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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)

ANNOUNCEMENT VERY SUBSTANTIAL ACQUISITION IN RELATION TO ENTERING INTO THE ASSET PURCHASE AGREEMENT

THE APA

On 21 November 2016 (local time in Houston, Texas), the Company entered into the APA with the Sellers in respect of the Acquisition. Pursuant to the APA, the Company, as the Buyer, has conditionally agreed to acquire and the Sellers have conditionally agreed to sell the Target Assets, plus the assumption of the Assumed Liabilities by the Buyer, at the Purchase Price of US\$278 million (approximately HK\$2,156 million), subject to adjustments in accordance with the APA.

THE TARGET ASSETS

The Target Assets are all of the Sellers' right, title and interest in and to the properties and interests described in the APA effective as of the Effective Time, mainly including (i) the Oil and Gas Assets, (ii) all wells located on the Oil and Gas Assets, (iii) all equipment used primarily in connection with the ownership or operation of the Oil and Gas Assets, (iv) all Effective Time Hydrocarbons and all Hydrocarbons produced from the Oil and Gas Assets on or after the Effective Time and all proceeds attributable thereto, (v) the relevant surface rights, (vi) permits that relate solely to the Target Assets, and (vii) the Purchased Contracts. For details, please refer to the section headed "3.3 Purchased Contracts" in this announcement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

* For identification purposes only

GENERAL

An SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the APA and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the relevant resolutions to approve the APA and the transactions contemplated thereunder.

The Controlling Shareholder, holding approximately 51.32% of the total issued share capital of the Buyer as at the date of this announcement, has undertaken to vote in favour of the resolution to approve the APA and the transactions contemplated thereunder at the SGM.

A circular containing, among others, (i) further details of the APA and the transactions contemplated thereunder; (ii) a competent person's report and a valuation report in respect of the Target Assets, both in compliance with the requirements of Chapter 18 of the Listing Rules; (iii) the notice of the SGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 24 February 2017, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

Closing is conditional upon the satisfaction or, if applicable, waiver of the Conditions set out in the APA. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

1 INTRODUCTION

Reference is made to the circular of the Company dated 29 June 2016 (the "**Circular**"), in relation to, among others, the acquisition of the PRC Target (the "**Previous Reverse Takeover**"). As disclosed in the Circular, the Offeror was actively exploring appropriate potential acquisition targets overseas, including, among other areas, oil and gas assets in Eagle Ford Basin in the US. The Offeror and the then Board considered that there would be many potential upstream oil assets in North America, which have large oil reserves and could help provide the Group with a more diversified and balanced asset portfolio. In July 2016, an affiliate of the Offeror, was approached by Stonegate in respect of the acquisition of the Target Assets, which subsequently referred such investment opportunity to the Company.

The Acquisition were initiated, negotiated and conducted separately and independently from the Previous Reverse Takeover. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Sellers are not connected or otherwise associated with the vendors of the PRC Target, nor are they or their respective ultimate owners connected with the Company or its connected persons nor the Offeror or parties acting in concert with the Offeror.

On 21 November 2016 (local time in Houston, Texas), the Company entered into the APA with the Sellers in respect of the Acquisition. Pursuant to the APA, the Company, as the Buyer, has conditionally agreed to acquire and the Sellers have conditionally agreed to sell the Target Assets, plus the assumption of the Assumed Liabilities by the Buyer, at the Purchase Price of US\$278 million (approximately HK\$2,156 million), subject to adjustments in accordance with the APA.

2 THE APA

Set out below are the principal terms of the APA:

2.1 Signing Date

Signing Date: 21 November 2016 (local time in Houston, Texas)

2.2 Parties

- (1) Buyer: the Company
- (2) Sellers: Stonegate, Dimmit and DisposalCo

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Sellers and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

2.3 Assets to be Acquired

(a) Target Assets

The Sellers agree to sell, assign, convey and deliver to the Buyer, and the Buyer agrees to purchase and acquire from the Sellers at the Closing the Target Assets, free and clear of all liens (other than certain permitted liens) pursuant to the APA.

The Target Assets are all of the Sellers' right, title and interest in and to the properties and interests described in the APA effective as of the Effective Time, mainly including (i) the Oil and Gas Assets, (ii) all wells located on the Oil and Gas Assets, (iii) all equipment used primarily in connection with the ownership or operation of the Oil and Gas Assets, (iv) all Hydrocarbons produced from the Oil and Gas Assets that are in storage or existing at the Effective Time and not past a sales measuring point at the Effective Time (the "**Effective Time Hydrocarbons**") and all Hydrocarbons produced from the Oil and Gas Assets on or after the Effective Time and all proceeds attributable thereto, (v) the relevant surface rights, (vi) permits that relate solely to the Target Assets, and (vii) the Purchased Contracts.

For details, please refer to the section headed "3.3 Purchased Contracts" in this announcement.

The Buyer shall not purchase the Excluded Assets, where the “**Excluded Assets**” shall mean all the assets not constituting the Target Assets, in particular, (i) all cash and cash equivalents of the Sellers, (ii) all corporate and financial records of the Sellers except to the extent relating to the Target Assets and not containing confidential or sensitive information of the Sellers, (iii) contracts of insurance or indemnity, (iv) all Hydrocarbons produced and sold from and attributable to the Oil and Gas Assets prior to the Effective Time and all proceeds attributable thereto, (v) all rights, claims, demands and causes of action of the Sellers under the APA, (vi) the name “Stonegate” and related trademark, trade names, logo or symbols and (vii) all contracts, equipment, permits, data to extent directly related to Excluded Assets or Excluded Liabilities, which shall not be sold, assigned or conveyed to the Buyer pursuant to the APA.

(b) Assumed Liabilities

The Buyer shall assume the Assumed Liabilities under the Acquisition, which consist of:

- (i) all expenses to the extent attributable to the ownership, maintenance and operation of the Sellers’ interest in the Target Assets and related to periods from and after the Effective Time (other than expenses for which the Purchase Price is increased pursuant to certain adjustments as specified in the APA);
- (ii) all expenses attributable to the Target Assets and related to the periods before the Effective Time to the extent, and only to the extent that the Purchase Price is reduced pursuant to certain adjustments as specified in the APA;
- (iii) all other liabilities (other than those expenses stated in (i) and (ii) above) under or associated with or appurtenant to the Target Assets, to the extent related to periods from and after the Effective Time, including without limitation all such liabilities arising out of the operation and/or ownership of the Target Assets from and after the Effective Time;
- (iv) all liabilities of the Sellers under, associated with or appurtenant to the Target Assets with respect to the environmental claims whether arising on, before or after the Effective Time;
- (v) costs, expenses and liabilities of the Sellers attributable to obligations to plug wells included in the Target Assets, dismantle or decommission facilities, close pits and restore the surface around such wells, facilities and pits; and
- (vi) any taxes that are apportioned to the Buyer pursuant to the APA, ((i), (ii), (iii), (iv), (v) and (vi) together, the “**Assumed Liabilities**”).

In general, the kinds of liabilities falling within the Assumed Liabilities can be categorized as below:

- (1) The Assumed Liabilities that may result in adjustments to the Purchase Price at the Closing.

Pursuant to the APA and subject to the terms thereof, the Company agrees to acquire and purchase from the Sellers the Target Assets, effective as of the Effective Time. As such, generally speaking, the Company is taking on the economic rights and obligations of owning the Target Assets from and after the Effective Time, and Stonegate remains entitled to such rights and bears such obligations prior to the Effective Time. The Purchase Price is adjusted accordingly at the Closing to give effect to this principle. As such, there are two important sub-groups of Assumed Liabilities that may result in adjustments to the Purchase Price:

- (i) costs and expenses attributable to the operation of the Target Assets and related to periods after the Effective Time up to the Closing and which were paid by Stonegate. These costs and expenses will result in upward adjustments to the Purchase Price. However, these adjustments are counterbalanced by the downward adjustments to the Purchase Price resulting from the proceeds received by Stonegate that are attributable to post-Effective Time Hydrocarbon production; and
 - (ii) costs and expenses attributable to certain liabilities or accounts payable with respect to the Target Assets that would not have been paid by Stonegate prior to the Closing and would be assumed by the Company after the Closing under the APA but which relate to the pre-Effective Time periods. This part of the Assumed Liabilities will also result in a downward adjustment to the Purchase Price.
- (2) The Assumed Liabilities that have no impact on the Purchase Price adjustment.

There are various Assumed Liabilities which do not result in a Purchase Price adjustment at the Closing but are nevertheless expected to mainly relate to the operation and development of the Target Assets. Such liabilities are “Assumed Liabilities” because they are part of the responsibility associated with owning and operating the Target Assets, especially after the Closing. For instance, such Assumed Liabilities include future costs and expenses attributable to plug wells and dismantling and abandonment of facilities, taxes incurred in the future, future environmental liabilities (if they arise) and the obligation to pay royalties to royalty owners in the future, etc. Such Assumed Liabilities are normal liabilities for the Company to own and operate the Target Assets, from which the Company (after the Closing) will also be entitled to derive any economic benefits recorded after the Effective Time as explained above.

The Sellers shall retain all liabilities associated with the Excluded Liabilities, where the “**Excluded Liabilities**” are all liabilities and obligations of the Sellers other than the Assumed Liabilities.

With respect to the assumption of historical and future environmental liabilities that may relate to the Target Assets, the APA provides for a pre-Closing due diligence period, during which time the Company can engage in comprehensive environmental due diligence in order to assess the existing environmental state of the Target Assets. The APA provides for a downward Purchase Price adjustment mechanism to account for any environmental defects discovered as part of that process. Pursuant to the terms of the APA, the Company would be entitled to a downward adjustment to the Purchase Price once the value of the environmental defects exceed the defect deductible in respect of any title or environmental defect claims of US\$9.73 million (approximately HK\$75.5 million).

2.4 Consideration

The Buyer shall pay or deliver the Purchase Price of US\$278 million (approximately HK\$2,156 million) in cash. The Purchase Price shall be subject to the adjustments for (i) pre- and post-Effective Time costs and expenses (including taxes), (ii) the value of any pre- and post-Effective Time Hydrocarbons produced from the Oil and Gas Assets, (iii) Hydrocarbon imbalances and funds held in suspense on behalf of third parties, (iv) the value of any title and environmental defects asserted by the Buyer which are agreed to by the Sellers or which are finally determined by an arbiter to negatively impact the value of the Target Assets, and (v) certain other customary closing purchase price adjustments.

The Purchase Price (including the applicable adjustments) was determined after arm’s length negotiation between the Buyer and the Sellers on normal commercial terms and taking into account, among other things, the following factors:

- (a) results of the due diligence and financial analysis conducted by the Buyer and its professional advisers based on information provided by the Sellers;
- (b) the reserve volume and quality of the Target Assets as compared with the relevant crude oil and natural gas of comparable estimated reserves and quality in the market;
- (c) the split of pre- and post-Effective Time costs and expenses and proceeds from the Oil and Gas Assets (as explained above in this announcement); and
- (d) the Directors’ belief that the Acquisition represents a unique opportunity for the Company to acquire a world-class crude oil and natural gas asset.

In view of the above, the Directors consider that the Purchase Price (including the applicable adjustments) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The payment by the Buyer under the APA (including payment of the Purchase Price and any actual upward adjustment thereto (if applicable)) will be fully satisfied by the Group's internal resources and debt financing from financial institutions. As at the date of this announcement, the Company has not entered into any agreement or other legally binding document with any financial institution for debt financing. The Company expects no substantial difficulty for it to obtain such debt financing, if needed, in the future.

2.5 Outstanding Obligations

Pursuant to the APA and subject to the terms thereof, the Company undertakes to assume outstanding obligations which are related to the expenses and costs associated with the drilling or operation of certain existing projects committed to by Stonegate (the "**Outstanding Obligations**"). It is currently estimated that the amount of such Outstanding Obligations that the Company will be obligated to incur is approximately US\$52 million (approximately HK\$403.28 million), among which US\$6 million (approximately HK\$46.53 million) relate to pre-Effective Time costs and expenses and US\$46 million (approximately HK\$356.75 million) relate to post-Effective Time costs and expenses. Purchase Price adjustment applies to the Outstanding Obligations.

2.6 Performance Deposit and G&A Funds

No later than five (5) Business Days after the execution of the APA, the Buyer shall deliver to the Escrow Agent a performance deposit of US\$18.07 million (approximately HK\$140.14 million) in immediately available funds (the "**Escrow Funds**").

On the first Business Day of each month beginning on 1 November 2016 and ending on (and including) the month in which the Closing Date occurs, the Buyer shall deliver to the Escrow Agent an amount equal to US\$1 million (approximately HK\$7.76 million), i.e., the interim general and administrative expenses, for the ensuing month (the "**Interim G&A Expenses**", the cumulative amount of such payments, the "**G&A Funds**"), provided that, among others, for the month of November 2016, the Interim G&A Expenses shall be a pro-rated amount equal to the product of (i) US\$1 million multiplied by (ii) a fraction, the numerator of which shall equal the number of days in November 2016 from and after (and including) the date of the execution of the APA and the denominator of which shall equal 30.

Pursuant to the APA, if the Acquisition proceeds to the Closing, the Escrow Funds and the G&A Funds shall be applied toward the payment to be made by the Buyer at the Closing and delivered to the Sellers. If the Acquisition does not proceed to the Closing, the Escrow Funds and the G&A Funds shall be returned to the Buyer, or retained by the Sellers, as applicable, in accordance with the terms of the APA.

In particular, the circumstances in which all of the Escrow Funds and the G&A Funds may be retained by the Sellers include where the APA is terminated for the following reasons:

- (i) a material breach of the Buyer of its representations and warranties or the Buyer's failure to comply with its covenants under the APA, provided that such breach or failure to comply is not the sole result of a change in applicable laws in the United States after the date of the execution of the APA;
- (ii) the Buyer's failure to deliver any Interim G&A Expenses to the Escrow Agent in accordance with the terms of the APA and such amounts remain unpaid for two (2) Business Days following Stonegate's written request therefor, provided that such failure to deliver the Interim G&A Expenses is not the sole result of a change in applicable laws in the United States after the date of the execution of the APA;
- (iii) the Buyer's failure to deliver to the Sellers an executed copy of the commitment letter in respect of the financing of the Acquisition within thirty (30) days following the date of the execution of the APA and the Sellers shall have given at least ten (10) days written notice to the Buyer to cure such breach and failure but such obligation remains unsatisfied, provided that such failure to deliver is not the sole result of a change in applicable laws in the United States after the date of the execution of the APA;
- (iv) due to the Closing not occurring on or before the End Date (or any extension thereof, if applicable) and all the Conditions to the obligations of the Buyer to consummate the Closing, other than either (x) the obtaining of the Shareholders' approval or (y) the obtaining of the Shareholders' approval and the obtaining of the CFIUS Approval, as applicable, shall have been satisfied (or capable of being satisfied at the Closing with respect to actions to be taken at the Closing), provided that there have been no changes to the Listing Rules after the date of the execution of the APA that cause such Conditions not to be satisfied; or
- (v) the Buyer's failure to perform its closing obligations as set out in the APA for more than five (5) Business Days after notice by the Sellers where the Conditions to the obligations of the Buyer to consummate the Closing shall have been satisfied (or capable of being satisfied at the Closing with respect to actions to be taken at the Closing) or waived by the Buyer.

Alternatively, the circumstances in which one half (1/2) of the Escrow Funds and all of the G&A Funds may be retained by the Sellers if the APA is terminated for the following reasons:

- (i) any of the reasons set forth in (i), (ii), or (iii), above, where such termination is a result of a change in applicable laws in the United States after the date of the execution of the APA; or

- (ii) due to the Closing not occurring on or before the End Date (or any extension thereof, if applicable) or due to the Conditions to the obligations of the Buyer becoming incapable of being satisfied, and in each case, all the Conditions to the obligations of the Buyer to consummate the Closing, other than the obtaining of the CFIUS Approval, shall have been satisfied (or capable of being satisfied at the Closing with respect to actions to be taken at the Closing).

The terms by which the Sellers may retain the Escrow Funds or the G&A Funds have been agreed after arm's length negotiations among the Buyer and the Sellers. The Board is of the view that such terms are on normal commercial terms and fair and reasonable, taking into account the market practice and the relatively long time period that is available until the respective Conditions have to be satisfied in order for the Closing to occur.

2.7 Conditions

(a) Conditions to obligations of the Buyer and the Sellers

- (i) no applicable law shall prohibit the Acquisition or the consummation of the Closing.
- (ii) all actions by or in respect of or filings with any governmental authority required to permit the consummation of the Closing shall have been taken, made or obtained (other than those actions or filings that are required to obtain the CFIUS Approval or that are customarily obtained after the Closing).
- (iii) no proceeding instituted by any governmental authority shall be pending and no injunction, order, decree or judgment of any governmental authority of competent jurisdiction shall be in effect, in each case which seeks to or does, as applicable, prohibit, restrain or enjoin the consummation of the Acquisition (other than proceedings seeking the CFIUS Approval); provided that the party seeking to rely on as a basis not to consummate the Closing must have used commercially reasonable efforts to cause such proceeding to have been dismissed or resolved in favour of the parties of the APA or to prevent the entry of such injunction, order, decree or judgment.

Conditions (ii) and (iii) above can be waived by each of the Sellers and the Buyer to the extent permitted under the applicable law.

(b) Conditions to obligations of the Buyer

- (iv) (x) each Seller shall have performed in all material respects all of its covenants and other obligations under the APA required to be performed by it on or prior to the Closing Date; (y) the representations and warranties of the Sellers set forth in the APA shall be true and correct at and as of the Closing Date except for those failures to be true and correct

that individually or in the aggregate do not constitute a material adverse effect; and (z) the Buyer shall have received a certificate signed by the executive officer of Stonegate to the foregoing effect.

(v) the CFIUS Approval has been obtained.

(vi) the Company shall have obtained the Shareholders' approval for the APA and the transactions contemplated thereunder at the SGM.

Conditions (iv) to (vi) can be waived by the Buyer in its sole discretion.

The Company considered that it is appropriate for the Company to retain the right to waive certain Conditions (i.e., Conditions (ii), (iii), (iv), (v) and (vi)) as this allows the Company to retain the flexibility of choosing whether to proceed with completing the Acquisition in the event that any of those Conditions is not fully complied with only in a manner that does not give rise to any material concern and hence, does not present any material risk to the Company in any respect. The Directors will be subject to their fiduciary duty to the Company to act in its best interests if and when they have to decide whether the Company should exercise its discretion to waive any of such Conditions. In any event, the Company will comply with the Listing Rules in connection with the Acquisition as and when appropriate. As at the date of this announcement, the Company has no intention to waive any of such Conditions that could be waived by the Buyer pursuant to the APA.

(c) Conditions to obligations of the Sellers

(vii)(x) the Buyer shall have performed in all material respects all of its covenants and other obligations under the APA required to be performed by it on or prior to the Closing Date; (y) the representations and warranties of the Buyer set forth in the APA and in any certificate or other writing delivered by the Buyer pursuant thereto shall be true and correct except for those failures to be true and correct that, individually or in the aggregate do not constitute a material adverse effect; and (z) the Sellers shall have received a certificate signed by the executive officer of the Buyer to the foregoing effect.

Condition (vii) can be waived by the Sellers in their sole discretion.

All Conditions shall have been satisfied by one hundred sixty-four (164) days following the date of the execution of the APA (the "**End Date**"), provided however, that if (i) all Conditions other than Condition (v) have been satisfied by the End Date, the Sellers or the Buyer shall, or (ii) if all Conditions other than Condition (vi) have been satisfied by the End Date, and the clearance of the circular to be issued to Shareholders in connection with the APA and the Acquisition has been obtained from the Stock Exchange as of such time, the Buyer shall, have the option to extend the End Date by thirty (30) additional days, which can be further extended by mutual written agreement of all parties to the APA. To the extent the Closing has not occurred by the End Date (as may be extended), either the Sellers or the Buyer may terminate the APA.

If at any time prior to the Closing, one or more of the Sellers obtains authorization to commence an Insolvency Proceeding or one or more of the Sellers files a petition to commence or becomes the subject of an Insolvency Proceeding, the APA may be terminated by the Buyer automatically and without prior notice to Stonegate.

2.8 Closing

(a) Closing Date

The Closing shall take place, as soon as possible, but in no event later than five (5) Business Days after the fulfilment, or if applicable, waiver of the Conditions (other than those Conditions cannot be satisfied until the time of the Closing, but subject to the satisfaction or waiver), or at such other time as the Sellers and the Buyer may agree in writing.

(b) Settlement and Payment

The Sellers shall deliver to the Buyer, not less than five (5) Business Days before the Closing Date, a statement setting forth the adjustment to the Purchase Price, i.e. the estimated adjusted Purchase Price as of the Closing Date (the “**Closing Date Adjusted Purchase Price**”). Subject to the Buyer’s right to dispute any adjustments to the Purchase Price asserted by the Sellers after the Closing, the Buyer shall deliver an amount equal to the Closing Date Adjusted Purchase Price less certain funds it has placed with the Escrow Agent in accordance with the terms of the APA, by wire transfer of immediately available funds, to an account designated by Stonegate at the Closing.

As soon as practical and, in any event no later than ninety (90) calendar days after the Closing Date, Stonegate shall prepare and deliver to the Buyer a statement (the “**Final Settlement Statement**”) setting forth the adjustments to the Purchase Price, i.e. the adjusted Purchase Price (the “**Adjusted Purchase Price**”), which is subject to mutual agreement by the parties of the APA or the resolution of a designated accounting firm (as the case may be). The Adjusted Purchase Price shall be final and conclusive. The Buyer and the Sellers shall make payments in relation to the difference between the Closing Date Adjusted Purchase Price and the Adjusted Purchase Price in accordance with the terms of the APA.

2.9 Termination Fee

If (i) the APA is terminated due to the Sellers’ breach of their representations and warranties or failure to comply with their covenants or the Sellers’ breach of certain obligations under the APA, (ii) the Buyer shall not have breached any of its representations or warranties or failed to comply with its covenants under the APA, and (iii) any Seller or the Sellers consummate any Alternative Transaction at any time on or prior to the date that is twelve (12) calendar months after the date of termination of the APA, the Sellers shall, in addition to returning the Escrow Funds and the G&A Funds to the Buyer, pay to the Buyer a termination fee in the amount of US\$8.34 million (approximately HK\$64.7 million) (the “**Termination Fee**”).

Additionally, if (i) the APA is terminated by the Buyer or the Sellers in accordance with the APA, (ii) at the time of such termination, either (x) the Buyer had the right to terminate the APA due to the Sellers' breach of their representations and warranties or failure to comply with their covenants under the APA, or (y) any person shall have made a bona fide proposal to consummate an Alternative Transaction and such proposal shall not have been withdrawn or rejected by the Sellers prior to such termination, and (iii) within twelve (12) months following such termination the Sellers consummate an Alternative Transaction, the Sellers shall pay to the Buyer the Termination Fee.

The Termination Fee is in addition to the Buyer's rights to receive the return of the Escrow Funds and the G&A Funds paid by the Buyer prior to the date of such termination.

2.10 Indemnity Escrow Funds

To secure and to serve as the sole source of funds in respect of any indemnification obligations owed to any indemnified party of the Buyer pursuant to the APA, on the Closing Date, the Buyer shall deposit with the Escrow Agent an amount equal to US\$23.63 million (approximately HK\$183.26 million) (such amount together with all interest earned thereon while in the custody of the Escrow Agent, the "**Indemnity Escrow Funds**"). The payment and other arrangement of the Indemnity Escrow Funds are subject to the final determination with respect to any claim for indemnification and the terms of the APA.

2.11 The TSA

Contemporaneously with the execution of the APA, as an inducement to the Buyer to enter into the APA, a transaction support agreement (the "**TSA**") has been entered into by, among others, the Buyer, certain creditors holding liens on the Target Assets (the "**Lenders**"), and certain holders of Series A Units, or of Series A Units and Series B Units, as applicable, in Stonegate (together holding and controlling at least 98% of the issued and outstanding Series A Units in Stonegate) (the "**Unitholders**"). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the counterparties to the TSA are third parties independent of the Company and its connected persons. Pursuant to the terms of the TSA, the Lenders and Unitholders agree to provide certain support to the Buyer for the Acquisition under the APA, including that at the Closing the liens on the Target Assets will be released and terminated automatically and unconditionally and that documents in form and substances previously agreed by the Buyer to confirm such release and termination of such liens will be signed, notarized and delivered to the Buyer. If the TSA is breached in any material respect by either a Lender or a Unitholder or the TSA is terminated in accordance with its terms, the APA may be terminated by the Buyer upon written notice to Stonegate.

3 INFORMATION ON THE TARGET ASSETS

3.1 Reserves of the Target Assets

The Target Assets are located in the State of Texas in the United States, including approximately 56,054 gross acres (25,591 net acres) across Dimmit, Frio and La Salle counties in the Eagle Ford region of South Texas. The area of the Target Assets is liquid-rich, and the majority of the reserves are crude oil and natural gas liquid. Based on the latest reserve report prepared by W.D. Von Gonten & Co, a qualified professional in the US engaged by Stonegate, the Target Assets have net proved plus probable reserves of about 33.5 mmbbl as of 1 January 2016.

The Target Assets have been operated since 2008, and are currently operated by 39 full-time employees and 7 contractors. Based upon the information provided by Stonegate and set out under the schedules to the APA, the Target Assets consist of 376 wells. According to the information provided by Stonegate in the schedules to the APA, of the 376 wells, 303 are currently producing marketable quantities of Hydrocarbons, 13 wells are uneconomic to produce and are currently shut-in, two wells are used for salt-water disposal, 53 wells are waiting on completion, and five wells have been plugged and abandoned. During the year of 2014, 2015 and the six months ended 30 June 2016, the gross production attributable to the aforementioned wells was approximately 30,931 boe/d, 28,524 boe/d and 16,944 boe/d, respectively and the net production attributable to the Target Assets was approximately 9,857 boe/d, 9,336 boe/d and 6,601 boe/d, respectively.

The information referred to above in relation to the reserves and production of the Target Assets is provided by Stonegate. A circular including among other things, a report on the reserves of the Target Assets prepared by a competent person qualified under Chapter 18 of the Listing Rules to be engaged by the Company will be despatched to the Shareholders. Such report will be prepared in accordance with the requirements of Chapter 18 of the Listing Rules. Shareholders and potential investors should note that the estimate of the reserves of the Target Assets as set out in such report may differ from those referred to above, and should therefore exercise caution in relying on the information referred to above.

The Company has engaged legal counsels to conduct high-level due diligence of the Target Assets and it is currently in the process. As of the date of this announcement, no legal proceedings with the relevant government authorities and/or to which the Target Assets are subject or non-compliance to the relevant rules and regulations committed in relation to the operation of the Target Assets, which in the view of the Company might have material impact on the Target Assets, has been identified by the Company or reported or notified by Stonegate.

3.2 Financial Information relating to the Target Assets

Derived from the audited financial statements for the year ended 31 December 2014 and the unaudited financial statements for the year ended 31 December 2015 and the six months ended 30 June 2016 of Stonegate, prepared under the US GAAP provided by Stonegate, the summary of the financial information of the Target Assets is presented as follows:

	For the six months ended 30 June 2016 (US\$)	For the year ended 31 December 2015 (US\$)	For the year ended 31 December 2014 (US\$)
Revenue attributable to the Target Assets	29,895,376 (approximately HK\$231,849,104)	117,937,597 (approximately HK\$914,647,343)	255,654,081 (approximately HK\$1,982,686,877)
Net income/(loss) attributable to the Target Assets	(15,942,013) (approximately HK\$(123,635,891))	(614,932,314) (approximately HK\$(4,769,015,321))	125,853,093 (approximately HK\$976,034,785)

As at 30 June 2016, the book value of the Target Assets amounted to approximately US\$163,557,402 (approximately HK\$1,268,444,898).

The Company will prepare and disclose the profit and loss statement on the identifiable net income stream of the Target Assets and the pro forma financial information of the enlarged group prepared in accordance with the Company's accounting policies under the HKFRS in the circular as required under the Listing Rules.

3.3 Purchased Contracts

The Purchased Contracts are all written contracts burdening the Oil and Gas Assets, including the Leases, and any and all amendments, ratifications or extensions of the foregoing, which mainly include the following agreements:

(a) *Leases*

Stonegate, as the current owner of the Target Assets, will assign its rights and interest under the oil and gas leases as set out under the schedules to the APA to the Company. There would be 483 oil and gas leases if a lease covering different counties is regarded as one same lease, whilst there would be 672 oil and gas leases if a lease covering different counties is regarded as separate leases.

The Lease is a legal contract of terms between two parties: a lessor (the owner of the real property) and a lessee (typically, an oil and gas company such as Stonegate). Each Lease grants Stonegate rights in and to the lessors' the mineral estate (the Hydrocarbons below ground) and a corresponding right to access the surface estate (above-ground) to the extent necessary to develop the

mineral estate. Stonegate's ownership interest in the Leases is the fundamental rights which permit Stonegate to explore for, develop and produce Hydrocarbons.

The Leases relating to the Target Assets generally include the following key provisions:

- (i) the primary term of the oil and gas lease (usually 1–3 years), and a secondary term, which typically provides that the term of the lease extends for so long as (i) there is Hydrocarbon production in paying quantities from the lease, or (ii) continuous development operations are being conducted on the lease;
- (ii) the names of all parties (lessor(s) and lessee(s)) bound by the oil and gas lease;
- (iii) consideration for the oil and gas lease (usually a cash “bonus” which is paid at the time the lease is entered into);
- (iv) the “granting clause” stating what property is subject to the oil and gas lease (such as oil, gas and other minerals) and what rights the lessee has to such property (including drilling for and producing, storing and transporting Hydrocarbons, delay rentals to maintain an oil and gas lease without production and shut-in royalty rights to maintain an interest in the lease when the lessee cannot, or will not, transport Hydrocarbons to market) such as the responsibility of the working interest owners bearing the cost and liability (including environmental liabilities) of developing the resource and receive the net benefit of production after deducting for costs and expenses of production;
- (v) the “royalty clause” stating the percentage or share of Hydrocarbon production (or the proceeds therefrom) produced from the lands covered by such oil and gas lease that are owed to the lessor and how the royalty is to be delivered to the lessor (such as in-kind to the lessor or by way of cash payments). Stonegate's lessors generally receive a royalty between 18.75% and 25% of all Hydrocarbon production from such leases; and
- (vi) the “pooling clause” allowing the lessee to combine the oil and gas leases in order to form a larger single drilling production unit.

(b) Joint Operating Agreements

Stonegate has entered into certain joint operating agreements (the “JOAs”) which bind the Target Assets. JOAs are contracts through which multiple “working interest” owners jointly develop, operate, and produce oil and gas interests. “Working interest” is a commonly used term in the oil and gas industry, which usually means an interest that gives the owner a right to extract oil and gas from acreage subject to an oil and gas lease.

Based on the information provided by Stonegate and set out under the schedules to the APA, on average, Stonegate owns approximately a 45% working interest in the relevant wells among the Target Assets, which means, pursuant to the terms of the JOAs, Stonegate is responsible for paying, on average, approximately 45% of all costs for development operations on the wells and is entitled to receive, on average, approximately 45% of all production revenues from the wells (after all royalties and other lease burdens are paid).

The parties to Stonegate's JOAs can be broadly classified as operators and non-operators. Each JOA has one named operator. The named operator generally "controls" the operations of the assets subject to the JOA. The named operator is responsible for executing the joint operations to be conducted on the applicable assets, the costs of which will be shared by all of the working interest owners (i.e., both the named operator and the non-operator(s)) in proportion to their respective working interest. Although Stonegate is initially not the named operator for the joint operations under any of the JOAs, it is one of the working interest owners and has the right to propose and operate (as operator) on subsequent and additional operations where the named operator select not to participate, for which Stonegate bears all the costs and receive all the production revenue. According to the information provided by Stonegate, among the 303 producing wells of the Target Assets, 126 wells are operated by Stonegate and 177 wells are operated by other working interest owners.

Based on the information provided by Stonegate and as set out under the relevant JOAs, although Stonegate is the non-operator for 177 wells among the Target Assets, Stonegate has sufficient influence over the operation of such wells for the following reasons:

- (i) Stonegate is entitled to sell the Hydrocarbons in proportion to its working interest share, which will not be affected by the fact that it is a non-operator. Based on the Hydrocarbon purchase and sale agreements it has provided, Stonegate sells the Hydrocarbons produced and attributable to its working interest to the relevant buyers directly;
- (ii) When a JOA was first entered into, the location and drilling parameters of the well and the budget for drilling work were agreed among all working interest owners, both named operator and non-operator(s). Subsequent operations, including the drilling of a new well within the area covered by the JOA, can be proposed by any party under the JOA including a non-operator such as Stonegate, which then may act as operator of such new well. Also, the non-operator(s) can always "non-consent" to the proposed operations, and choose not to participate in the operations if it considers it not economical to do so; and
- (iii) Pursuant to the terms of the JOAs, Stonegate, together with other non-operators (if any), may remove an operator if it/they have good cause.

The JOAs typically are created with form agreements, which the parties thereto modify with certain special provisions, which generally include the following key provisions:

- (i) the “non-consent” provision allowing a party to opt out of operations by paying a non-consent penalty in the event the operation is successful. The non-consent penalties are usually 100%–300% of a consenting party’s cost of newly acquired surface equipment and 200%–500% of a consenting party’s costs and expenses of drilling, reworking, sidetracking, deepening, plugging back, testing, completing, and recompleting involved in the operation;
- (ii) the “consents to assignment” provision generally stating that a party may not transfer a divided interest, and that any transfer of interest must be expressly subject to the JOA, and the transfer is not binding on the other parties until 30 days after notice is provided;
- (iii) the “termination rights” provision giving a non-operator the right to replace the operator for good cause, usually by the vote of two or more non-operators owning a majority interest and the parties may opt to keep the JOA going for as long as any of the leases subject to it remain in effect; and
- (iv) the “operator’s standard of care” provision stating that all parties share liabilities arising from the risk of operations in proportion to their working interest share, except that operators will be liable for losses caused by their gross negligence or wilful misconduct.

(c) *Hydrocarbon Purchase and Sale Agreements*

Stonegate has contracted to sell a certain amount of oil, gas, or condensate produced from the Target Assets to certain buyers at market pricing for a certain time period (ranging from several months to several years) under the purchase or sale agreements. In some instances, all of the Hydrocarbons from certain leases or wells are dedicated to a specific buyer.

The Hydrocarbon purchase and sale agreements generally include the provisions in relation to dedication, delivery point, pricing, consents to assignment, termination rights and indemnities. Pricing terms under the Hydrocarbon purchase and sale agreements are generally based on one of these three pricing designs: (i) an index price reflecting the commonly accepted price for such Hydrocarbon at the delivery point location of the sale; (ii) a combination of an index price with adjustments for midstream costs; and (iii) a pass-through price reflecting the price for such Hydrocarbon received from the third party buyer upon the downstream sale of such Hydrocarbon.

The buyers under such purchase or sale agreements are mostly energy or chemical producers, suppliers or traders in the United States.

(d) Gathering Agreements

The Target Assets are subject to certain gathering and processing. Typically, as part of these agreements, a third party will gather, process, and redeliver gas for a fee.

The gathering agreements generally include the provisions in relation to dedication, delivery point, rate design, consents to assignment, termination rights and indemnities.

(e) Other Agreements

The Target Assets are subject to numerous other agreements that relate to the ownership and operation of the assets, including certain marketing agreements, surface easements, rights of way, and transportation agreements.

4 REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the exploration, development and production of crude oil. Selectively making strategic acquisitions of oil assets overseas, as one of the pre-set business strategies of the Group, is an important driver for growth and enhancing shareholder value. The Board believes the recent relatively low crude oil commodity prices (as compared to commodity prices in 2012 to 2014) offer investors an attractive risk/return profile and diversification in the current environment and a counter-cyclical acquisition may provide a great opportunity to access world-class assets at a reasonable price.

The Acquisition, in the view of the Board, is an opportune investment for the Group to develop and expand its current principal business which is the exploration, development and production of crude oil. In addition, the Board expects that the Acquisition could allow the Group to widen its global footprint and develop a more diversified and balanced oil and gas business portfolio, expand its operational capabilities and elevate its profile and image as an international energy company, and will present the Group with favourable long term prospects, which is in line with the Group's sustainable corporate strategy to broaden its income stream and its mission and vision to become a leading global oil and gas assets holding and management company, with the goal of achieving stable, long-term and attractive returns for the Shareholders.

The Board believes that the Acquisition is in line with the Group's business strategy and is consistent with the nature of the Group's current business; the terms of the APA are on normal commercial terms, which are fair and reasonable; and the Acquisition is in the interests of the Company and the Shareholders as a whole.

5 INFORMATION ON THE PARTIES

5.1 Information on the Group

The principal activity of the Company is investment holding. The principal activities of the Group consisted of upstream crude oil exploration, development and production.

5.2 Information on the Sellers

Stonegate is a Houston, Texas, based oil and gas exploration and production company, owning and operating a concentrated position of oil assets in the South Texas Eagle Ford Shale play. It is principally engaged in the acquisition of, exploration for and exploitation and development of oil and gas primarily in the United States, and is engaged in activities ancillary thereto.

Dimmit is a wholly-owned subsidiary of Stonegate, and is principally engaged in business operations in support of oil and gas production activities and ancillary to the core business of Stonegate, including holding field housing assets and providing water for well development and other operating needs.

DisposalCo is a wholly-owned subsidiary of Stonegate and is principally engaged in business operations in support of oil and gas production activities and ancillary to the core business of Stonegate, including holding salt water disposal facility assets.

6 THE LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

7 GENERAL

An SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the APA and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the relevant resolutions to approve the APA and the transactions contemplated thereunder.

The Controlling Shareholder, holding approximately 51.32% of the total issued share capital of the Buyer as at the date of this announcement, has undertaken to vote in favour of the resolution to approve the APA and the transactions contemplated thereunder at the SGM.

A circular containing, among others, (i) further details of the APA and the transactions contemplated thereunder; (ii) a competent person's report and a valuation report in respect of the Target Assets, both in compliance with the requirements of Chapter 18 of the Listing Rules; (iii) the notice of the SGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 24 February 2017, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

Closing is conditional upon the satisfaction or, if applicable, waiver of the Conditions set out in the APA. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

8 DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Target Assets from the Sellers by the Buyer, on behalf of the Company, pursuant to the terms and conditions of the APA
“Alternative Transaction”	other than the Acquisition, whether by one transaction or any series of transactions, any (i) sale, transfer, assignment, or other disposition, directly or indirectly, of all or a material portion of the Target Assets of one or more of the Sellers to any person or persons other than the Buyer or Buyer’s designee, (ii) issuance, sale, transfer or other disposition, in each case by any Seller, of any class of equity securities, ownership interests or voting securities of any Seller, (iii) merger, consolidation, recapitalization, business combination, partnership, joint venture, reorganization, restructuring, dissolution, liquidation, tender offer, share exchange, debt-for-equity exchange, rights offering, structured dismissal or other similar transaction involving any Seller, (iv) the consummation of any state court foreclosure action as to any material portion of the Target Assets, (v) successful credit bid transaction with respect to the Target Assets, etc., unless otherwise permitted by the APA
“APA”	the Asset Purchase Agreement entered into by the Buyer and the Sellers on 21 November 2016 (local time in Houston, Texas) in respect of the Acquisition
“Board”	the board of Directors of the Company
“boe/d”	barrels of oil equivalent per day
“Business Day”	any day, excluding Saturdays, Sundays or legal holidays, on which commercial banks are open for business in New York, NY, Beijing and Hong Kong
“CFIUS”	the Committee on Foreign Investment in the United States

“CFIUS Approval”	the written notification shall have been received by the Buyer and the Sellers (or their respective counsel) that (a) CFIUS has concluded its view or investigation of the transactions contemplated by the APA and that (i) such transactions do not constitute a “covered transaction”, (ii) there are no unresolved national security issues with respect to such transactions, or (iii) the United States government will not take action to prevent, condition or suspend such transactions; or (b) the President of the United States has decided not to take any action to condition, suspend or prohibit the transactions contemplated by the APA; provided that such written notice shall not be required if (x) the period under DPA Section 721 during which CFIUS or the President of the United States must act shall have expired without any such action being threatened, announced or taken or (y) the President of the United States shall have announced (or otherwise communicated, directly or indirectly, to any of the Sellers or the Buyer) a decision not to take any action to condition, suspend or prohibit such transactions
“Closing”	the closing of the APA, which shall take place, as soon as possible, but in no event later than two (2) Business Days after the fulfilment, or if applicable, waiver of the Conditions (other than those Conditions cannot be satisfied until the time of the Closing, but subject to the satisfaction or waiver), or at such other time as the Sellers and the Buyer may agree in writing
“Closing Date”	the date of the Closing
“Company” or “Buyer”	Shun Cheong Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange, which is the buyer under the APA
“Condition(s)”	condition(s) to the Closing under the APA, details of which are set out in the section headed “2.7 Conditions” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	Titan Gas Technology Investment Limited, a company incorporated in the British Virgin Islands with limited liability, as the controlling shareholder of the Company, holding approximately 51.32% of the total issued share capital of the Company as at the date of this announcement

“Debtor Relief Laws”	title 11 of the United States Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally
“Dimmit”	Stonegate Dimmit Properties, LLC, a limited liability company incorporated in Texas
“Director(s)”	the director(s) of the Company
“DisposalCo”	Dimmit/La Salle Saltwater Disposal Company, LLC, a limited liability company incorporated in Texas
“DPA Section 721”	section 721 of the Defense Production Act of 1950, as amended, which is codified at 50 U.S.C. § 4565, as well as the regulations promulgated pursuant thereto
“Effective Time”	7:00 a.m., central time, on 1 July 2016
“Escrow Agent”	certain escrow agent that is a party to the Deposit Escrow Agreement and the post-closing escrow agreement entered into by the Buyer, the Sellers and such escrow agent
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydrocarbons”	crude oil, natural gas, condensate, casinghead gas, drip gasoline, natural gasoline, petroleum, natural gas liquids, products, liquids and other hydrocarbons and other minerals and materials of every kind and description

“Insolvency Proceeding”	(a) any voluntary case or proceeding under any Debtor Relief Laws is commenced by any Seller, (b) any other voluntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding is commenced by any Seller, (c) any Seller makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors or (d) an involuntary case or proceeding under any Debtor Relief Laws is commenced against any Seller either by (i) any lender or (ii) to the extent such involuntary case or other proceeding remains undismissed for a period of thirty (30) consecutive days or any of the relief sought in such involuntary case or other proceeding (including the entry of an order for relief against a Seller or the appointment of a receiver, trustee, custodian or other similar official for a Seller or any substantial part of its property) shall be granted, any other person
“Leases”	any contract pursuant to which the Sellers lease, have rights of ingress, egress, easement or passage, or otherwise have rights in or access to surface or subsurface real property and/or the Hydrocarbons or other minerals located thereon or thereunder for the purpose or use of exploration, drilling, production, gathering or transportation of Hydrocarbons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“mmboe”	million barrels of oil equivalent
“Offeror”	Titan Gas Technology Investment Limited, the offeror as defined in the Circular, now the Controlling Shareholder of the Company
“Oil and Gas Assets”	all oil and gas interests (whether the interest of Sellers in such properties is fee interests, leasehold interests, licenses, concessions, working interests, farmout rights, royalty, overriding royalty or other non-working or carried interests, operating rights or other mineral rights of every nature and any rights that arise by operation of law or otherwise in all properties and lands pooled, unitized, communitized or consolidated with such properties) as specified in the APA

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“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.*)
“Purchase Price”	the purchase price of US\$278 million (approximately HK\$2,156 million), subject to adjustments as set forth in the APA, payable by the Buyer to the Sellers for the Acquisition pursuant to the APA, details of which are set out in the section headed “2.4 Consideration” of this announcement
“Purchased Contracts”	all written contracts burdening the Oil and Gas Assets, including the Leases, and any and all amendments, ratifications or extensions of the foregoing, details of which are set out in the section headed “3.3 Purchased Contracts” of this announcement
“Seller(s)”	Stonegate, Dimmit and/or DisposalCo
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, approve the resolutions in respect of the Acquisition
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stonegate”	Stonegate Production Company, LLC, a limited liability company incorporated in Delaware
“Target Assets”	all of the Sellers’ right, title and interest in and to the properties and interests described in the APA effective as of the Effective Time, mainly including (i) the Oil and Gas Assets, (ii) all wells located on the Oil and Gas Assets, (iii) all equipment used primarily in connection with the ownership or operation of the Oil and Gas Assets, (iv) all Effective Time Hydrocarbons and all Hydrocarbons produced from the Oil and Gas Assets on or after the Effective Time and all proceeds attributable thereto, (v) the relevant surface rights, (vi) permits that relate solely to the Target Assets, and (vii) the Purchased Contracts
“US” or “United States”	United States of America

“US GAAP”	US Generally Accepted Accounting Principles
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00 = HK\$7.75535 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

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

Hong Kong, 22 November 2016

As at the date hereof, the Board comprises seven Directors, of whom two are executive Directors, namely Mr. Wang Jingbo (Chairman and Chief Executive Officer), and Mr. Lee Khay Kok; two are non-executive Directors, namely Mr. Lin Dongliang and Mr. Shong Hugo; and three are independent non-executive Directors, namely Prof. Chen Zhiwu, Mr. Shi Cen, and Mr. Chau Shing Yim David.