capital Limited, licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Divestment
“Independent Shareholders”	Shareholders other than Mr. Mo, Seller 1, the Offeror, Lin Dongliang (林棟樑) and IDG Technology and their respective associates and other Shareholders who have a material interest or who are involved in or interested in any of the Transfer, the Subscription, the Acquisition, the CN Subscription and/or the Divestment
“Independent Technical Report”	the report prepared by the Competent Person on Block 212 in compliance with Chapter 18 of the Listing Rules, the text of which is set forth in Appendix VII to this circular

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“Initial Announcement”	the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code dated 8 June 2015 regarding, among other things, the Company’s discussion with the Offeror about various possible transactions (i.e., the Transactions) and the possible Transfer and possible Offer
“Initial Consideration”	HK\$1,652,995, being the initial consideration for the Divestment
“Inner Mongolia”	the Inner Mongolia Autonomous Region in the PRC
“Internal Management Guidelines”	延長油礦管理局油氣資源合作勘查開採管理辦法 (Yanchang Oil Resources Management Bureau Oil and Gas Resources Cooperation Exploration and Extraction Management Temporary Guidelines*)
“Joint Announcement”	the joint announcement of the Company and the Offeror dated 27 October 2015 in relation to, among other things, the Transfer, the Offer, the Divestment, the Subscription, the CN Subscription and the Acquisition
“Joint Sponsors”	BOSC International and REORIENT Financial
“Kingsbury”	金世旗國際控股股份有限公司 (Kingsbury International Holdings Co., Ltd.*), a joint stock company incorporated in the PRC
“Last Trading Day”	19 June 2015, being the last day of trading in the Ordinary Shares on the Stock Exchange prior to the date of the S&P Agreement, the Subscription Agreement, the Acquisition Agreement, the CN Subscription Agreement and the Divestment Agreement
“Latest Practicable Date”	[●], being the latest practicable date prior to the bulk-printing of this circular for the purpose of ascertaining certain information contained in this circular
“League Way”	League Way Ltd., a company incorporated in the BVI, being the subscriber of the Convertible Note under the CN Subscription Agreement and is owned by Shi Jianji (石建極) as to 70% and Shi Wei (石為) as to 30%, which (along with its ultimate owners), to the best knowledge, information and belief of the Directors having made all reasonable enquiries, is an independent third party and not connected with the Company or its connected persons nor the Offeror or parties acting in concert with the Offeror as at the Latest Practicable Date

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“Lida Investment”	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 (i) 95% by Hongbo Investment (Hongbo Investment is ultimately owned as to 80% by Shi Jianji (石建極) and 20% by Shi Wei (石為)) and (ii) 5% by Shi Jianji (石建極), which (along with their respective ultimate owners), to the best knowledge, information and belief of the Directors having made all reasonable enquiries, are independent third parties and not connected with the Company or its connected persons nor the Offeror or parties acting in concert with the Offeror as at the Latest Practicable Date
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Majors”	large integrated oil companies with business combining the exploration and production of hydrocarbons with transportation, refining and marketing activities
“Majority Subscriber(s)”	Subscriber(s) who, in aggregate, agreed to subscribe for not less than 50.1% of the Subscription Shares on an as-converted basis under the Subscription Agreement, being only the Offeror
“MOLR”	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
“Mr. Mo”	Mo Tianquan (莫天全), a non-executive Director and the ultimate beneficial controlling Shareholder, holding approximately 50.02% of the total number of Ordinary Shares in issue immediately after the Tranche 1 Sale Completion
“Mr. Wang”	Wang Jingbo (王靜波), the chief executive officer and an executive director of Titan Gas Holdings and a director of Standard Gas and Aquarius Investment, who directly holds a 9% equity interest in Aquarius Investment and an approximately 8.05% equity interest in Titan Gas Holdings which in turns holds 100% equity interests in the Offeror
“Ms. Cao”	Cao Jing (曹晶), an executive Director, the executive chairman of the Board and the spouse of Mr. Mo

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“Nanning Hotel”	Guangxi Wharton International Hotel owned by the Divestment Group located in Nanning, Guangxi Zhuang Autonomous Region, the PRC
“New Bye-laws”	the new Bye-laws proposed to be adopted by the Company at the SGM
“New Conversion Share(s)”	new Ordinary Share(s) to be allotted and issued upon exercise of the conversion rights attached to the Preferred Shares and/or the Convertible Note (as the case may be)
“NOC(s)”	national oil company(ies), oil company(ies) that are fully, or in the majority, controlled by the relevant government
“Non-Competition Deed”	the conditional non-competition deed entered into by among others, the Controlling Shareholders in favour of the Company, details of which are set out in the section headed “Relationship between the Restructured Group and the Controlling Shareholders” in this circular
“NPV”	net present value
“OECD”	Organisation for Economic Cooperation and Development
“Offer”	the unconditional mandatory cash offer to be made by Essence Securities for and on behalf of the Offeror for all the issued Ordinary Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	the period commencing from 8 June 2015 (being the date of the Initial Announcement) to the date when the S&P Agreement lapses or terminates or when the Offer closes or lapses, whichever is earlier
“Offer Price”	the price per Offer Share at which the Offer will be made in cash, being HK\$0.6696 per Offer Share
“Offer Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it
“Offer Share(s)”	all the Ordinary Share(s) in issue other than those Ordinary Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it or subject to undertakings given by Seller 1 and Seller 2 under the S&P Agreement, and League Way under the CN Subscription Agreement

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“Offeror”	Titan Gas Technology Investment Limited, a company incorporated in the BVI with limited liability, being the purchaser under the S&P Agreement, a Subscriber and the guarantor under the CN Subscription Agreement
“OPEC”	Organisation of Petroleum Exporting Countries
“Ordinary Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Ordinary Shares Subscription”	the subscription of the Ordinary Shares under the Subscription Agreement
“Ordinary Subscription Shares”	1,269,414,575 new Ordinary Shares, in aggregate, to be subscribed for by the Subscribers
“percentage ratios”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“PRC” or “China”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan, and “Chinese” shall be construed accordingly
“PRC Target”	錫林郭勒盟宏博礦業開發有限公司 (Xilin Gol League Hongbo Mining Development Co., Ltd.*), a company established in the PRC with limited liability, owned as to 60% by Hongbo Investment and 40% by Lida Investment
“Preferred Share(s)”	the restricted voting non-redeemable convertible preferred shares of HK\$0.01 each in the share capital of the Company to be created with the rights, privileges and restrictions as set out in the New Bye-laws
“Public Shares Subscribers”	the Subscribers other than the Offeror and Aquarius Investment
“Real Properties”	all interests in land, premises, buildings and other real properties owned or leased by the Divestment Group
“Redemption Premium”	the redemption premium of HK\$125,000,000 payable by the Company to the holder of the Convertible Note upon redemption
“Relevant Period”	the period commencing from the date of the S&P Agreement and ending on the date when the Offer closes or lapses, or when the S&P Agreement terminates (whichever is earlier)

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“REORIENT Financial”	REORIENT Financial Markets Limited, licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Restructured Group”	the Group and the PRC Target, excluding the Divestment Group, following completion of the Transactions
“RMB”	Renminbi, the lawful currency of the PRC
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“S&P Agreement”	the conditional sale and purchase agreement dated 22 June 2015 (as amended on 27 October 2015, 20 November 2015, 28 January 2016 and 23 March 2016) entered into among the Offeror, Mr. Mo and the Sellers in relation to the Transfer
“S&P Completion”	completion of the Transfer (in respect of the Sale Shares and the Sale Bonds under the Tranche 2 Sale Completion) in accordance with the terms and conditions of the S&P Agreement
“S&P Conditions”	the conditions precedent to the S&P Agreement
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) or its local counterparts
“SAFE Circular”	the Circular of the SAFE on Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (Hui Fa [2014] No. 37)
“Sale Bonds”	the Convertible Bonds with an aggregate principal amount of HK\$96,832,526 to be acquired by the Offeror from Seller 2 pursuant to the terms of the S&P Agreement
“Sale Shares”	the 175,000,000 Ordinary Shares to be acquired by the Offeror from Seller 1 pursuant to the terms of the S&P Agreement
“Sellers”	collectively, Seller 1 and Seller 2
“Seller 1”	Upsky Enterprises Limited, an investment holding company incorporated in the BVI with limited liability, the entire interest of which is held by Mr. Mo

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“Seller 2”	Tanisca Investments Limited, an investment holding company incorporated in the BVI with limited liability, the entire interest of which is held by Mr. Mo
“Services Agreement”	the services agreement dated 19 September 2015 and entered into among the PRC Target, Hongbo Investment, Lida Investment and Hongjin Engineering in respect of the exploration and production work in Block 378
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others matters, the Subscription, the Acquisition, the CN Subscription, the Divestment, the Specific Mandates, the proposed Increase of Authorised Share Capital and the proposed adoption of the New By-laws
“Shareholder(s)”	holder(s) of Ordinary Share(s)
“Shares”	the Ordinary Shares and/or the Preferred Shares
“SouFun”	SouFun Holdings Limited, the class A ordinary shares of which are listed on the New York Stock Exchange in the form of ADS
“Specific Mandates”	specific mandates to allot and issue (i) the Subscription Shares and the New Conversion Shares to be issued upon exercise of the conversion rights attached to the Preferred Shares; and (ii) the New Conversion Shares to be issued upon exercise of the conversion rights attached to the Convertible Note to be sought from the Independent Shareholders at the SGM; a “Specific Mandate” means any one of them
“Standard Gas”	Standard Gas Capital Limited, a limited liability company incorporated in the BVI, which holds more than 30% equity interests in Titan Gas Holding which in turn directly holds 100% equity interest in the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“Subscribers”	the Offeror and the other subscribers under the Subscription Agreement listed in the section headed “Letter from the Board — The Subscription Agreement” in this circular
“Subscription”	subscription of the Subscription Shares under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 22 June 2015 (as amended on 23 October 2015, 20 November 2015, 28 January 2016 and 23 March 2016) and entered into between the Company and the Subscribers regarding the Subscription
“Subscription Completion”	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Subscription Conditions”	the conditions precedent to the Subscription Agreement
“Subscription Price”	HK\$0.6696 per Subscription Share
“Subscription Shares”	collectively, the Ordinary Subscription Shares, the Tranche 1 Preferred Shares and Tranche 2 Preferred Shares
“Takeovers Code”	the Code on Takeovers and Mergers
“Target 1”	Aykens Holdings Limited, a limited liability company incorporated and existing under the laws of the BVI 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 BVI and a wholly-owned subsidiary of the Company
“Target Completion Date”	the target completion date for the Transfer under the S&P Agreement, being 30 June 2016, or such other date as agreed to by the Offeror, the Sellers and Mr. Mo in writing
“Target Sellers”	Hongbo Investment and Lida Investment, which (along with their respective ultimate owners), to the best knowledge, information and belief of the Directors having made all reasonable enquiries, are independent third parties and not connected with the Company or its connected persons nor the Offeror or parties acting in concert with the Offeror as at the Latest Practicable Date
“Titan Gas Holdings”	Titan Gas Technology Holdings Limited, a limited liability company incorporated in the BVI, which holds 100% equity interests in the Offeror

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“Track Record Period”	three years ended 31 December 2015
“Tranche 1 Preferred Shares”	1,373,954,600 Preferred Shares, in aggregate, to be subscribed for by the Subscribers under the Tranche 1 Preferred Shares Subscription
“Tranche 1 Preferred Shares Subscription”	the subscription of the Tranche 1 Preferred Shares under the Subscription Agreement
“Tranche 1 Sale Completion”	completion of the Tranche 1 Transfer which has taken place immediately following the execution of the first amendment agreement to the S&P Agreement on 27 October 2015
“Tranche 1 Transfer”	the sale and purchase of 36,024,724 Sale Shares and the Sale Bonds with an aggregate principal amount of HK\$14,964,000 as contemplated under the S&P Agreement
“Tranche 2 Preferred Shares”	1,373,954,599 Preferred Shares, in aggregate, to be subscribed for by the Subscribers under the Tranche 2 Preferred Shares Subscription
“Tranche 2 Preferred Shares Subscription”	the subscription of the Tranche 2 Preferred Shares under the Subscription Agreement
“Tranche 2 Sale Completion”	completion of the Tranche 2 Transfer which shall take place on the first business day after the S&P Conditions described in the section headed “Letter from the Board — S&P Agreement — S&P Conditions” in this circular are fulfilled (or, where applicable, waived)
“Tranche 2 Transfer”	the sale and purchase of 138,975,276 Sale Shares and the Sale Bonds with an aggregate principal amount of HK\$81,868,526 as contemplated under the S&P Agreement
“Transaction Documents”	the Subscription Agreement, the Acquisition Agreement, the CN Subscription Agreement and the Divestment Agreement together with all other documents or agreements as contemplated under the above agreements, entered or to be entered into or executed by the relevant parties in respect of the Transactions
“Transactions”	the Subscription, the Acquisition, the CN Subscription and the Divestment
“Transfer”	the sale and purchase of the Sale Shares and the Sale Bonds as contemplated under the S&P Agreement
“US”	United States of America

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“US\$”	US dollars, the lawful currency of the US
“Wood Mackenzie”	the industry consultant, an independent third party of the Company, its connected persons and the PRC Target, commissioned by the Company to conduct an analysis of and report on the global and China oil industry
“Yanchang”	陝西延長石油(集團)有限責任公司 (延長油礦管理局) (Shaanxi Yanchang Petroleum (Group) Company Limited (Yanchang Oil Mineral Administrative Bureau)*), including its oil and gas exploration branch
“%”	per cent.
“km”	kilometre
“km ² ”	square kilometre
“m ² ”	square metre

The terms “associate”, “connected person”, “controlling shareholder”, “subsidiary”, “substantial shareholder” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

In this circular, unless otherwise stated, certain amounts denominated in RMB have been translated into HK\$ or US\$ and vice versa at an exchange rate of RMB0.8000 : HK\$1, or RMB6.57 : US\$1, respectively in each case, for illustrative purposes only. For example, the exchange rate of RMB6.29 : US\$1 has been adopted by the Competent Person for certain US\$ figures in the Independent Technical Report (capital expenditure, operating expenditure and abandonment expenditure) and the exchange rate of RMB6.58 : US\$1 has been adopted by the Competent Evaluator for all US\$ figures in the Competent Evaluator’s Report. Where these figures have been converted into RMB in the body of this circular, the relevant exchange rate has been noted. Such conversions shall not be construed as representations that amounts in RMB were or may have been converted into those currencies and vice versa at such rates or any other exchange rates.

* For identification purposes only