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**If you have sold or transferred** all your shares in Shun Cheong Holdings Limited (the “**Company**”), you should at once hand this document and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**PROPOSALS FOR  
(1) RE-ELECTION OF RETIRING DIRECTORS  
AND  
(2) GENERAL MANDATES TO ISSUE  
AND REPURCHASE SHARES**

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A letter from the board of directors of the Company is set out on pages 3 to 12 of this document. A notice convening the annual general meeting (the “**AGM**”) of the shareholders of the Company to be held at United Conference Centre Limited — Room 4, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 28 September 2016 at 10:00 a.m. is set out on pages 16 to 19 of this document.

A form of proxy for the AGM is enclosed with this document. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the AGM. The completion and return of a form of proxy will not preclude you from attending and voting at the AGM in person.

27 August 2016

\* *For identification purposes only*

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## DEFINITIONS

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

“2016 Annual Report”	the 2016 annual report of the Company
“AGM”	the annual general meeting of the Company to be held at United Conference Centre Limited — Room 4, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 28 September 2016 at 10:00 a.m. or any adjournment thereof
“Audit Committee”	audit committee of the Company
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“BVI”	British Virgin Islands
“Bye-laws”	the bye-laws of the Company as amended from time to time
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Shun Cheong Holdings Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) from time to time of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 August 2016, being the latest practicable date prior to the printing of this document for ascertaining certain information for inclusion in this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Nomination Committee”	nomination committee of the Company

## DEFINITIONS

“PRC” or “China”	the People’s Republic of China excluding, for the purpose of this document, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Remuneration Committee”	remuneration committee of the Company
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

LETTER FROM THE BOARD



**SHUN CHEONG HOLDINGS LIMITED**

**順昌集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 650)**

*Executive Directors:*

Wang Jingbo (*Chairman and Chief Executive Officer*)

Lee Khay Kok

*Non-executive Directors:*

Lin Dongliang

Shong Hugo

*Independent Non-executive Directors:*

Shi Cen

Chen Zhiwu

Chau Shing Yim David

*Principal Place of Business:*

Suite 2302

Wing On Centre

111 Connaught Road Central

Hong Kong

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

27 August 2016

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
(1) RE-ELECTION OF RETIRING DIRECTORS  
AND  
(2) GENERAL MANDATES TO ISSUE AND  
REPURCHASE SHARES**

**INTRODUCTION**

The purpose of this document is to provide you with information regarding the resolutions to be proposed at the AGM involving (1) the re-election of retiring Directors; and (2) the grant to the Directors general mandates to allot, issue and deal with additional Shares and to repurchase Shares, and the extension of the general mandate to allot, issue and deal with new Shares by the addition thereto of any Shares repurchased by the Company.

\* *For identification purposes only*

## LETTER FROM THE BOARD

### (1) RE-ELECTION OF RETIRING DIRECTORS

In accordance with Bye-law 84(1) of the Bye-laws, Prof. Chen Zhiwu will retire by rotation at the AGM and, being eligible, has offered himself for re-election.

In accordance with Bye-law 83(2) of the Bye-laws, any Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Mr. Wang Jingbo and Mr. Lee Khay Kok were appointed by the Board as executive Directors with effect from 5 August 2016. Mr. Lin Dongliang and Mr. Shong Hugo were appointed by the Board as non-executive Directors with effect from 5 August 2016. Mr. Shi Cen and Mr. Chau Shing Yim David were appointed by the Board as independent non-executive Directors with effect from 5 August 2016. Accordingly, Mr. Wang Jingbo, Mr. Lee Khay Kok, Mr. Lin Dongliang, Mr. Shong Hugo, Mr. Shi Cen and Mr. Chau Shing Yim David should hold office until the AGM and, being eligible, have offered themselves for re-election.

#### **Recommendations of the Nomination Committee**

In accordance with the terms of reference of the Nomination Committee, the Nomination Committee has:

- (a) evaluated the performance and the contribution of Prof. Chen Zhiwu during the last financial year of the Company and the period thereafter up to the date of evaluation;
- (b) considered the professional qualifications and working experience of the newly appointed Directors, namely Mr. Wang Jingbo, Mr. Lee Khay Kok, Mr. Lin Dongliang, Mr. Shong Hugo, Mr. Shi Cen and Mr. Chau Shing Yim David (Mr. Wang Jingbo, Mr. Lee Khay Kok, Mr. Lin Dongliang, Mr. Shong Hugo, Mr. Shi Cen and Mr. Chau Shing Yim David, collectively, the “**Newly Appointed Directors**”); and
- (c) assessed the independence of the independent non-executive Directors to be re-elected, being Prof. Chen Zhiwu, Mr. Shi Cen and Mr. Chau Shing Yim David.

The Nomination Committee is of the opinion that:

- (a) the performance of Prof. Chen Zhiwu was satisfactory; and
- (b) based on the information available to the Nomination Committee, the Nomination Committee considered Prof. Chen Zhiwu, Mr. Shi Cen and Mr. Chau Shing Yim David as independent to the Company.

Accordingly, the Nomination Committee recommended to the Board to propose to re-elect Mr. Wang Jingbo and Mr. Lee Khay Kok as executive Directors; to re-elect Mr. Lin Dongliang and Mr. Shong Hugo as non-executive Directors; and to re-elect Prof. Chen Zhiwu, Mr. Shi Cen and Mr. Chau Shing Yim David as independent non-executive Directors.

## LETTER FROM THE BOARD

Prof. Chen Zhiwu, Mr. Shi Cen and Mr. Chau Shing Yim David have also given to the Company confirmation of their independence. The Board, therefore, considers Prof. Chen Zhiwu, Mr. Shi Cen and Mr. Chau Shing Yim David to be independent and believes they should be re-elected.

The qualifications, previous experience and major appointments of Prof. Chen Zhiwu are set out in the “Directors’ and Senior Management’s Biographies” section contained in the 2016 Annual Report which has been sent to the Shareholders, while the qualifications, previous experience and major appointments of all the Newly Appointed Directors who stand for re-election at the AGM are set out in the announcement of the Company dated 5 August 2016. Other biographical details of Prof. Chen Zhiwu and each of the Newly Appointed Directors, as required to be disclosed pursuant to rule 13.51(2) of the Listing Rules, are set out below for the Shareholders’ consideration.

*(a) Mr. Wang Jingbo (aged 38)*

Mr. Wang joined the Group in 2016 and was appointed as an executive Director and the Chief Executive Officer of the Company on 5 August 2016. He was appointed as the Chairman of the Board on 26 August 2016. He is also a member of the Nomination Committee. Save as disclosed above, Mr. Wang did not hold any directorship in other listed companies in the last three years, and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders and hold any other position with the Company or any member of the Group.

Mr. Wang will enter into a service agreement with the Company as an executive Director of the Company for a term of three years but is subject to retirement by rotation in accordance with the Bye-laws. Mr. Wang will not receive any remuneration as an executive Director. Mr. Wang will receive remuneration as the Chief Executive Officer of the Company to be determined by the Board with reference to his experience and the prevailing market rate.

As at the Latest Practicable Date, Mr. Wang was deemed to have an interest (within the meaning of Part XV of the SFO) in 4,125,476,584 Shares and underlying Shares of the Company, representing approximately 255.17% of the entire issued share capital of the Company.

## LETTER FROM THE BOARD

*(b) Mr. Lee Khay Kok (aged 50)*

Mr. Lee joined the Group in 2016 and was appointed as an executive Director on 5 August 2016. Mr. Lee did not hold any directorship in other listed companies in the last three years, and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders and hold any other position with the Company or any member of the Group.

Mr. Lee will enter into a service agreement with the Company as an executive Director for a term of three years but is subject to retirement by rotation in accordance with the Bye-laws. Mr. Lee will not receive any remuneration as an executive Director.

As at the Latest Practicable Date, Mr. Lee did not have any interest (within the meaning of Part XV of the SFO) in the securities of the Company.

*(c) Mr. Lin Dongliang (aged 54)*

Mr. Lin joined the Group in 2016 and was appointed as a non-executive Director on 5 August 2016. He is also a member of the Audit Committee. Mr. Lin is a non-executive director of NetDragon Websoft Inc., a company listed on the Main Board of the Stock Exchange (stock code: 777). Save as disclosed above, Mr. Lin did not hold any directorships in any other listed companies in the last three years, and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders and hold any other position with the Company or any member of the Group.

Mr. Lin was a director or supervisor of the following companies which were incorporated in the PRC and had their business licences revoked. The relevant details are as follows:

Company Name	Date of Revocation	Reasons for revocation
天津市國聯在線網絡有限公司 (Tianjin Guolian Online Network Company Limited*) (“ <b>Tianjin Guolian</b> ”)	2005	Tianjin Guolian was a state-owned holding enterprise. The principal business of Tianjin Guolian was information service trades. The business licence of Tianjin Guolian was revoked due to its failure to attend annual examination. Mr. Lin was a director of Tianjin Guolian at the time its business licence was revoked.

## LETTER FROM THE BOARD

Company Name	Date of Revocation	Reasons for revocation
北京珠穆朗瑪電子商務網絡服務有限公司 (Beijing Everest E-commerce Network Services Company Limited*) (“ <b>Beijing Everest</b> ”)	17 October 2013	Beijing Everest was a wholly foreign-owned enterprise. The business scope of Beijing Everest was research, development, production of computer software and hardware, undertake computer network systems integration; provide technical consultation, services and training; website design; design and production of online advertisements; public online advertisements on a website; sales of self-made products. The business licence of Beijing Everest was revoked due to its failure to attend annual examination. Mr. Lin was a director of Beijing Everest at the time its business licence was revoked.
寧波慧聰電子商務技術有限公司 (Ningbo Huicong E-commerce Technology Company Limited*) (“ <b>Ningbo Huicong</b> ”)	29 October 2009	Ningbo Huicong was a wholly foreign-owned enterprise. The business scope of Ningbo Huicong was development of electronic commerce technology, development of electronic products and provision of technical consultation, development of computer hardware and software technology, development of network systems technology, self-operated and agency import and export of goods and technology, provision of network systems technology services, electronic commerce technology services and technology information consultation services. The business licence of Ningbo Huicong was revoked due to its failure to attend annual examination. Mr. Lin was a director of Ningbo Huicong at the time its business licence was revoked.

<b>LETTER FROM THE BOARD</b>
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Company Name	Date of Revocation	Reasons for revocation
網絡秀媒體技術（北京）有限公司 (Network Show Media Technology (Beijing) Company Limited*) (“Network Show Media”)	9 October 2013	Network Show Media was a wholly foreign-owned enterprise. The business scope of Network Show Media was research and development of computer and internet applied technology; telecommunications; graphics production; technological consultation, information technology training, technical services and the transfer of self-developed technology. The business licence of Network Show Media was revoked due to its failure to attend annual examination. Mr. Lin was a supervisor of Network Show Media at the time its business licence was revoked.

Mr. Lin will enter into a service agreement with the Company as a non-executive Director for a term of three years but is subject to retirement by rotation in accordance with the Bye-laws. Mr. Lin will not receive any remuneration as a non-executive Director.

As at the Latest Practicable Date, Mr. Lin held 12,910,000 Shares, and was deemed to have interest (within the meaning of Part XV of the SFO) in 3,682,107,408 Shares and underlying Shares, representing approximately 0.80% and 227.75% respectively of the entire issued share capital of the Company.

*(d) Mr. Shong Hugo (aged 60)*

Mr. Shong joined the Group in 2016 and was appointed as a non-executive Director on 5 August 2016. He is also a member of the Remuneration Committee. Mr. Shong is also a non-executive director of Mei Ah Entertainment Group Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 391), and WPP plc, a company listed on the Main Market of the London Stock Exchange (stock code: WPP). Mr. Shong was also a non-executive director of Huayi Tencent Entertainment Co Ltd (formerly known as China Jiuhao Health Industry Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 419) from 21 December 2009 to 5 February 2016. Save as disclosed above, Mr. Shong did not hold any directorship in any other listed company in the last three years, and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders or hold any other position with the Company or any member of the Group.

## LETTER FROM THE BOARD

Mr. Shong will enter into service agreement with the Company as a non-executive Director for a term of three years but is subject to retirement by rotation in accordance with the Bye-laws. Mr. Shong will not receive any remuneration as a non-executive Director.

As at the Latest Practicable Date, Mr. Shong was deemed to have an interest (within the meaning of Part XV of the SFO) in 3,682,107,408 Shares and underlying Shares, which represents approximately 227.75% of the entire issued share capital of the Company.

*(e) Prof. Chen Zhiwu (aged 54)*

Prof. Chen joined the Group in 2015 and was appointed as an independent non-executive Director on 31 July 2015. He is also the chairman and a member of the Nomination Committee and a member of the Remuneration Committee.

Prof. Chen is currently an independent non-executive director of two companies which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, namely, PetroChina Company Limited (stock code: 857) and Bank of Communications Co., Ltd. (stock code: 3328). Mr. Chau is also currently an independent non-executive director of Noah Holdings Limited which is a company listed on the New York Stock Exchange.

Save as disclosed above, Prof. Chen did not hold any directorship in any other listed company in the last three years, and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders or hold any other position with the Company or any member of the Group.

Prof. Chen will enter into a service agreement with the Company as an independent non-executive Director for a term of three years but is subject to retirement by rotation in accordance with the Bye-laws. Pursuant to the above-mentioned service agreement, Prof. Chen will be entitled to an annual director fee of HK\$300,000, which was recommended by the Remuneration Committee of the Company and approved by the Board with reference to his duties, responsibilities and contribution to the Company and prevailing market conditions.

As at the Latest Practicable Date, Prof. Chen did not have any interest (within the meaning of Part XV of the SFO) in the securities of the Company.

## LETTER FROM THE BOARD

*(f) Mr. Shi Cen (aged 41)*

Mr. Shi joined the Group in 2016 and was appointed as an independent non-executive Director on 5 August 2016. He is also a member of each of the Audit Committee and the Nomination Committee. Mr. Shi did not hold any directorship in any other listed company in the last three years, and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders or hold any other position with the Company or any member of the Group.

Mr. Shi will enter into a service agreement with the Company as an independent non-executive Director of the Company for a term of three years but is subject to retirement by rotation in accordance with the Bye-laws. Pursuant to the above-mentioned service agreement, Mr. Shi will be entitled to an annual director fee of HK\$300,000, which was recommended by the Remuneration Committee of the Company and approved by the Board with reference to his duties, responsibilities and contribution to the Company and prevailing market conditions.

As at the Latest Practicable Date, Mr. Shi did not have any interest (within the meaning of Part XV of the SFO) in the securities of the Company.

*(g) Mr. Chau Shing Yim David (aged 52)*

Mr. Chau joined the Group in 2016 and was appointed as an independent non-executive Director on 5 August 2016. He is also the chairman and a member of each of the Audit Committee and Remuneration Committee. Mr. Chau is currently an independent non-executive director of six companies which are listed on the Main Board of the Stock Exchange, namely, Lee & Man Paper Manufacturing Limited (stock code: 2314), Man Wah Holdings Limited (stock code: 1999), China Evergrande Group (stock code: 3333), Richly Field China Development Limited (stock code: 313), Evergrande Health Industry Group Limited (stock code: 708) and Hengten Networks Group Limited (stock code: 136). Mr. Chau was also an independent non-executive director of Up Energy Development Group Limited (stock code: 307), a company listed on the Main Board of the Stock Exchange, from 20 June 2013 to 25 September 2015, a director of China Solar Energy Holdings Limited (stock code: 155), a company listed on the Main Board of the Stock Exchange, from 15 May 2015 to 12 June 2015, and an independent non-executive director of Varitronix International Limited (stock code: 710), a company listed on the Main Board of the Stock Exchange, from 1 July 2009 to 3 June 2016. Save as disclosed above, Mr. Chau did not hold any directorship in any other listed company in the last three years, and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders or hold any other position with the Company or any member of the Group.

Mr. Chau will enter into a service agreement with the Company as an independent non-executive Director for a term of three years but is subject to retirement by rotation in accordance with the Bye-laws. Pursuant to the above-mentioned service agreement, Mr. Chau will be entitled to an annual director fee of HK\$300,000, which was recommended

## LETTER FROM THE BOARD

by the Remuneration Committee of the Company and approved by the Board with reference to his duties, responsibilities and contribution to the Company and prevailing market conditions.

As at the Latest Practicable Date, Mr. Chau did not have any interest (within the meaning of Part XV of the SFO) in the securities of the Company.

### *(h) General*

Save for the information set out in this section, 2016 Annual Report and the announcement of the Company dated 5 August 2016, there is no other matter that needs to be brought to the attention of the Shareholders or other information that should be disclosed under rule 13.51(2) of the Listing Rules.

## **(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

As the general mandate granted to the Directors to allot, issue, and deal with Shares pursuant to resolutions passed by the Shareholders at the Company's annual general meeting held on 19 August 2015 will lapse at the conclusion of the AGM, resolutions will be proposed at the AGM to renew the grant of this general mandate. In addition, the Board would like to seek the approval from the Shareholders to grant a general mandate to the Directors to repurchase Shares. The relevant resolutions, in summary, are:

- an ordinary resolution to grant to the Directors a general and unconditional mandate to allot, issue, and deal with additional securities of the Company (including, inter alia, offers, agreements, options, warrants or similar rights in respect thereof) not exceeding 20% of the number of the Company's issued Shares as at the date of passing the relevant resolution for the period from the close of the AGM until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Issue Mandate**"). On the basis of 1,616,740,575 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be issued or repurchased by the Company before the AGM, exercise in full of the Issue Mandate could result in up to 323,348,115 Shares being issued by the Company;
- an ordinary resolution to grant to the Directors a general and unconditional mandate to exercise all the powers of the Company to repurchase such number of Shares not exceeding 10% of the number of the Company's issued Shares as at the date of passing the relevant resolution for the period from the close of the AGM until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Share Repurchase Mandate**"); and
- conditional on the passing of the resolutions to grant the Issue Mandate and the Share Repurchase Mandate, an ordinary resolution to authorise the Directors to exercise the powers of the Company to allot, issue, and deal with additional securities under the Issue Mandate by adding those Shares repurchased by the Company pursuant to the Share Repurchase Mandate.

## LETTER FROM THE BOARD

### (3) AGM

The notice convening the AGM is set out in Appendix II to this document. At the AGM, amongst others, ordinary resolutions will be proposed to approve the re-election of the retiring Directors, the granting of the Issue Mandate and the Share Repurchase Mandate and the extension of the Issue Mandate by the addition thereto of any Shares repurchased under the Share Repurchase Mandate.

A form of proxy for use at the AGM is enclosed with this document. Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

Pursuant to Bye-law 66 of the Bye-laws, a resolution put to the vote of a meeting shall be decided by way of a poll. Accordingly, the resolutions put forward to the AGM will be voted by way of poll.

### (4) RECOMMENDATION

The Directors consider that the proposed resolutions regarding the re-election of the retiring Directors, the granting of the Issue Mandate and the Share Repurchase Mandate and the extension of the Issue Mandate by the addition thereto of any Shares repurchased under the Share Repurchase Mandate are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the proposed resolutions.

Yours faithfully,  
By order of the Board  
**WANG Jingbo**  
*Chairman and Chief Executive Officer*

*This explanatory statement includes information required under rule 10.06(1)(b) of the Listing Rules to be given to Shareholders in connection with the proposed resolutions authorising the Share Repurchase Mandate.*

### **1. EXERCISE OF THE SHARE REPURCHASE MANDATE**

On the basis of 1,616,740,575 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be issued or repurchased by the Company before the AGM, exercise in full of the Share Repurchase Mandate could result in up to 161,674,057 Shares being repurchased by the Company during the period from the passing of the resolution relating to the Share Repurchase Mandate up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and (iii) the revocation, variation or renewal of the Share Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

### **2. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Company to repurchase Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share.

The Directors are seeking the grant of general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

### **3. FUNDING OF REPURCHASES**

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association of the Company and the Bye-laws and the applicable laws of Bermuda. The Company is empowered under its Memorandum of Association to repurchase Shares and the same authority is given under section 42A of the Companies Act 1981 of Bermuda. The Bye-laws supplement the Company's Memorandum of Association by providing that this power is exercisable by the Directors upon such terms and subject to such conditions as they think fit. The Companies Act 1981 of Bermuda provides that the funds permitted to be utilised in connection with a share repurchase may only be paid out of either the capital paid up on the relevant repurchased shares, or the funds of the Company that would otherwise be available for dividend or distribution, or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on a share repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution, or out of the share premium account of the Company.

There might be an adverse impact on the working capital and/or gearing position of the Company as compared with the position disclosed in its latest published audited accounts for the year ended 31 March 2016 in the event that the Share Repurchase Mandate were to be

carried out in full at any time during the proposed repurchase period. However, the Directors would consider the Company's financial position at times in exercising the Share Repurchase Mandate and would not propose to exercise any repurchases to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels.

#### **4. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS**

No Directors or (to the best knowledge of the Directors having made all reasonable enquiries) any their respective close associates have a present intention, in the event that the Share Repurchase Mandate is approved and exercised, to sell Shares to the Company. No core connected persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Share Repurchase Mandate is approved and exercised.

#### **5. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange to exercise the Share Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Bermuda, the regulations set out in the Memorandum of Association of the Company and the Bye-laws.

#### **6. TAKEOVERS CODE CONSEQUENCES**

If as the result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. A waiver of this provision would not normally be given except in extraordinary circumstances.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Titan Gas Technology Investment Limited (being a substantial Shareholder), IDG Technology Venture Investment III, L.P. and Mr. Lin Dongliang, being parties acting in concert (the "**Parties**"), were interested in a total of 854,051,578 Shares representing approximately 52.83% of the issued share capital of the Company. In the event that the Directors exercise in full the Share Repurchase Mandate (if so approved) and assuming that there is no change in the number of Shares held by the Parties and there is no other change to issued share capital of the Company, the aggregate interests of the Parties in the Company will be increased to approximately 58.70% of the then issued share capital of the Company. The Directors are not aware of any Shareholder, or group of Shareholders acting in concert, who will become obliged to make a mandatory offer as a result of repurchases of Shares.

Furthermore, the Directors have no intention to exercise the Share Repurchase Mandate to such extent as would cause the public float to fall below 25% or such other minimum percentage as prescribed by the Listing Rules from time to time.

**7. SHARE REPURCHASES MADE BY THE COMPANY**

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

**8. MARKET PRICES**

During each of the previous twelve months up to the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest (HK\$)	Lowest (HK\$)
<b>2015</b>		
August	suspended	suspended
September	suspended	suspended
October	3.6000	1.8900
November	3.7200	1.3500
December	3.5100	2.1200
<b>2016</b>		
January	2.9400	2.3000
February	2.7700	2.0200
March	2.5000	2.2500
April	2.3100	1.9200
May	2.0500	1.5900
June	1.7000	1.4100
July	2.6900	1.6000
August ( <i>up to the Latest Practicable Date</i> )	2.4000	1.8000

**SHUN CHEONG HOLDINGS LIMITED****順昌集團有限公司\****(Incorporated in Bermuda with limited liability)***(Stock Code: 650)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the shareholders of Shun Cheong Holdings Limited (the “**Company**”) will be held at United Conference Centre Limited — Room 4, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong, Hong Kong on Wednesday, 28 September 2016 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors for the year ended 31 March 2016.
2.
  - A. To re-elect Mr. Wang Jingbo as an executive director of the Company (the “**Director**”).
  - B. To re-elect Mr. Lee Khay Kok as an executive Director.
  - C. To re-elect Mr. Lin Dongliang as a non-executive Director.
  - D. To re-elect Mr. Shong Hugo as a non-executive Director.
  - E. To re-elect Prof. Chen Zhiwu as an independent non-executive Director.
  - F. To re-elect Mr. Shi Cen as an independent non-executive Director.
  - G. To re-elect Mr. Chau Shing Yim David as an independent non-executive Director.
  - H. To authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors.
3. To re-appoint KPMG as the auditors of the Company and to authorise the Board to fix their remuneration.

\* *For identification purposes only*

4. As special business to consider and, if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:

4.A. **“THAT:**

- (a) subject to paragraph (c), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into such shares or warrants or similar rights to subscribe for any shares in the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to the shares of the Company issued as a result of a Rights Issue (as hereinafter defined) or pursuant to the exercise of options under the share option scheme or similar arrangement, or any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of the dividend on the shares of the Company in accordance with the Company’s Bye-laws, shall not exceed 20 per cent. of the number of issued shares of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

**“Relevant Period”** means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company on the register on a fixed record date in proportion to their holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

4.B. “**THAT**:

- (a) subject to paragraph (b), the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange on which the securities of the Company may be listed as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares of the Company to be repurchased by the Company pursuant to the approval mentioned in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the number of issued shares of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) the expression “**Relevant Period**” shall for the purposes of this resolution have the same meaning as assigned to it under ordinary resolution 4.A. (d) of this notice.”

4.C. “**THAT** conditional upon resolutions 4.A. and 4.B. above being passed, the aggregate number of shares of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution 4.B. above shall be added to the number of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution 4.A., provided that the amount of shares repurchased by the Company shall not exceed 10 per cent. of the number of issued shares of the Company as at the date of passing of this resolution.”

By order of the Board  
**Shun Cheong Holdings Limited**  
**WANG Jingbo**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 August 2016

*Notes:*

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the said meeting or adjourned meeting.
3. The register of members of the Company will be closed from Monday, 26 September 2016 to Wednesday, 28 September 2016 (both days inclusive) during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting, all transfer of shares accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 September 2016.
4. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.