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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)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS
GOODS SALES AGREEMENT**

On 8 June 2018, the Company (for itself and on behalf of its subsidiaries) entered into the Goods Sales Agreement with CCOOP (for itself and on behalf of its subsidiaries) in relation to the sale of the Relevant Goods to CCOOP and its subsidiaries for a period commencing on 8 June 2018 and expiring on 31 December 2020 with an option to renew for a further term of three years.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CCOOP is a controlling shareholder of the Company which indirectly holds approximately 70.42% interests of the Company. Therefore, CCOOP is a connected person of the Company, and the transactions contemplated under the Goods Sales Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

GOODS SALES AGREEMENT

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 for the transactions contemplated under the Goods Sales Agreement are above 0.1% but less than 5%, the Goods Sales Agreement and the transactions contemplated thereunder will be subject to report, annual review and announcement requirements but is exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION

As the Group intends to carry out the transactions contemplated under the Goods Sales Agreement in the ordinary and usual course of business of the Group, the Company (for itself and on behalf of its subsidiaries) entered into the Goods Sales Agreement with CCOOP (for itself and on behalf of its subsidiaries) for a period commencing on 8 June 2018 and expiring on 31 December 2020 with an option to renew for a further term of three years.

Major terms

The principal terms of the Goods Sales Agreement are set forth below:

Parties : The Company (for itself and on behalf of its subsidiaries) and CCOOP (for itself and on behalf of its subsidiaries).

Subject : The Group agrees to sell the Relevant Goods to CCOOP Group for their regional retailing.

The consideration of the transactions will be based on prevailing market prices and discount rate we offer to other bulk purchase customers.

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

Term : A period commencing from 8 June 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.

Annual caps

The proposed annual caps for the three years ending 31 December 2020 under the Goods Sales Agreement are as follows:

Proposed annual caps under the Goods Sales Agreement Year ending 31 December

2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>
20,000	26,000	26,000

The proposed annual caps for the sales amount of goods to CCOOP Group pursuant to the Goods Purchase Agreement for the three years ending 31 December 2020 are determined by reference to various factors, including but not limited to, (i) commencement date of the connected transaction; (ii) expected demand for our goods; and (iii) expected increase in the market prices of our goods.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

Taking into the consideration of the fact that:

- (i) the sale of Relevant Goods to the CCOOP Group is within the ordinary course of business of the Group and this will ensure the Group receiving a stable income;
- (ii) the Group is satisfied with the expected gross profit margin of the sale of Relevant Goods and credit worthiness of the CCOOP Group;
- (iii) the CCOOP Group will be one of our bulk purchase corporate customers and it is expected that CCOOP Group will continue to purchase from the Group; and
- (iv) CCOOP will allow the Group having free access to the information of various corporate customers on its online platform where the Group may contact, liaise, sell, receive payments and have business relationship directly with such corporate customers as the Group considers appropriate,

the Directors (including the independent non-executive Directors) are of the view that the terms of the Goods Sales Agreement 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CCOOP is a controlling shareholder of the Company which indirectly holds approximately 70.42% interests of the Company. Therefore, CCOOP is a connected person of the Company, and the transactions contemplated under the Goods Sales Agreement will constitute a connected transaction 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 for the transactions contemplated under the Goods Sales Agreement are above 0.1% but less than 5%, the Goods Sales Agreement and

the transactions contemplated thereunder will be subject to report, annual review and announcement requirements but is exempt from independent shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

CCOOP is a company listed on the Shenzhen Stock Exchange trading under the stock code 000564 and is principally engaged in the retail chain and department store businesses in the PRC.

The Group is a supermarket chain store operator maintaining both retail and wholesale distribution channels with geographical focus in Guangdong province of the PRC.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“CCOOP”	CCOOP Group Co., Ltd. (供銷大集集團股份有限公司), a company established in the PRC on 5 December 1996 (listed on the Shenzhen Stock Exchange trading under the stock code 000564) which is a controlling shareholder of the Company and indirectly holds 70.42% of the shares of the Company as of the date of this announcement
“CCOOP Group”	CCOOP and its subsidiaries
“Company”	China Shun Ke Long Holdings Limited
“Directors”	the directors of the Company
“Goods Sales Agreement”	the master goods sales agreement dated 8 June 2018 entered into between the Company (for itself and on behalf of its subsidiaries) and CCOOP (for itself and on behalf of its subsidiaries) commencing on 8 June 2018 and expiring on 31 December 2020, with an option of renewal for a term of three years
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China
“Relevant Goods”	Daily consuming products, food products and stationery
“RMB”	Renminbi, the lawful currency of the PRC
“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
“%”	per cent.

By order of the Board
China Shun Ke Long Holdings Limited
Wang Zheng
Chairman and Executive Director

Hong Kong, 8 June 2018

As at the date of this announcement, the executive Directors are Mr. Wang Zheng, Mr. Mung Hon Ting Jackie and Mr. Han Wei; the non-executive Directors are Mr. Wu Limin and Mr. Wang Fu Lin; and the independent non-executive Directors are Mr. Guan Shiping, Mr. Sun Hong and Mr. Shin Yick Fabian.