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ADDCHANCE HOLDINGS LIMITED
互益集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3344)

Executive directors:

Mr. Sung Kim Wa
Mr. Sung Kim Ping
Mr. Wong Chiu Hong
Mr. Tsang Fai
Mr. Lo Ping

Principal Office:

Sung's Tower,
15-19 Lam Tin Street,
Kwai Chung,
New Territories,
Hong Kong.

Non-executive director:

Mr. Chui Chi Yun, Robert

Independent non-executive directors:

Mr. Chan Tsz Fu, Jacky
Mr. Zhuang Zhongxi
Ms. Huang Yunjie

28th April, 2015

To the shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS

INTRODUCTION

It is proposed that at the annual general meeting of Addchance Holdings Limited (the "Company") for the year ended 31st December, 2014, ordinary resolutions will be proposed to (i) grant to the directors of the Company (the "Directors") general mandates to issue and repurchase shares of the Company (the "Shares") and (ii) re-elect directors of the Company.

This circular contains the explanatory statement in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the Company of its own shares.

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company to be held on 29th May, 2015 (the “AGM”), an ordinary resolution will be proposed to grant a general mandate to the Directors to allot, issue and otherwise deal with the Shares up to 20 per cent. of the issued share capital of the Company as at the date of resolution (the “Share Issue Mandate”) to provide flexibility for the Company to raise fund by way of issue of new Shares efficiently. As at 22nd April, 2015 (the “Latest Practicable Date”), being the latest practicable date prior to the printing of this circular, there were in issue an aggregate of 529,250,000 Shares. If the Company exercises the Share Issue Mandate in full, on the basis that no further Shares will be issued prior to the date of the AGM, up to 105,850,000 new Shares will be allotted and issued by the Company.

The Share Issue Mandate authorizes the Directors to allot, issue and otherwise deal with the Shares during the period ending on the earliest of: (a) the date of the next annual general meeting; (b) the date by which the next annual general meeting of the Company is required to be held by the articles of association of the Company or by the applicable laws; or (c) the date on which the Share Issue Mandate is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid Shares (the “Repurchase Mandate”). Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10 per cent. of the issued share capital of the Company as at the date of the resolution. The Company’s authority is restricted to purchases made on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with the Listing Rules. If the Company exercises the Repurchase Mandate in full, on the basis that no further Shares will be issued prior to the date of the AGM, up to 52,925,000 Shares will be repurchased by the Company.

The Repurchase Mandate allows the Company to make or agree to make purchases only during the period ending on the earliest of: (a) the date of the next annual general meeting; (b) the date by which the next annual general meeting of the Company is required to be held by the articles of association of the Company or by the applicable laws; or (c) the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will afford the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value and/or earnings per Share. As compared with the financial position of the Company as at 31st December, 2014 (being the date of its latest audited accounts), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed Repurchase Mandate is to be exercised in full during the proposed repurchase period. No purchase would be made in circumstances that could have a material adverse impact on the working capital or gearing ratio of the Company. The Company is empowered by its memorandum and articles of association to purchase its Shares. The laws of the Cayman Islands provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose.

The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Under the laws of the Cayman Islands, the repurchased shares will remain part of the authorised but unissued share capital of the Company. The Directors intend to apply the profits that would otherwise be available for distribution by way of dividend for any purchase of the Shares.

Directors, their close associates and core connected persons

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their respective close associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the shareholders, to sell Shares to the Company. No core connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

Undertaking of the Directors

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules, all applicable laws of the Cayman Islands and the regulations set out in the memorandum and articles of association of the Company.

Effect of Takeovers Code

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Powerlink Industries Limited (a company wholly and beneficially owned by Dr. Sung Chung Kwun, the former Chairman and a former executive director of the Company) which held 44.38 per cent. of the issued share capital of the Company, was the only substantial shareholder holding more than 10 per cent of the issued share capital of the Company. In the event that the Repurchase Mandate is to be exercised in full, the shareholding of Powerlink Industries Limited in the Company would be increased to approximately 49.34 per cent. of the issued share capital of the Company and such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Code. If as a result of the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, the number of listed Shares which are in the hands of the public falls below the prescribed minimum of 25 per cent. as required by the Stock Exchange, the Company will not exercise the power to repurchase Shares.

Listing Rules in relation to repurchases of Shares

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders’ approval

The Listing Rules provide that all repurchases of shares on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by specific approval in relation to the repurchase transactions.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose.

(c) Repurchase by the Company

During each of the six months preceding the date of this circular, no Shares have been repurchased by the Company.

(d) Share prices

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

| Month | Per Share | |
|---|-----------------|----------------|
| | Highest HK\$ | Lowest HK\$ |
| 2014 | | |
| April | 1.29 | 1.13 |
| May | 1.31 | 1.14 |
| June | 1.22 | 1.10 |
| July | 1.20 | 1.11 |
| August | 1.20 | 1.11 |
| September | 1.19 | 1.01 |
| October | 1.16 | 1.00 |
| November | 1.16 | 1.02 |
| December | 1.62 | 1.11 |
| 2015 | | |
| January | 1.85 | 1.28 |
| February | 1.52 | 1.30 |
| March | 1.50 | 1.37 |
| April (up to the Latest Practicable Date) | 1.97 | 1.32 |

RE-ELECTION OF DIRECTORS

Pursuant to Article 87 of the articles of association of the Company, Mr. Sung Kim Wa, Mr. Wong Chiu Hong and Mr. Tsang Fai were required to retire by rotation and, being eligible, have offered themselves for re-election.

Pursuant to Article 86(3) of the articles of association of the Company, Mr. Lo Ping and Mr. Chui Chi Yun, Robert shall be required to retire and, being eligible, have offered themselves for re-election.

In accordance with code provision A.4.3 of the Corporate Governance Code under Appendix 14 of the Listing Rules, if an independent non-executive director has served more than 9 years, his appointment should be subject to a separate resolution to be approved by the shareholders. Mr. Chan Tsz Fu, Jacky was appointed as an independent non-executive director of the Company in 2005 and has served more than 9 years. The Board, taking into account the fact that the Group has no financial, business, family nor other material relationship with Mr. Chan Tsz Fu, Jacky other than his directorship in the Company, considers that he is still independent and should be re-elected.

Ordinary resolutions will be proposed at the AGM for the re-election of Mr. Sung Kim Wa, Mr. Wong Chiu Hong, Mr. Tsang Fai, Mr. Lo Ping, Mr. Chui Chi Yun, Robert and Mr. Chan Tsz Fu, Jacky as Directors according to the articles of association of the Company and the Corporate Governance Code of the Listing Rules. Their particulars are as follows:–

Mr. SUNG Kim Wa (宋劍華), aged 48, is an executive director of the Company and the Chairman of the Group. Mr. Sung has over 15 years of experience in the textile industry. Mr. Sung obtained his Bachelor degree in Computer Science from the University of Southern California in 1990. He is (i) the son of Dr. Sung Chung Kwun (“Dr. Sung”), the founder, the former Chairman, a former executive Director and the controlling shareholder of the Company and (ii) the elder brother of Mr. Sung Kim Ping, an executive Director of the Company. Mr. Sung has been appointed as an executive Director and the Chairman of the Company with effect from 15th September, 2011 and 30th September, 2011 respectively. Mr. Sung has been the executive vice-president of the Hong Kong Fuzhou Association (香港福州十邑同鄉會常務副理事長). Mr. Sung has entered into a letter of appointment with the Company for a term of three years commencing from 15th September, 2014 until terminated by either party thereto giving to the other not less than three months’ prior notice in writing. He will be subject to retirement by rotation under the articles of association of the Company. Mr. Sung is entitled to remuneration in the sum of HK\$1,500,000 per annum plus year-ended bonus and discretionary bonus, and will be subject to assessment by the remuneration committee of the Board with reference to the prevailing range of fees for executive director of listed companies in Hong Kong. Mr. Sung has not held any directorship in other listed public companies in the last three years. As at the Latest Practicable Date, Mr. Sung held 374,000 Shares.

Mr. WONG Chiu Hong (王昭康), aged 63, is an executive director of the Company and the Managing Director of the Group. Mr. Wong is responsible for the supervision of the operations, general administration, strategic development and marketing of the Group. Mr. Wong has over 30 years of experience in the textile dyeing industry with extensive experience in administrative management and dyeing techniques. Mr. Wong joined the Group as a general manager in May 1982, and was appointed a Director in December 1990. Mr. Wong has been a committee member of the Forth Chinese People's Political Consultative Conference of Yunfu City, Guangdong Province (中國人民政治協商會議雲浮市第四屆委員會委員) and the Eighth Chinese People's Political Consultative Conference of Luoding City, Guangdong Province (中國人民政治協商會議羅定市第八屆委員會委員), the Vice President of the Third Yunfu Overseas Friendship Association (雲浮海外聯誼會第三屆副會長). He was also awarded the title of "Excellent General Manager of Foreign Invested Enterprise (外商投資企業優秀總經理)" by the People's Government of Zhangjiagang City, Jiangsu Province in 2002 and 2003 consecutively. Mr. Wong has entered into a director's services agreement with the Company for a term of three years commencing from 1st September, 2005, and will continue thereafter until terminated by either party thereto giving to the other not less than three months' prior notice in writing. He will be subject to retirement by rotation under the articles of association of the Company. Mr. Wong is entitled to remuneration in the sum of HK\$1,500,000 per annum plus year-end bonus and discretionary bonus, and will be subject to assessment by the remuneration committee of the Board with reference to the prevailing range of fees for executive director of listed companies in Hong Kong. Mr. Wong has not held any directorship in other listed public companies in the last three years. Mr. Wong does not have any relationship with any director, member of the senior management, or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Wong did not have any interest in any shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. TSANG Fai (曾暉), aged 42, is an executive director of the Company. Mr. Tsang is responsible for the operations and administration of the Group's sweater knitting section. Mr. Tsang obtained his Bachelor degree in Mathematical Science and Master degree in Scientific Computing from the Hong Kong Baptist University in 1998 and in 2003 respectively. He joined the Group in January 1999 as an Assistant to Sales Manager of Addchance and was appointed as the director of Chinakey (HK) Limited ("Chinakey") and the Assistant General Manager of the Group's sweater knitting section in June 2010 and January 2004 respectively. Mr. Tsang has entered into a letter of appointment with the Company for a term of three years commencing from 31st May, 2013, until terminated by either party giving to the other not less than three months' prior notice in writing. He will be subject to retirement by rotation under the articles of association of the Company. Mr. Tsang is entitled to remuneration in the sum of HK\$816,000 per annum plus year-end bonus and discretaionary bonus, and will be subject to assessment by the remuneration committee of the Board with reference to the prevailing range of fees for executive director of listed companies in Hong Kong. Mr. Tsang has not held any directorship in other listed public companies in the last three years. Mr. Tsang does not have any relationship with any director, member of the senior

management, or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Tsang did not have any interest in any shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. LO Ping (盧平), aged 63, is an executive director of the Company. He has been a senior consultant for leading gas companies in the development of China market for nearly 20 years. He is also the senior advisor to several Hong Kong accounting firms in relation to China business. He was a senior reporter of Ta Kung Pao and the New Evening Post (新晚報) and the General Manager of Business of Hong Kong Commercial Daily. Mr. Lo obtained a diploma from Royal School of Music and Guangzhou Institute of Physical Education. Mr. Lo has not yet entered into a director's services agreement with the Company and he will be subject to retirement by rotation under the articles of association of the Company. Mr. Lo is entitled to remuneration in the amount of HK\$1,200,000 per annum plus year-end bonus and discretionary bonus, and will be subject to assessment by the remuneration committee of the Board with reference to the prevailing range of fees for executive director of listed companies in Hong Kong. Mr. Lo has not held any directorship in other listed public companies in the last three years and has not previously held any position with the Company or any of its subsidiaries. Mr. Lo does not have any relationship with any director, member of senior management, or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Lo did not have any interest in any shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. CHUI Chi Yun, Robert (崔志仁) M.H., aged 58, is a non-executive director of the Company. He is a practising Certified Public Accountant in Hong Kong and has worked in the accounting industry for 35 years. He has obtained a Bachelor's degree in Commerce (Major in Accounting) from Concordia University and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Mr. Chui is now an independent non-executive director of each of Tse Sui Luen Jewellery (International) Limited (Stock Code: 417), National Arts Entertainment and Culture Group Limited (Stock Code: 8228), Wing Lee Property Investments Limited (Stock Code: 864) and was an independent non-executive director of 21 Holdings Limited (Stock Code: 1003), all of which are listed on The Stock Exchange of Hong Kong Limited. He is currently the Commissioner of the Hong Kong Road Safety Patrol and a member of the Road Safety Campaign Committee of the Road Safety Council. He is also a director of a number of private companies and associations. Mr. Chui has not yet entered into an appointment letter with the Company and he will be subject to

retirement by rotation under the articles of association of the Company. Mr. Chui shall be entitled to remuneration in the amount of HK\$600,000 per annum and such additional fee to be determined by the Board for professional services to be provided by Mr. Chui. His remuneration will be subject to assessment by the remuneration committee of the Board with reference to the prevailing range of fees for non-executive director of listed companies in Hong Kong. Mr. Chui has not previously held any position with the Company or any of its subsidiaries. Mr. Chui does not have any relationship with any director, member of senior management, or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Chui did not have any interest in any shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. CHAN Tsz Fu, Jacky (陳子虎), aged 40, is an independent non-executive director of the Company. He is the director of Jacky Chan CPA Ltd., Mr. Chan has practiced since 2001 and has over 16 years of experience in auditing. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants, a fellow practising member of Hong Kong Institute of Certified Public Accountants, a member of the Taxation Institute of Hong Kong and a practising certified public accountant in Hong Kong. He was appointed as the independent non-executive director of the Company on 6 June 2005. Mr. Chan has entered into a letter of appointment with the Company for a term of one year commencing from 1st September, 2014 and he will be subject to retirement by rotation under the articles of association of the Company. Mr. Chan is entitled to remuneration in the sum of HK\$160,000 per annum, and will be subject to assessment by the remuneration committee of the Board with reference to the prevailing range of fees for an independent non-executive director of listed companies in Hong Kong. Mr. Chan has not held any directorship in other listed public companies in the last three years. Mr. Chan does not have any relationship with any director, member of the senior management, or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Chan did not have any interest in any shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, the board of directors of the Company is not aware of any matters relating to the re-election of Mr. Sung Kim Wa, Mr. Wong Chiu Hong, Mr. Tsang Fai, Mr. Lo Ping, Mr. Chui Chi Yun, Robert and Mr. Chan Tsz Fu, Jacky which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 27th May, 2015 (Wednesday) to 29th May, 2015 (Friday) (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 26th May, 2015 (Tuesday).

The Directors do not recommend the payment of a final dividend for the year ended 31st December, 2014.

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.

RECOMMENDATION

The Directors consider that (i) the granting of the Share Issue Mandate and the Repurchase Mandate and (ii) the re-election of directors of the Company are in the interest of the Company and its shareholders and so recommend you to vote in favour of the ordinary resolutions to be proposed at the AGM. The Directors will vote their respective shareholdings in favour of the ordinary resolutions.

Yours faithfully,
Wong Chiu Hong
Executive Director