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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)**

### VOLUNTARY ANNOUNCEMENT COOPERATION AGREEMENT

On 18 March 2016, HKSKL, Ao Zhong Trading and Foshan SKL, all being indirect wholly-owned subsidiaries of the Company, entered into the Agreement with Hengli Limited.

Pursuant to the Agreement:

- (i) HKSKL agreed to sell goods through “Hellogou (好立購)” e-commerce platform of Hengli Limited as a vendor of cross-border online sales of goods;
- (ii) Ao Zhong Trading agreed to sell goods through “Hellogou” e-commerce platform and a retail outlet of Hengli Limited as a vendor of general goods and imported goods; and
- (iii) Foshan SKL agreed to provide various advisory services to Hengli Limited.

This is a voluntary announcement made by China Shun Ke Long Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

#### **THE AGREEMENT**

On 18 March 2016, Hong Kong Shun Ke Long International Limited (“**HKSKL**”), Foshan Shunde Ao Zhong Trading Limited (“**Ao Zhong Trading**”) and Foshan Shun Ke Long Commercial Limited (“**Foshan SKL**”), all being indirect wholly-owned subsidiaries of the Company, entered into a co-operation agreement (the “**Agreement**”) with Foshan Shunde Hengli E-commerce Company Limited (佛山市順德區恒立電子商務有限公司) (“**Hengli Limited**”).

Pursuant to the Agreement:

- (i) HKSKL agreed to sell goods through “Hellogou (好立購)” (“**Hellogou**”), an e-commerce platform of Hengli Limited, as a vendor of cross-border online sales of goods;
- (ii) Ao Zhong Trading agreed to sell goods through Hellogou and a retail outlet of Hengli Limited as a vendor of general goods and imported goods; and
- (iii) Foshan SKL agreed to provide various advisory services to Hengli Limited, including to (a) look for new vendors for Hellogou and franchisees for its retail outlet; (b) promote Hellogou; (c) monitor the vendor portfolio and product mix of Hellogou; and (d) provide training to the staff of Hengli Limited.

## **PRINCIPAL TERMS OF THE AGREEMENT**

The principal terms of the Agreement, arrived after arm’s length negotiation among the parties and making reference to the contributions from each party, are set forth as follows:

Duration	5 years from 18 March 2016 to 17 March 2021, subject to further extension of another 5 years upon 1-month advance notice given by HKSKL, Ao Zhong Trading and Foshan SKL
Commission	HKSKL and Ao Zhong Trading shall pay 2% commission to Hengli Limited for those goods sold through Hellogou
Advisory service fee	Hengli Limited shall pay advisory fee equivalent to 70% of its revenue to Foshan SKL
Settlement frequency	The sales proceeds, commission and advisory fee are to be settled on monthly basis
Specific right	(i) HKSKL and Ao Zhong Trading can refuse the selling of any goods through Hellogou provided by other vendors; and  (ii) Hengli Limited has to obtain prior approval from Foshan Shun Ke Long before entering into any material contract

- Specific obligation
- (i) HKSKL and Ao Zhong Trading shall ensure the legal compliance of their goods sold through Hellogou and shall be responsible for any costs resulting from any non-compliance; and
  - (ii) Ao Zhong Trading shall supply adequate goods for selling in the retail outlet of Hengli Limited

## **BACKGROUND OF HENGLI LIMITED**

Hengli Limited is a wholly-owned subsidiary of Foshan Shunde Shente Trading Limited, which sells tobacco products in the retail outlets of the Group as a lease. Hengli Limited obtained approval from Guangzhou Custom Bureau (廣州海關) to operate cross-border online sale of goods and approval from Guangdong Telecommunication Management Bureau (廣東省通信管理局) to run value-added services online. Hengli Limited established Hellogou in 2015 on which both vendors in and outside the People's Republic of China (the "PRC") could sell goods to the PRC customers.

For products provided by vendors outside the PRC, the customers have to pay the import duties for baggage and the postal articles (行李和郵遞物品進口稅) which, in general, has a lower rate as compared to total taxes and custom duties chargeable on imported goods. This makes cross-border online sale of goods more competitive in pricing.

Hengli Limited has also set up a retail outlet in Foshan selling imported goods and displaying samples of overseas products. Once the customers scan the "Quick Respond Code" on the price tapes of the samples of overseas products using their mobile phones, they will get access to Hellogou to complete the transaction online and the goods will send to the customers directly either from overseas or custom controlled warehouse. Hengli Limited also had set up counters in 10 retail outlets of the Group to promote its Hellogou and displaying samples of oversea products.

Save as disclosed above, to the best of the knowledge, information and belief (having made all reasonable enquiry) of the directors of the Company, Hengli Limited and its ultimate beneficial owner are third parties independent of the Company and not connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the "**Listing Rules**") of the Company.

The Agreement does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules, nor any connected transaction under Chapter 14A of the Listing Rules.

## **REASON AND EXPECTED BENEFIT FOR ENTERING INTO THE AGREEMENT**

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

Hellogou is a relatively new platform and the commission rate charged to the Group is relatively low. The platform allows cross-border online sales of goods, which makes it different from ordinary e-commerce platform. The Group is experienced in retail operation for both online and offline and has the capacity to provide the advisory services without incurring substantial costs. The use of “Quick Respond Code” in the retail outlet of Hengli Limited is exactly an O2O model the Group is going to apply to O’ city, the Group’s flagship retail outlet in Foshan. Such use by Hengli Limited can be a good reference for the Group when developing such system in O’ city.

By order of the Board  
**China Shun Ke Long Holdings Limited**  
Lao Songsheng  
*Chairman*

Hong Kong, 18 March 2016

*As at the date of this announcement, the executive Directors are Mr. Lao Songsheng, Ms. Wang Yanfen and Mr. Wu Zhaohui; the non-executive Directors are Mr. Chen Yijian and Ms. Lao Weiping; and the independent non-executive Directors are Mr. Guan Shiping, Mr. Sun Hong and Mr. Shin Yick Fabian.*