

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Shun Ke Long Holdings Limited (the "Company"), you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CHINA SHUN KE LONG HOLDINGS LIMITED

中國順客隆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 974)

**(I) CONTINUING CONNECTED TRANSACTIONS;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



TC Capital International Limited

Capitalised terms used in the cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 11 of this circular.

A notice dated 30 November 2017 convening an extraordinary general meeting of the Company to be held at 2:00 p.m. on 20 December 2017 at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong is set out on pages 29 to 30 of this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 48 hours before the time fixed for holding the extraordinary general meeting (or any adjournment thereof) to the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting and any adjourned meeting if you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

30 November 2017

TABLE OF CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	12
Letter from the Independent Financial Adviser	14
Appendix — General Information	24
Notice of Extraordinary General Meeting	29

DEFINITIONS

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

“2015 Goods Purchase Agreement”	the master goods purchase agreement dated 5 August 2015 entered into between the Company (for itself and on behalf of its subsidiaries) and Lecong Supply and Marketing Group (for itself and on behalf of its subsidiaries) due to expire on 31 December 2017, with an option of renewal for a term of three years;
“2018 Goods Purchase Renewal Agreement”	the conditional master goods purchase agreement dated 21 November 2017 entered into between the Company (for itself and on behalf of its subsidiaries) and Lecong Supply and Marketing Group (for itself and on behalf of its subsidiaries) with a term of three years commencing on 1 January 2018 and subject to the approval of the Independent Shareholders at the EGM, major terms of which are set out in the paragraph headed “Continuing Connected Transactions — The 2018 Goods Purchase Renewal Agreement” of this circular;
“associate(s)”	has the meaning ascribed to this term under the Listing Rules;
“Board”	the board of Directors of the Company;
“BVI”	the British Virgin Islands;
“Company”	China Shun Ke Long Holdings Limited;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly;
“Continuing Connected Transactions”	the non-exempt continuing connected transactions contemplated under the 2018 Goods Purchase Renewal Agreement;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at 2:00 p.m. on 20 December 2017 at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong to consider and, if thought fit, to approve the resolution contained in the notice of the meeting which is set out on pages 29 to 30 of this circular, or any adjournment thereof;
“Golden Prime Investment”	Golden Prime Investment Holdings Limited (佛山市金源投資控股有限公司), a company established in the PRC on 25 December 2007 which is owned by Mr. Lao as to approximately 33.98% as at the Latest Practicable Date;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Guan Shiping, Mr. Sun Hong and Mr. Shin Yick Fabian;
“Independent Shareholders”	Shareholders other than Mr. Lao and his associates;
“Latest Practicable Date”	Friday, 24 November 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Lecong Group”	Lecong Supply and Marketing Group and its subsidiaries;
“Lecong Supply and Marketing Group”	Foshan Shunde Lecong Supply and Marketing Group Limited (佛山市順德區樂從供銷集團有限公司), a company established in the PRC and owned by Golden Prime Investment as to approximately 56.81% as at the Latest Practicable Date;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mr. Lao”	Mr. Lao Songsheng, a non-executive Director;

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposed Annual Caps”	the proposed annual caps for the Continuing Connected Transactions for the three financial years ending 31 December 2020 under the 2018 Goods Purchase Renewal Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.01 each in the share capital of our Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	has the meaning ascribed to this term in the Listing Rules;
“TC Capital” or “Independent Financial Adviser”	TC Capital International Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO; and
“%”	per cent.



CHINA SHUN KE LONG HOLDINGS LIMITED

中國順客隆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 974)

Executive Directors:

Mr. He Jia Fu (Chairman)
Mr. Li Zhongxu (Chief Executive Officer)
Mr. Han Wei

Non-executive Directors:

Mr. Wu Limin
Mr. Wang Fu Lin
Mr. Lao Songsheng

Independent non-executive Directors:

Mr. Guan Shiping
Mr. Sun Hong
Mr. Shin Yick Fabian

Registered office:

Floor 4, Willow House
Cricket Square
P.O. Box 2804
Grand Cayman
KY1-1112
Cayman Islands

*Principal place of business
in Hong Kong:*

20th Floor One Island South
No. 2 Heung Yip Road
Wong Chuk Hang
Hong Kong

30 November 2017

To Shareholders

Dear Sir or Madam,

**(I) CONTINUING CONNECTED TRANSACTIONS;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolution to be proposed at the EGM relating to:

- (i) the details of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps;

LETTER FROM THE BOARD

- (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps;
- (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; and
- (iv) the notice of EGM.

Reference is made to:

- (i) the section headed “Connected transactions” of the prospectus of the Company dated 28 August 2015 relating to, among others, the non-exempt continuing connected transactions under the 2015 Goods Purchase Agreement and the waiver granted by the Stock Exchange from strict compliances with the relevant requirements under Chapter 14A of the Listing Rules for the three years ending 31 December 2017; and
- (ii) the announcement of the Company dated 6 November 2017 in relation to, among others, the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

CONTINUING CONNECTED TRANSACTIONS

The 2015 Goods Purchase Agreement has a current term due to expire on 31 December 2017, where it has an option of renewal for a term of three years.

As the Group intends to continue carrying out the transactions under the 2015 Goods Purchase Agreement in the ordinary and usual course of business of the Group after 31 December 2017, the Company (for itself and on behalf of its subsidiaries) proposed to renew the 2015 Goods Purchase Agreement with Lecong Supply and Marketing Group (for itself and on behalf of its subsidiaries) upon its expiration for a further term of three years commencing on 1 January 2018 with substantially the same terms as the 2015 Goods Purchase Agreement.

LETTER FROM THE BOARD

(a) The 2018 Goods Purchase Renewal Agreement

The Company (for itself and on behalf of its subsidiaries) entered into the 2018 Goods Purchase Renewal Agreement with Lecong Supply and Marketing Group (for itself and on behalf of its subsidiaries) on 21 November 2017, pursuant to which the Lecong Group agrees to exclusively supply to the Group the fresh meat and other agricultural products the Lecong Group sourced from the farmers or other suppliers, on normal commercial terms comparable to that of the 2015 Goods Purchase Agreement. Such agreement is subject to the approval of the Independent Shareholders at the EGM and will take effect from 1 January 2018 and expiring on 31 December 2020, and subject to the requirements of the relevant laws and regulations, with an option to renew for a further term of three years.

Pricing policies

The Group will enter into separate agreements with the Lecong Group for the purchase of the fresh meat and other agricultural products. The price of each individual sale and purchase agreement will be negotiated and agreed between the Group and the Lecong Group on an arm's length basis with reference to factors, including but not limited to, the prevailing and historical market rates of the same or similar products, the prices of the same or similar products offered by the Lecong Group to independent third parties, and the discounts offered to bulk-purchase. Before the Group entering into any individual agreement with the Lecong Group under the 2018 Goods Purchase Renewal Agreement, the Group shall check and ensure that the price of each individual agreement is fair and reasonable, and it is no less favourable to the Group than those available from independent third parties for the same or similar products.

LETTER FROM THE BOARD

Historical information

The following table sets out (i) the annual caps and actual value for each of the years ended 31 December 2015 and 2016, (ii) the actual value for the nine months ended 30 September 2017 and (iii) the expected value for the three months ending 31 December 2017, all for the purchase amount of products from the Lecong Group under the 2015 Goods Purchase Agreement:

Years ended 31 December				Nine months ended 30 September 2017 <i>(Note)</i>	Year ending 31 December 2017 <i>(Note)</i> Expected value
2015		2016			
Existing cap <i>(RMB'000)</i>	Actual value <i>(RMB'000)</i>	Existing cap <i>(RMB'000)</i>	Actual value <i>(RMB'000)</i>	Actual value <i>(RMB'000)</i>	<i>(RMB'000)</i>
66,000	54,400	72,000	43,800	25,500	40,000

Note: The existing annual cap for transactions under the 2015 Goods Purchase Agreement for the year ending 31 December 2017 is RMB80.0 million.

Proposed Annual Caps

The following table sets out the Proposed Annual Caps:

Year ending 31 December		
2018 <i>(RMB'000)</i>	2019 <i>(RMB'000)</i>	2020 <i>(RMB'000)</i>
48,000	56,000	63,000

The Proposed Annual Caps are determined by reference to various factors, including but not limited to, (i) the historical figures of the relevant transactions and the historical annual caps as disclosed above; (ii) the expected improving market conditions and the continuous increase in demand for the different types of the Group's goods in retail markets; (iii) the Group's expansion plan in the net increase in the number of retail outlets being approximately 14, 15 and 15 for each of the three years ending 31 December 2020 respectively; and (iv) the expected annual increase in wholesale prices of approximately 2% to 3% per annum as a result of the continuous increase in the national consumer price index.

LETTER FROM THE BOARD

Internal control procedures

The Group has adopted the following internal control measures to ensure that the Continuing Connected Transactions are conducted in accordance with the pricing policies and the terms of the 2018 Goods Purchase Renewal Agreement, and in compliance with the Listing Rules:

- (1) the Group shall obtain at least three quotes regularly from other independent suppliers and compare the prices among all suppliers including the Lecong Group to ensure that such purchase prices are reasonable and comparable to the market after considering the factors including quality of goods and popularity among the Group's customers;
- (2) before entering into a transaction under the 2018 Goods Purchase Renewal Agreement, the Group shall check and ensure that the such transaction will be conducted in accordance with the terms of the 2018 Goods Purchase Renewal Agreement and the Proposed Annual Caps will not be exceeded, and the relevant pricing shall be fair and reasonable adhering to the pricing policies;
- (3) the Board will continue to review the Group's internal control systems and their effectiveness periodically; and
- (4) the independent non-executive Directors shall, and the Group shall engage its external auditors to, conduct annual review on the Continuing Connected Transactions and the Proposed Annual Caps in accordance with the requirements of the Listing Rules.

(b) Reasons for and Benefits of the 2018 Goods Purchase Renewal Agreement

The Group is a supermarket chain store operator maintaining both retail and wholesale distribution channels with geographical focus in Guangdong province of the PRC. Whereas, Lecong Supply and Marketing Group is a company established in the PRC and is a holding company for a group of its subsidiaries which are engaged in various segments of businesses including agricultural business, tourism, jewellery, restaurant and catering services and property development.

LETTER FROM THE BOARD

The Group has purchased fresh meat and other agricultural products from the Lecong Group and all of which are products under the own brands of the Lecong Group, such as Hong Mian Garden “紅棉家園牌” for livestock and Feast Rice “宴米” for rice, which are locally recognised and with a market demand. Since the Group is satisfied with the transactions made with the Lecong Group, including the quality of products and delivery time, and intends to continue such mode of operation and be consistent with its past practice and maintains a stable supply of such products, the Group would like to continue carrying out the transactions under the 2015 Goods Purchase Agreement in its ordinary and usual course of business after 31 December 2017, and proposed to renew the same upon its expiration.

The terms of the 2018 Goods Purchase Renewal Agreement have been arrived at arm’s length negotiation and the Continuing Connected Transactions shall be conducted in accordance with the aforesaid pricing policies. The Directors (excluding Mr. Lao who the Board considered to have a material interest in the Continuing Connected Transactions) are of the view that the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions, and the Proposed Annual Caps are fair and reasonable, on normal commercial terms and in the ordinary and usual course of the business of the Group, and in the interests of the Company and the Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, approximately 56.81% interests of Lecong Supply and Marketing Group were held by Golden Prime Investment, and Mr. Lao held approximately 33.98% interests of Golden Prime Investment. Therefore, Lecong Supply and Marketing Group is a connected person of the Company, and the transactions contemplated under the 2018 Goods Purchase Renewal Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Proposed Annual Caps are more than 5%, the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps will be subject to reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

In view of Mr. Lao’s interests in the Lecong Supply and Marketing Group, Mr. Lao had abstained from voting on the relevant resolutions at the Board meeting in which the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps were considered. Save and except Mr. Lao, none of the Directors has a material interest in the Continuing Connected Transactions, and accordingly, none of them was required to abstain from voting on the relevant resolutions at the Board meeting for considering and approving the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

LETTER FROM THE BOARD

The Group had no other prior transactions with the Lecong Group and their respective associates which required aggregation with the 2018 Goods Purchase Renewal Agreement under Rule 14A.81 of the Listing Rules.

The Company will seek approval from the Independent Shareholders for the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps at the EGM.

EGM

A notice convening the EGM to be held at 2:00 p.m. on 20 December 2017 at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong is set out on pages 29 to 30 of this circular. An ordinary resolution will be proposed at the EGM for the Independent Shareholders to consider, and if thought fit, to approve the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof) to the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Pursuant to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to procedural or administrative matter to be voted by a show of hands. Accordingly, the ordinary resolution put to vote at the EGM will be taken by way of poll.

As at the Latest Practicable Date, Mr. Lao indirectly held 12,892,000 Shares (approximately 4.44% of the total issued Shares). By virtue of Mr. Lao's interests in the Lecong Supply and Marketing Group, Mr. Lao and his associates are required to abstain from voting at the EGM on the ordinary resolution in relation to the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps to be proposed at the EGM. To the best of the Directors' knowledge and information, no Shareholders other than Mr. Lao and his associates have a material interest in the Continuing Connected Transactions, and therefore, no other Shareholders is required to abstain from voting on such ordinary resolution to be proposed at the EGM.

There will be no closure of Register of Members and the record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be 15 December 2017.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Guan Shiping, Mr. Sun Hong and Mr. Shin Yick Fabian, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

TC Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

RECOMMENDATION

The Directors (excluding Mr. Lao who the Board considered to have a material interest in the Continuing Connected Transactions) consider that the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM for approving, among others, the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

GENERAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 12 to 13 of this circular which contains its recommendation to the Independent Shareholders in connection with the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps and (ii) the letter of advice from the Independent Financial Adviser set out on pages 14 to 23 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully
By order of the Board
China Shun Ke Long Holdings Limited
He Jia Fu
Chairman and Executive Director



CHINA SHUN KE LONG HOLDINGS LIMITED

中國順客隆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 974)

30 November 2017

To the Independent Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 30 November 2017 (the “**Circular**”) to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board set out in pages 4 to 11 of the Circular and the letter from TC Capital, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps, set out on pages 14 to 23 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of, and the principal factors and reasons considered by the Independent Financial Adviser stated in its letter of advice contained in the Circular, we concur with the views of the Independent Financial Adviser and consider that (i) the terms of the 2018 Good Purchase Renewal Agreement are on normal commercial terms, and together with the bases of determining the Proposed Annual Caps, are fair and reasonable; and (ii) the entering into the 2018 Good Purchase Renewal Agreement and the Continuing Connected Transactions are in the Group's ordinary and usual course of business, and together with the Proposed Annual Caps, are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of

Independent Board Committee

Guan Shiping
Independent non-executive
Director

Sun Hong
Independent non-executive
Director

Shin Yick Fabian
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from TC Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2018 Goods Purchase Renewal Agreement and the Proposed Annual Caps, for the purpose of inclusion in this circular.



30 November 2017

*The Independent Board Committee and the Independent Shareholders
China Shun Ke Long Holdings Limited (the “Company”)*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps for the three years ending 31 December 2020, details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the circular of the Company to the Shareholders dated 30 November 2017 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

Pursuant to the 2015 Goods Purchase Agreement, Lecong Supply and Marketing Group (for itself and on behalf of its subsidiaries) agrees to exclusively supply to the Group the fresh meat and other agricultural products the Lecong Group sourced from farmers or other suppliers. The 2015 Goods Purchase Agreement has a current term due to expire on 31 December 2017, while it has an option of renewal for a term of three years. As the Group intends to continue carrying out the transactions under the 2015 Goods Purchase Agreement in the ordinary and usual course of business of the Group after 31 December 2017, the Company (for itself and on behalf of its subsidiaries) proposed to renew the 2015 Goods Purchase Agreement with Lecong Supply and Marketing Group (for itself and on behalf of its subsidiaries) upon the expiration for a further term of three years commencing on 1 January 2018 with substantially the same terms as the 2015 Goods Purchase Agreement.

As stated in the Letter from the Board, as at the Latest Practicable Date, approximately 56.81% interests of Lecong Supply and Marketing Group were held by Golden Prime Investment, and Mr. Lao held approximately 33.98% interests of Golden Prime Investment. Therefore, Lecong Supply and Marketing Group is a connected person of the Company, and the transactions contemplated under the 2018 Goods Purchase

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Renewal Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that more than one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Proposed Annual Caps are more than 5%, the 2018 Goods Purchase Renewal Agreement, the Continuing Connected Transactions and the Proposed Annual Caps will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

We have been appointed by the Company to advise (i) the Independent Board Committee and the Independent Shareholders as to whether or not the 2018 Goods Purchase Renewal Agreement is entered into in the ordinary and usual course of business of the Group, and the terms of the 2018 Goods Purchase Renewal Agreement and the Proposed Annual Caps are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) the Independent Shareholders as to whether or not they should vote in favour of the 2018 Goods Purchase Renewal Agreement and the Proposed Annual Caps at the EGM. As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of us.

BASIS OF OPINION

In putting forth our recommendation, we have considered, amongst other things, (i) the 2018 Goods Purchase Renewal Agreement; (ii) the Company's annual report for the year ended 31 December 2016 (the "**2016 Annual Report**") and the Company's interim report for the six months ended 30 June 2017 (the "**2017 Interim Report**"); (iii) the prospectus of the Company dated 28 August 2015 (the "**Prospectus**"); and (iv) other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and representations made to us by the Directors and the representatives of the Company. We have also studied the relevant market information and trends of the related industry.

We have assumed that all such information, opinions, facts and representations, which have been provided to us by the Directors or the representatives of the Company and for which they are fully responsible, are true, accurate and complete in all respects. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors or the representatives of the Company. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld by the Company or is misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group and Lecong Supply and Marketing Group and any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the 2018 Goods Purchase Renewal Agreement and the Proposed Annual Caps, we have taken into account the following principal factors and reasons:

1. Background information of the parties to the 2018 Goods Purchase Renewal Agreement

As stated in the Letter from the Board, the Group is a supermarket chain store operator maintaining both retail and wholesale distribution channels with geographical focus in Guangdong province of the PRC.

As stated in the Letter from the Board, Lecong Supply and Marketing Group is a company established in the PRC and is a holding company for a group of its subsidiaries which are engaged in various segments of businesses including agricultural business, tourism, jewellery, restaurant and catering services and property development.

2. Principal terms of the 2018 Goods Purchase Renewal Agreement

The principal terms of the 2018 Goods Purchase Renewal Agreement, which have been set out in the Letter from the Board, are summarised below.

Date	:	21 November 2017
Parties	:	(i) the Company (for itself and on behalf of its subsidiaries); and (ii) Lecong Supply and Marketing Group (for itself and on behalf of its subsidiaries)
Term	:	A term of three years commencing from 1 January 2018 and expiring on 31 December 2020, and subject to the requirements of the relevant laws and regulations, with an option to renew for a further term of three years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject : The Lecong Group agrees to exclusively supply to the Group the fresh meat and other agricultural products the Lecong Group sourced from farmers or other suppliers.

Specific terms of the transactions will be determined on a case-by-case basis and separate agreements will be entered into by the parties.

Pricing policies

As stated in the Letter from the Board, the Group will enter into separate agreements with the Lecong Group for the purchase of the fresh meat and other agricultural products. The price of each individual sale and purchase agreement will be negotiated and agreed between the Group and the Lecong Group on an arm's length basis with reference to factors including but not limited to the prevailing and historical market rates of the same or similar products, the prices of the same or similar products offered by the Lecong Group to independent third parties, and the discounts offered to bulk-purchase. Before the Group entering into any individual agreement with the Lecong Group under the 2018 Goods Purchase Renewal Agreement, the Group shall check and ensure that the price of each individual agreement is fair and reasonable, and it is no less favourable to the Group than those available from independent third parties for the same or similar products.

As further advised by the management of the Company, the procurement staff of the Group records the purchase prices of products in the system every time when the Group purchases from vendors. Vendors of the Group, including the Lecong Group, periodically send their updated product price lists to the Group. When the Group purchases products from the Lecong Group, the procurement staff of the Group will compare the prices from the Lecong Group against the historical purchase prices as recorded in the system. The procurement staff will also perform market research of the products including but not limited to the publicity of the products and the selling prices offered by other vendors. When the procurement staff notices that there is a decrease in the prevailing price of a particular product, he will negotiate with the Lecong Group for a price reduction on the product purchased.

As advised by the management of the Company, the Group mainly purchased packed rice and fresh meat from the Lecong Group under the 2015 Goods Purchase Agreement. Therefore, we have obtained (i) the invoices for three transactions of purchasing packed rice and three transactions of purchasing fresh meat from the Lecong Group for the year ended 31 December 2016 and the nine months ended 30 September 2017; (ii) three invoices for the purchase of similar products of packed rice from independent third parties during the similar period; and (iii) invoices for three transactions of selling packed rice and three transactions of selling fresh meat from the Lecong Group to independent third parties during the similar period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the purchase of packed rice, we have compared the purchase prices from the Lecong Group with the purchase prices from independent third parties and selling prices from Lecong Group to independent third parties for similar products as shown on the invoices. We noticed that the purchase prices of packed rice from the Lecong Group were no less favourable than the purchase prices from independent third parties and the selling prices from the Lecong Group to independent third parties for similar products.

For the purchase of fresh meat, we were advised by the management of the Company that the Group only purchased fresh meat from the Lecong Group and therefore no invoices for the purchase of comparable fresh meat from independent third parties were available. Accordingly, we have obtained and reviewed the relevant daily summary of wholesale prices of fresh meat with similar quality in adjacent areas prepared by the procurement staff of the Company and approved by the procurement supervisor of the Company and noticed that the purchase prices of fresh meat from the Lecong Group were no less favourable than the market prices of fresh meat with similar quality in nearby areas. We have also compared the purchase prices from the Lecong Group with the selling prices of the Lecong Group to independent third parties for fresh meat as shown on the invoices and noticed that the purchase prices of fresh meat from the Lecong Group were no less favourable than the selling prices of the Lecong Group to independent third parties.

Internal control procedures

As stated in the Letter from the Board, the Group has adopted the following internal control measures to ensure that the Continuing Connected Transactions are conducted in accordance with the pricing policies and the terms of the 2018 Goods Purchase Renewal Agreement, and in compliance with the Listing Rules:

- (1) the Group shall obtain at least three quotes regularly from other independent suppliers and compare the prices among all suppliers including the Lecong Group to ensure that such purchase prices are reasonable and comparable to the market after considering factors including quality of goods and popularity among the Group's customers;
- (2) before entering into a transaction under the 2018 Goods Purchase Renewal Agreement, the Group shall check and ensure that such transaction will be conducted in accordance with the terms of the 2018 Goods Purchase Renewal Agreement and the Proposed Annual Caps will not be exceeded, and the relevant pricing shall be fair and reasonable adhering to the pricing policies;
- (3) the Board will continue to review the Group's internal control systems and their effectiveness periodically; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (4) the independent non-executive Directors shall, and the Group shall engage its external auditors to, conduct annual review on the Continuing Connected Transactions and the Proposed Annual Caps in accordance with the requirements of the Listing Rules.

We have obtained (i) the relevant internal control manual and the procurement policies and procedures of the Group for the purchase of products from the Lecong Group; (ii) one set of walkthrough documents for the purchase of products from the Lecong Group; and (iii) one set of walkthrough documents for the purchase of products from an independent third party. From the walkthrough documents, we noticed that the Group (i) followed the same procedures when it purchased from the Lecong Group and from the independent third party and suppliers from the Lecong Group are subject to the same internal quality assessment criteria as independent suppliers; (ii) has several suppliers for the products sourced from the Lecong Group; and (iii) regularly monitors the market prices and compares the purchase prices from the Lecong Group to ensure the reasonableness of the purchase prices.

Given that (i) the prices offered by the Lecong Group were no less favourable than the prices offered by independent third parties for similar products and/or the comparable market prices; and (ii) the Group has set up the relevant internal control procedures to ensure that no preferential treatment has been offered to the Lecong Group, we concur with the Directors that the terms of the 2018 Goods Purchase Renewal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Reasons for and benefits of the entering into of the 2018 Goods Purchase Renewal Agreement

As stated in the Letter from the Board, since the Group is satisfied with the transactions made with the Lecong Group in the past years, including the quality of products and delivery time, and intends to continue such mode of operation and be consistent with its past practice and maintain a stable supply of such products, the Group would like to continue carrying out the transactions under the 2015 Goods Purchase Agreement in its ordinary and usual course of business after 31 December 2017, and proposed to renew the same upon its expiration.

The terms of the 2018 Goods Purchase Renewal Agreement have been arrived at after arm's length negotiation and the Continuing Connected Transactions shall be conducted in accordance with the pricing policies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As further advised by the Directors, the Group has been purchasing fresh meat and other agricultural products from the Lecong Group for over 13 years. All the products the Group purchased from the Lecong Group were products under the own brands of the Lecong Group, such as Hong Mian Garden “紅棉家園牌” for fresh meat and Feast Rice “宴米” for packed rice, which are locally recognised and with a market demand. As discussed with the management of the Company, with the benefit of this long standing relationship, the Lecong Group understands well the operation of the Group and is able to cater the needs of the Group more efficiently. The terms of the 2018 Goods Purchase Renewal Agreement have been arrived at after arm’s length negotiation. The Directors believe that securing the stability and reliability of the supply of products necessary to the operations of the Group is in the interests of the Group and the purchase of products from the Lecong Group will ensure the continuous development of the Group.

In light of the above, we concur with the Directors’ view that the entering into of the 2018 Goods Purchase Renewal Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

4. The Proposed Annual Caps and basis of determination

A summary of the existing annual caps and actual/expected value for the purchase amount of products from the Lecong Group for each of the years ended 31 December 2015 and 2016 and for the year ending 31 December 2017 under the 2015 Goods Purchase Agreement and the Proposed Annual Caps for the three years ending 31 December 2020 is set out in the table below:

Annual caps and actual/expected value under the 2015 Goods Purchase Agreement					The Proposed Annual Caps			
Year ended 31 December 2015		Year ended 31 December 2016		Nine months ended 30 September 2017 <i>(note)</i>	Year ending 31 December 2017 <i>(note)</i>	Year ending 31 December		
Existing cap <i>(RMB'000)</i>	Actual value <i>(RMB'000)</i>	Existing cap <i>(RMB'000)</i>	Actual value <i>(RMB'000)</i>	Actual value <i>(RMB'000)</i>	Expected value <i>(RMB'000)</i>	Proposed cap <i>(RMB'000)</i>	Proposed cap <i>(RMB'000)</i>	Proposed cap <i>(RMB'000)</i>
66,000	54,400	72,000	43,800	25,500	40,000	48,000	56,000	63,000

Note: The existing annual cap for the transactions under the 2015 Goods Purchase Agreement for the year ending 31 December 2017 is RMB80.0 million.

As stated in the Letter from the Board, the Proposed Annual Caps were determined by reference to various factors, including but not limited to, (i) the historical figures of the relevant transactions and the historical annual caps as disclosed above; (ii) the expected improving market conditions and the continuous increase in demand for the different types of the Group’s goods in retail markets; (iii) the Group’s expansion plan in the net increase in the number of retail outlets being approximately 14, 15 and 15 for each of the three years ending 31 December 2020 respectively; and (iv) the expected annual increase in wholesale prices of approximately 2% to 3% per annum as a result of the continuous increase in the national consumer price index.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) *Historical transaction amount*

As shown in the above table, the historical amounts for the purchase of products from the Lecong Group for each of the two years ended 31 December 2016 were approximately RMB54.4 million and RMB43.8 million respectively, representing a decrease of approximately 19.5%. As discussed with the management of the Company, the decrease in the historical amount for the purchase of products was mainly due to the decrease in the revenue from retail outlet operation. The products purchased from the Lecong Group were mainly sold in the retail outlets of the Group and the decrease in the revenue from retail outlet operation was in line with the decrease in purchase amount of products from the Lecong Group. As stated in the 2016 Annual Report, the revenue from retail outlet operation of the Group decreased from approximately RMB785.5 million for the year ended 31 December 2015 to approximately RMB690.2 million for the year ended 31 December 2016, representing a decrease of approximately 12.1%. Such decrease was mainly due to the decrease in the number of retail outlets operated by the Group from 85 as at 31 December 2015 to 75 as at 31 December 2016. As discussed with the management of the Company, the retail outlets closed were mainly located in Zhaoqing and Zhuhai and was mainly due to the recent slowdown in economic growth in the PRC and the fierce competition in those cities.

The purchase of products from the Lecong Group amounted to approximately RMB25.5 million for the nine months ended 30 September 2017. As advised by the management of the Company, the Group purchased fewer products from the Lecong Group during the nine months ended 30 September 2017 as the Lecong Group offered higher prices for certain packed rice products as compared with the independent third parties or the market. Therefore, the Group only purchased products with favourable prices from the Lecong Group which led to the decrease in purchase of products from the Lecong Group for the nine months ended 30 September 2017. As further advised by the management of the Company, the Lecong Group has verbally indicated to the Group that it will offer more competitive pricing to the Group for future supply of fresh meat and other agricultural products and the Group expected to further purchase approximately RMB14.5 million of products from the Lecong Group for the three months ending 31 December 2017. Therefore, the total transaction amount for the purchase of products from the Lecong Group is expected to be approximately RMB40.0 million for the year ending 31 December 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Expected demand for the Group's products and the Group's expansion plan

As stated in the Prospectus, the Group planned to strengthen its market position further by expanding its presence and number of retail outlets and deepen its market penetration in the third and fourth-tier cities in Guangdong province. Therefore, the Group planned to utilise a major portion of the proceeds from the global offering of the Company to open 35 to 50 new supermarkets mainly in the third and fourth-tier cities in Guangdong province from its listing date in 2015 to the first half of 2018. Subsequently in October 2016, the Company announced that it has been slowing down the pace of opening of new outlets. Notwithstanding that the net proceeds allocated to the opening of new outlets decreased, the opening of new outlets remained as a major intended use of the proceeds. The Company has also decided to re-allocate part of the unutilised proceeds to upgrade the existing outlets to enhance the Group's competitiveness as one of the major market players in Guangdong province. As advised by the management of the Company, the Group expects the net increase in the number of retail outlets to be approximately 14, 15 and 15 for each of the three years ending 31 December 2020 respectively. The number of retail outlets owned by the Company is expected to reach approximately 80, 95 and 110 in each of the three years ending 31 December 2020 respectively, representing an increase of approximately 21%, 19% and 16% compared with the number of outlets in previous year. As discussed in the 2016 Annual Report, to cope with the evolution of local consumption, the Group has renovated the retail outlets and magnified product mix so as to enhance the pleasant shopping experience for customers, the implementation of which has improved the operating level of the sale by the main retail outlets, stabilised customer flow of retail outlets, and increased the frequency of purchase by customers. As discussed in the 2017 Interim Report, the Group has completed its investment in the renovation of the existing retail outlets and the volume of customers has been increased. The Directors expect that the increase in the number of retail outlets and the volume of customers will increase the demand for Group's products and therefore lead to the increase in purchase of the Lecong Group's products for the three years ending 31 December 2020.

(iii) Expected increase in the wholesale prices

As advised by the management of the Company, the Proposed Annual Caps have been determined by taking into account of an annual increase in wholesale price of approximately 2% to 3% per annum. As advised by the management of the Company, the Group mainly purchases packed rice and fresh meat from the Lecong Group under the 2015 Goods Purchase Agreement and intends to keep sourcing such products from the Lecong Group under the 2018 Goods Purchase Renewal Agreement. According to the data from the National Bureau of Statistics of China, the Consumer Price Indices, Rice* (大米類居民消費價格指數) were 102.3, 101.2 and 101.6 for each of the three years ended 31 December 2015, which represented an increase of 2.3%, 1.2% and 1.6% from the previous year. The Consumer Price Indices, Meat, Poultry and Processed Products*(肉禽及其製品類居民消費價格指數) were 104.3, 100.4 and 105.0 for each of the three years ended 31 December 2015, which

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

represented an increase of 4.3%, 0.4% and 5.0% from the previous year. According to the China Average Price of Food in 50 Cities – Rice* (50個城市主要食品平均價格 – 大米) published by the National Bureau of Statistics of China and extracted from Bloomberg, the price of rice increased from approximately RMB6.00 per kilogram in October 2014 to approximately RMB6.41 per kilogram in September 2017, representing a compound annual growth rate (“CAGR”) of approximately 2.2%. According to the China Agriculture Products Pork Wholesale Spot Price* (農副產品 – 國內現貨 – 白條豬批發價格) published by the Ministry of Commerce and extracted from Bloomberg, the pork wholesale spot price increased from approximately RMB20.38 per kilogram in April 2014 to approximately RMB21.59 per kilogram in March 2017, representing a CAGR of approximately 1.9%. Therefore, we are of the view that the expected annual increase in wholesale price of approximately 2% to 3% is justifiable.

In light of the above, we are of the view that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that the 2018 Goods Purchase Renewal Agreement is entered into in the ordinary and usual course of business of the Group, and the terms of the 2018 Goods Purchase Renewal Agreement and the Proposed Annual Caps are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders, and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution to approve the 2018 Goods Purchase Renewal Agreement and the Proposed Annual Caps at the EGM.

Yours faithfully,
For and on behalf of

TC Capital International Limited

Edward Wu
Chairman

Stanley Chung
Managing Director

Note: Mr. Edward Wu has been a responsible officer of type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. Mr. Stanley Chung has been a responsible officer of type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2006. Both Mr. Wu and Mr. Chung have participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

* For identification purpose only

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or were required to be entered in the register referred to in section 352 of the SFO or as otherwise were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding
Mr. Lao	Interest of a controlled corporation	12,892,000 (long position) (Note)	4.44%

Note: As at the Latest Practicable Date, the 12,892,000 Shares were beneficially owned by Shun Ao Holdings Limited (“**Shun Ao**”), which is a company incorporated in the British Virgin Islands (the “**BVI**”) and its entire issued share capital is owned by Ever Prosperous Holdings Limited (“**Ever Prosperous**”). Ever Prosperous is a company incorporated in the BVI and its entire issued share capital is owned by Mr. Lao. Accordingly, Mr. Lao is deemed to be interested in the Shares held by Shun Ao.

As at the Latest Practicable Date, none of the Directors or chief executive of the Company which has an interest or short position in the Shares, underlying Shares of the Company would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial Shareholders

As at the Latest Practicable Date, the following persons (other than the Directors and the chief executive of the Company) had or deemed or taken to have an interest or short positions in the Shares and underlying Shares of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV the SFO:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding
Hainan Province Cihang Foundation <i>(Note)</i>	Interest of a controlled corporation	204,558,317 (long position)	70.42%
Tang Dynasty Development (Yangpu) Company Limited <i>(Note)</i>	Interest of a controlled corporation	204,558,317 (long position)	70.42%
Hainan Traffic Administration Holding Co., Ltd. <i>(Note)</i>	Interest of a controlled corporation	204,558,317 (long position)	70.42%
HNA Group Co., Ltd. <i>(Note)</i>	Interest of a controlled corporation	204,558,317 (long position)	70.42%
CCOOP Group <i>(Note)</i>	Interest of a controlled corporation	204,558,317 (long position)	70.42%
Hainan Gongxiao Daji Holding Ltd. <i>(Note)</i>	Interest of a controlled corporation	204,558,317 (long position)	70.42%
Hainan Daji Internet Trade Ltd. <i>(Note)</i>	Interest of a controlled corporation	204,558,317 (long position)	70.42%
Green Industrial (HK) Holding Co., Limited <i>(Note)</i>	Interest of a controlled corporation	204,558,317 (long position)	70.42%
CCOOP International Holdings Limited	Beneficial owner	204,558,317 (long position)	70.42%
Infini Capital Management	Beneficial owner	27,600,000 (long position)	9.50%
Golden Prime Holdings Limited	Beneficial owner	25,988,000 (long position)	8.95%

Note: These parties were deemed to have interests in 204,558,317 Shares by virtue of their equity interests in CCOOP International Holdings Limited.

Save as disclosed above, so far as is known to the Directors and chief executive of the Company, there was no other persons, who as at the Latest Practicable Date, had any interests or short positions in the Shares or underlying Shares of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which compete or might compete with the business of the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2016, the date of which the latest published audited accounts of the Company were made up.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company or any of its subsidiaries which does not expire or is not terminable within one year without payment of compensation other than statutory compensation.

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, save for the tenancy agreements under the 2015 Master Leasing Agreement (as defined and detailed in the Company's announcement dated 6 November 2017) in which Mr. Lao is indirectly interested in, none of the Directors had any interest in any assets which had been since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, save for the 2015 Goods Sales Agreement, (as defined and detailed in the Company's announcement dated 6 November 2017) and the 2015 Goods Purchase Agreement in which Mr. Lao is indirectly interested in, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
TC Capital International Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, TC Capital did not have:

- (a) any direct or indirect interest in any assets which have since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

TC Capital has given and has not withdrawn its consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

8. GENERAL

- (i) The registered office is located at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands. Its principal place of business in the PRC is located at Floor 3, Huale Building, No.60 Hebin North Road, Lecong Town Shunde District, Foshan, Guangdong Province 528315, the PRC. Its place of business in Hong Kong is at 20th Floor One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (ii) The company secretary of the Company, Mr. Chong Yuk Fai, is a member of the Hong Kong Institute of Certified Public Accountants.
- (iii) The branch share register and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text thereof.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at 20th Floor One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong during normal business hours on any weekday other than public holidays for a period of 14 days or up to and including the date of EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the 2018 Goods Purchase Renewal Agreement;
- (c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 12 to 13 of this circular;
- (d) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 23 of this circular;
- (e) the written consent of TC Capital referred to in the section headed "7. EXPERT'S QUALIFICATION AND CONSENT" in this appendix; and
- (f) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



CHINA SHUN KE LONG HOLDINGS LIMITED

中國順客隆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 974)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of China Shun Ke Long Holdings Limited (the “Company”) will be held on 20 December 2017, at 2:00 p.m. at Suites 903-905, 9th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong for the following purposes:

ORDINARY RESOLUTION

“THAT:

- (a) the 2018 Goods Purchase Renewal Agreement (as defined in the circular to the shareholders of the Company dated 30 November 2017), a copy of which marked “A” has been tabled before the meeting and initialled by the chairman of the meeting for identification purpose), and the transactions contemplated thereunder be and are hereby approved;
- (b) the proposed annual caps in relation to the transactions contemplated under the 2018 Goods Purchase Renewal Agreement for the three financial years ending 31 December 2020 are hereby approved; and
- (c) any one Director be and is hereby authorised on behalf of the Company to do all such acts and things, to sign and execute all such documents and to take such steps as he in his discretion consider necessary or desirable for the purposes of or in connection with or to give effect to the 2018 Goods Purchase Renewal Agreement and the transactions contemplated thereunder.”

By order of the Board
China Shun Ke Long Holdings Limited
He Jia Fu
Chairman and Executive Director

Hong Kong, 30 November 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or, if he is holder of more than one share, more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the branch share registrar of the Company, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
4. Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 12:00 noon on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at <http://www.skl.com.cn/> and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.
6. The translation into Chinese language of the above notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. There will be no closure of Register of Members and the record date for determining the entitlement of the shareholders of the Company to attend and vote at the EGM will be 15 December 2017.