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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

Reference is made to the meeting of the board of directors (the “**Board**”) of China Shun Ke Long Holdings Limited (the “**Company**”) held on 22 September 2015 pursuant to the notice of Board meeting dated 10 September 2015 to, among others, consider and approve the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2015 (the “**Financial Period**”) and the payment of an interim dividend, if any.

The Board resolved not to declare any interim dividend for the six months ended 30 June 2015.

The printed version of the interim report for the Financial Period will be delivered to the shareholders of the Company and will be available for viewing on the websites of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.skl.com.cn on the same date as this announcement.

By Order of the Board
China Shun Ke Long Holdings Limited
Lao Songsheng
Chairman and Executive Director

Hong Kong, 22 September 2015

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.



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Interim Report 2015

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. LAO Songsheng (*Chairman*)
Ms. WANG Yanfen (*Chief Executive Officer*)
Mr. WU Zhaohui

Non-Executive Directors

Mr. CHEN Yijian
Ms. LAO Weiping

Independent Non-Executive Directors

Mr. SUN Hong
Mr. SHIN Yick Fabian
Mr. GUAN Shiping

AUDIT COMMITTEE

Mr. Shin Yick Fabian (*Chairman*)
Mr. Guan Shiping
Ms. Lao Weiping

REMUNERATION COMMITTEE

Mr. Sun Hong (*Chairman*)
Mr. Guan Shiping
Mr. Chen Yijian

NOMINATION COMMITTEE

Mr. Lao Songsheng (*Chairman*)
Mr. Guan Shiping
Mr. Sun Hong

COMPANY SECRETARY

Mr. FAN Chi Yuen Charles (*CPA, CFA*)

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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No. 39 Wellington Street
Central
Hong Kong

AUDITOR

BDO Limited
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111 Connaught Road Central
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Shunde Lecong sub-branch
(中國農業銀行股份有限公司順德樂從支行)
No. A51, Xinma Road
Lecong Town
Shunde District, Foshan
Guangdong Province, the PRC

Guangdong Shunde Rural Commercial Bank Company
Limited Lecong sub-branch
(廣東順德農村商業銀行股份有限公司樂從支行)
No. B18, Lizhong Road
Lecong Town
Shunde District, Foshan
Guangdong Province, the PRC

China CITIC Bank Corporation Limited
Foshan branch Lecong sub-branch
(中信銀行股份有限公司佛山分行樂從支行)
First floor, Jinyu Mingdu
Lecong Boulevard East, Lecong Town
Shunde District, Foshan
Guangdong Province, the PRC

COMPANY'S WEBSITE

www.skl.com.cn

STOCK CODE

The Stock Exchange of Hong Kong Limited: 974

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of China Shun Ke Long Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 25 which comprise the condensed consolidated statement of financial position of China Shun Ke Long Holdings Limited and its subsidiaries as of 30 June 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the International Federation of Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the six-month period ended 30 June 2014 and the relevant explanatory notes included in this interim financial information have not been reviewed in accordance with HKSRE 2410.

BDO Limited

Certified Public Accountants

Lee Ka Leung, Daniel

Practising Certificate Number P01220

25th Floor, Wing On Centre,
111, Connaught Road Central
Hong Kong

Hong Kong, 22 September 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	2015 RMB' 000 (unaudited)	2014 RMB' 000 (unaudited)
Revenue	4a	506,387	488,016
Cost of inventories sold		(407,850)	(403,600)
Gross profit		98,537	84,416
Other operating income	4b	23,548	8,779
Selling and distribution costs		(72,421)	(57,894)
Administrative expenses		(20,254)	(12,468)
Profit from operations	5	29,410	22,833
Finance costs	6	(2,891)	(1,809)
Profit before income tax expense		26,519	21,024
Income tax expense	7	(7,012)	(5,131)
Profit for the period		19,507	15,893
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		2	(302)
Total comprehensive income for the period		19,509	15,591
Profit/(loss) for the period attributable to:			
– Owners of the Company		19,454	15,922
– Non-controlling interests		53	(29)
		19,507	15,893
Total comprehensive income for the period attributable to:			
– Owners of the Company		19,456	15,620
– Non-controlling interests		53	(29)
		19,509	15,591
Earnings per share – basic and diluted (RMB cents)	9	9.05	7.41

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 30 June 2015 RMB' 000 (unaudited)	At 31 December 2014 RMB' 000 (audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	64,895	49,213
Prepaid land lease	10	35,410	35,934
Investment properties	10	4,396	4,444
Deposits paid and prepayments		5,552	4,955
Goodwill	10	2,544	2,554
		<u>112,797</u>	<u>97,100</u>
Current assets			
Inventories		121,437	111,509
Trade receivables	11	34,364	76,071
Deposits paid, prepayments and other receivables		77,909	68,614
Amounts due from related companies	13	839	7,796
Amounts due from shareholders		61	61
Cash and cash equivalents		65,002	25,761
		<u>299,612</u>	<u>289,812</u>
Current liabilities			
Trade payables	12	129,632	141,068
Deposits received, receipts in advance, accruals and other payables		50,205	55,584
Amounts due to related companies	13	15,891	61,160
Bank borrowings	14	69,000	57,000
Income tax payable		1,558	1,486
		<u>266,286</u>	<u>316,298</u>
Net current assets/(liabilities)		<u>33,326</u>	<u>(26,486)</u>
Total assets less current liabilities		<u>146,123</u>	<u>70,614</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 30 June 2015 RMB' 000 (unaudited)	At 31 December 2014 RMB' 000 (audited)
	Notes		
Non-current liabilities			
Bank borrowings	14	56,000	—
Total non-current liabilities		56,000	—
Net assets		90,123	70,614
EQUITY			
Share capital	15	—	70
Reserves		89,685	70,159
Equity attributable to owners of the Company		89,685	70,229
Non-controlling interests		438	385
Total equity		90,123	70,614

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company											
	Share capital RMB' 000	Share premium RMB' 000	Special reserve RMB' 000 (note a)	Merger reserve RMB' 000 (note b)	Capital reserve RMB' 000 (note c)	Statutory reserve RMB' 000 (note d)	Capital	Translation reserve RMB' 000	Retained earnings RMB' 000	Total RMB' 000	Non-controlling interest RMB' 000	Total RMB' 000
							contribution					
							reserve					
At 1 January 2015 (audited)	70	29,519	84	(6,200)	200	6,964	873	(298)	39,017	70,229	385	70,614
Comprehensive income												
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	2	—	2	—	2
Profit for the period	—	—	—	—	—	—	—	—	19,454	19,454	53	19,507
Total comprehensive income for the period	—	—	—	—	—	—	—	2	19,454	19,456	53	19,509
Repurchase & issuance of shares (Note 15(b))	(70)	70	—	—	—	—	—	—	—	—	—	—
Transfer to statutory reserve	—	—	—	—	—	9,841	—	—	(9,841)	—	—	—
At 30 June 2015 (unaudited)	—	29,589	84	(6,200)	200	16,805	873	(296)	48,630	89,615	438	90,123
At 1 January 2014 (audited)	62	—	84	50,000	200	4,032	—	2	29,798	84,178	301	84,479
Comprehensive income												
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	(302)	—	(302)	—	(302)
Profit for the period	—	—	—	—	—	—	—	—	15,922	15,922	(29)	15,893
Total comprehensive income for the period	—	—	—	—	—	—	—	(302)	15,922	15,620	(29)	15,591
Issuance of shares	8	29,519	—	—	—	—	—	—	—	29,527	—	29,527
Capital contribution in acquisition of net assets of a subsidiary	—	—	—	—	—	—	873	—	—	873	—	873
Transfer to statutory reserve	—	—	—	—	—	348	—	—	(348)	—	—	—
At 30 June 2014 (unaudited)	70	29,519	84	50,000	200	4,380	873	(300)	45,372	130,198	272	130,470

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

- (a) Special reserve represents the difference between the investment cost of a subsidiary which has been carved out of the Group as part of the Reorganisation and the proceeds from disposal of that subsidiary.
- (b) The merger reserve of the Group arose as a result of the Reorganisation. As at 30 June 2014 and 2015, the balance of the merger reserve includes the distribution upon the acquisition of a subsidiary from the controlling shareholder as part of the Reorganisation.
- (c) Capital reserve represents the capital contribution from the previous shareholders to a subsidiary of the Group.
- (d) In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of each entity's registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 50% of the registered capital after such usages.
- (e) Capital contribution reserve of the Group represented the consideration paid by the Group to acquire the net assets of a subsidiary in excess of their carrying amounts.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2015	2014
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Net cash inflow from operating activities	31,612	27,677
Net cash outflow from investing activities	(22,606)	(6,321)
Net cash inflow from financing activities	30,223	51,521
Increase in cash and cash equivalents	39,229	72,877
Cash and cash equivalents at 1 January	25,761	37,549
Effect of exchange rate changes on cash and cash equivalents	12	28
Cash and cash equivalents at 30 June	65,002	110,454

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION, BASIS OF PRESENTATION AND BASIS OF PREPARATION

(a) Corporate information

China Shun Ke Long Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in Cayman Islands on 18 March 2013 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office is located at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman, KY1-1112, Cayman Island. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 10 September 2015.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the operation and management of retail stores and wholesale of goods in the PRC and Macau.

(b) Basis of presentation

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on the Main Board of the Stock Exchange (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 24 November 2014. Details of the Reorganisation are set out in the section headed “History, development and Reorganisation” to the Prospectus issued by the Company dated 28 August 2015.

The Reorganisation involved the combination of a number of entities engaged in the Listing Business that were under common control before and after the Reorganisation. The Group is therefore regarded as a continuing entity resulting from the Reorganisation, as there has been a continuation of the risks and benefits to the ultimate controlling parties that existed prior to the Reorganisation.

Accordingly, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2015 and 2014 have been prepared on a consolidated basis as if the current group structure had been in existence throughout the six months ended 30 June 2015 and 2014, or since their respective dates of incorporation or establishment, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2014 and the condensed consolidated statement of financial position of the Group as at 30 June 2015 have been prepared to present the assets and liabilities of the companies now comprising the Group as these dates, as if the current group structure had been in existence as at these dates. The net assets and results of the Group are consolidated using the existing book values from the controlling shareholders’ perspective.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION, BASIS OF PRESENTATION AND BASIS OF PREPARATION – *continued*

(c) Basis of preparation

The interim financial information of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 June 2015 (the “Period”) has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange.

The interim financial information should be read in conjunction with the accountants’ report included in the Prospectus dated 28 August 2015 for the year ended 31 December 2014, which has been prepared in accordance with International Financial Reporting Standards issued by the IASB.

The accounting policies applied are consistent with those of the accountants’ report included in the Prospectus for the year ended 31 December 2014.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current period, the Group has applied, for the first time, the following new or revised IFRSs issued by the IASB that are relevant for the preparation of the Group’s interim financial information:

IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions

The application of the above new Interpretation and amendments to IFRSs in the current period has had no material effect on the amounts reported and disclosures set out in the interim financial information.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION

The executive directors have identified the Group's operating segments as follows. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

For the six months ended 30 June 2015 (unaudited):

	Retail Outlet operation RMB' 000	Wholesale distribution RMB' 000	Inter-segment elimination RMB' 000	Total RMB' 000
From external customers	375,931	130,456	—	506,387
From inter-segment	28,253	3,750	(32,003)	—
Reportable segment revenue	404,184	134,206	(32,003)	506,387
Reportable segment profit	24,675	6,149	—	30,824
Interest income	155	—	—	155
Unallocated income	—	—	—	—
Unallocated expenses	—	—	—	—
Reportable segment assets	346,803	62,999	—	409,802
Additions to non-current segment assets during the period	22,512	258	—	22,770
Reportable segment liabilities	309,837	4,925	—	314,762

For the six months ended 30 June 2014 (unaudited):

Revenue				
From external customers	383,567	104,449	—	488,016
From inter-segment	20,541	3,749	(24,290)	—
Reportable segment revenue	404,108	108,198	(24,290)	488,016
Reportable segment profit	18,376	4,136	—	22,512
Interest income	92	1	—	93
Unallocated income	—	—	—	—
Unallocated expenses	—	—	—	—
Reportable segment assets	324,266	39,577	—	363,843
Additions to non-current segment assets during the period	7,144	248	—	7,392
Reportable segment liabilities	259,025	4,757	—	263,782

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION – *continued*

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the Financial Information as follows:

	Six months ended 30 June	
	2015	2014
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Reportable segment revenue	506,387	488,016
Group revenue	506,387	488,016
Reportable segment profit	30,824	22,512
Finance cost	(2,891)	(1,809)
Other corporate income	9	321
Other corporate expenses	(1,423)	—
Profit before income tax expense	26,519	21,024
Reportable segment assets	409,802	363,843
Other corporate assets	2,607	30,498
Group's assets	412,409	394,341
Reportable segment liabilities	314,762	263,782
Outstanding purchase consideration for the acquisition of a subsidiary from shareholder pursuant to the Reorganisation	7,200	—
Other corporate liabilities	324	—
Group's liabilities	322,286	263,782

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION – *continued*

The Group's revenues from external customers and its non-current assets are all divided into the following geographical areas:

	Revenue from external customers		Non-current assets
	Six months ended 30 June		At 30 June
	2015	2014	2015
	RMB' 000	RMB' 000	RMB' 000
	(unaudited)	(unaudited)	(unaudited)
The PRC (domicile)	486,659	483,259	106,992
Macau	19,728	4,757	796
	<u>506,387</u>	<u>488,016</u>	<u>107,788</u>

The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

The geographical location of customers is based on the location at which the services were provided. The geographical location of the non-current assets is based on the physical location of the asset.

The Group did not have any single customer contributed more than 10% of the Group's revenue during the six months ended 30 June 2014 and 2015.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

4. REVENUE AND OTHER OPERATING INCOME

(a) Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and discounts; rental income and the value of services rendered. Revenue recognised is as follows:

	Six months ended 30 June	
	2015	2014
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Retail Outlet operation and sales		
General retail sales	282,822	304,684
Bulk sales	70,927	61,668
Rental income from leasing shop premises	20,055	16,881
Commission from concessionaire sales	2,127	334
Wholesale distribution		
General wholesales	115,655	96,556
Franchisees	14,801	7,893
	<u>506,387</u>	<u>488,016</u>

(b) Other operating income

An analysis of the Group's other operating income is as follows:

	Six months ended 30 June	
	2015	2014
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Government grants	1,261	133
Promotion income from suppliers	18,363	4,675
Interest income	164	413
Others	3,760	3,558
	<u>23,548</u>	<u>8,779</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

5. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Cost of inventories sold	407,850	403,600
Depreciation of property, plant and equipment	6,255	4,557
Depreciation of investment properties	48	53
Amortisation of prepaid land lease payments	524	505
Employee benefits expenses (including directors' remuneration):		
– Wages and salaries	27,464	25,484
– Pension scheme contributions	4,484	3,904
– Other benefits	1,587	1,271
	<u>33,535</u>	<u>30,659</u>
Listing expenses	4,190	50
Operating lease charges in respect of land and buildings	20,388	16,804
Obsolete inventories written-off	748	108
Loss on disposal of property, plant and equipment	<u>830</u>	<u>—</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Interest charged on bank borrowings:		
– Wholly repayable within five years	2,891	1,673
Interest charged on current account with a related company	<u>—</u>	<u>136</u>
	<u>2,891</u>	<u>1,809</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Current – Macau		
Charge for the period	47	—
Current – the PRC		
Charge for the period	6,965	5,131
Total tax charge for the period	<u>7,012</u>	<u>5,131</u>

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the period (six months ended 30 June 2014: Nil).

No provision for Hong Kong profits tax has been provided as the Group has no estimated assessable profit arising in Hong Kong during the period (six months ended 30 June 2014: Nil).

The Group's subsidiaries in the PRC were subject to Enterprise Income Tax at the rate of 25% based on the estimated assessable profits during the period (six months ended 30 June 2014: 25%).

The Group's subsidiaries in Macau were subject to Complementary Tax at rate of 12% based on estimated assessable profit during the period (six months ended 30 June 2014: Nil).

8. DIVIDEND

On 14 February 2014, the Group declared an interim dividend in the aggregate amount of RMB18,800,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company for the six months ended 30 June 2015 is based on the following data:

Six months ended 30 June	
2015	2014
RMB' 000	RMB' 000
(unaudited)	(unaudited)
Profit attributable to equity holders of the Company	
<u>19,454</u>	<u>15,922</u>

Six months ended 30 June	
2015	2014
Shares	Shares
Number of shares	
<u>214,857,000</u>	<u>214,857,000</u>

The number of ordinary shares for the purpose of calculating basis earnings per share has been retrospectively adjusted for the capitalisation issue as disclosed in note 19 as if the shares had been in issue throughout both periods.

The diluted earnings per share for respective periods are same as the basic earnings per share as there are no dilutive potential shares.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

10. CAPITAL EXPENDITURES

	Property, plant and equipments RMB' 000	Prepaid land lease RMB' 000	Investment properties RMB' 000	Goodwill RMB' 000
Opening carrying amount as at 1 January 2014 (audited)	38,212	36,945	5,049	—
Additions	7,392	—	—	—
Disposals	(155)	(503)	—	—
Depreciation/amortisation	(4,557)	(505)	(53)	—
Exchange adjustment	9	—	—	—
Closing carrying amount as at 30 June 2014 (unaudited)	<u>40,901</u>	<u>36,440</u>	<u>4,493</u>	<u>—</u>
Opening carrying amount as at 1 January 2015 (audited)	49,213	35,934	4,444	2,554
Additions	22,770	—	—	—
Disposals	(830)	—	—	—
Depreciation/amortisation	(6,255)	(524)	(48)	—
Exchange adjustment	(3)	—	—	(10)
Closing carrying amount as at 30 June 2015 (unaudited)	<u>64,895</u>	<u>35,410</u>	<u>4,396</u>	<u>2,544</u>

As at 31 December 2014 and 30 June 2015, certain leasehold buildings with net carrying amount of approximately RMB14,975,000 and RMB16,235,000 were pledged to the bank for banking facilities granted to the Group (Note 14).

As at 31 December 2014 and 30 June 2015, certain prepaid land lease with net carrying amount of approximately RMB28,895,000 and RMB32,364,000 were pledged to the bank for banking facilities granted to the Group (Note 14).

As at 31 December 2014 and 30 June 2015, certain investment properties with net carrying amount of approximately RMB2,615,000 and RMB2,586,000 were pledged to the bank for banking facilities granted to the Group (Note 14).

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

11. TRADE RECEIVABLES

The average credit terms offered to these customers or tenants are generally for a period of 0–270 days from the invoice date.

An aged analysis of the trade receivables at the end of the respective reporting periods, based on the invoice date, is as follows:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Within 30 days	18,552	22,215
31 to 60 days	8,680	10,308
61 to 180 days	4,693	26,296
181 to 365 days	498	4,625
Over 1 year	1,941	12,627
	<u>34,364</u>	<u>76,071</u>

An aged analysis of the trade receivables that are not considered to be impaired is as follows.

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Neither past due nor impaired	30,097	41,544
Past due but not impaired		
Less than 1 month past due	813	10,166
1 to 3 months past due	1,015	7,110
Over 3 months past due	2,439	17,251
	<u>34,364</u>	<u>76,071</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

12. TRADE PAYABLES

The Group normally obtains credit terms of 0–360 days from its suppliers.

An aged analysis of the trade payables at the end of the respective reporting periods, based on the invoice date, is as follows:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Current to 30 days	43,104	53,170
31 to 60 days	25,228	36,123
61 to 180 days	50,318	42,991
181 to 365 days	9,437	4,789
Over 1 year	1,545	3,995
	<u>129,632</u>	<u>141,068</u>

13. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

Amounts due from/(to) related companies are trade in nature, unsecured, interest free and repayable on demand, except for the amount due to a related company, Shunde Lecong Supply and Marketing Group Limited (順德市樂從供銷集團有限公司), amounted to RMB7,200,000 (30 June 2014: Nil), which represents outstanding purchase consideration for acquisition of a subsidiary from shareholder pursuant to the Reorganisation and is unsecured, interest-free and repayable on or before 29 October 2015.

14. BANK BORROWINGS

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Secured		
– bank borrowings due for repayment within one year	69,000	57,000
– bank borrowings due for repayment after one year but within two years	56,000	—
	<u>125,000</u>	<u>57,000</u>

As at 31 December 2014 and 30 June 2015, the bank borrowings are denominated in RMB, repayable within one to two years and interest bearing at fixed rate and floating rate ranging from 7.2 % to 7.3% and 5.6% to 7.3% per annum respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

14. BANK BORROWINGS – *continued*

The Group's interest bearing bank borrowings are secured by:

- (i) the pledge of certain leasehold buildings of the Group with net carrying amount of approximately RMB14,975,000 and RMB16,235,000 as at 31 December 2014 and 30 June 2015 respectively (Note 10);
- (ii) the pledge of certain prepaid land lease of the Group with net carrying amount of approximately RMB28,895,000 and RMB32,364,000 as at 31 December 2014 and 30 June 2015 respectively (Note 10);
- (iii) the pledge of certain investment properties of the Group with net carrying amount of approximately RMB2,615,000 and RMB2,586,000 as at 31 December 2014 and 30 June 2015 respectively (Note 10).

15. SHARE CAPITAL

	The Company	
	Number of share(s)	Amount RMB' 000
Authorised:		
Ordinary shares of US\$1.00 each		
At 1 January 2014, 31 December 2014 and 1 January 2015	50,000	305
Increase in authorised share capital of HK\$0.01 each (note a)	2,000,000,000	15,826
Cancellation of unissued shares of US\$1.00 each (note c)	(50,000)	(305)
	<u>2,000,000,000</u>	<u>15,826</u>
Ordinary shares of HK\$0.01 each at 30 June 2015		
Issued and fully paid:		
Ordinary shares of US\$1.00 each		
At 1 January 2014, 31 December 2014 and 1 January 2015	11,429	70
Repurchase of issued shares of US\$1.00 each (note b)	(11,429)	(70)
Issue of share capital of HK\$0.01 each (note b)	11,429	—
	<u>11,429</u>	<u>—</u>
Ordinary shares of HK\$0.01 each at 30 June 2015		
	<u>11,429</u>	<u>—</u>

- (a) The Company was incorporated in the Cayman Island on 18 March 2013 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On the same date, one share of US\$1.00 was allotted and issued at par to the initial subscriber. Pursuant to the written resolution passed on 22 April 2015, the authorised share capital was increased by HK\$20,000,000 (equivalent to RMB15,826,000) by the creation of 2,000,000,000 shares.
- (b) Following the above creation of authorised share capital, the Company issues new shares of 11,429 shares of HK\$0.01 each per share and repurchases the 11,429 shares of US\$1.00 in issue at a price of US\$1.00 per share and following such repurchase, the 11,429 shares of US\$1.00 were cancelled. The difference between the subscription price of new shares and the repurchase price of old shares were credited to share premium.
- (c) Following the above repurchase, the authorised but unissued capital of the Company is diminished by the cancellation of the 50,000 unissued shares of US\$1.00 each in the capital of the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

16. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office and shop premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from 1 to 15 years.

As at 31 December 2014 and 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Within one year	16,901	22,862
Later than one year and not later than five years	17,076	15,493
Later than five years	1,298	1,373
	<u>35,275</u>	<u>39,728</u>

As lessor

The Group sub-leases out certain areas inside their retail outlets. The leases are negotiated for terms ranging from 1 to 10 years. None of the leases includes contingents rentals.

As at 31 December 2014 and 30 June 2015, the Group had total future minimum lease receipts under non-cancellable operating leases falling due as follows:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Within one year	<u>13,296</u>	<u>13,621</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

17. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of each of the reporting period:

	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (audited)
Contracted, but not provided for, in respect of acquisition of property, plant and equipment	<u>1,237</u>	<u>2,657</u>

18. RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in the Condensed Financial Statements, the Group had the following material transactions with related parties during the periods:

Related party relationship	Nature of transaction	Six months ended 30 June	
		2015 RMB' 000 (unaudited)	2014 RMB' 000 (unaudited)
Related companies	Sale of goods	4,394	4,990
	Purchase of goods	32,731	29,214
	Rental Income received	383	213
	Rental expense paid	5,649	4,535
	Interest expenses incurred	—	136
Carved-out subsidiary	Sale of goods	5	4,440
	Purchase of goods	7	771

The terms of the above transactions are mutually agreed by the Group and the related parties. The directors are of the opinion that the terms were made in the ordinary course of business on normal commercial basis.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

18. RELATED PARTY TRANSACTIONS – *continued*

- (ii) Compensation of key management personnel of the Group, including directors' remuneration, is as follows:

	Six months ended 30 June	
	2015 RMB' 000 (unaudited)	2014 RMB' 000 (unaudited)
Salaries, allowances and benefits in kind	181	125
Pension scheme contributions	9	9
	<u>190</u>	<u>134</u>

19. EVENTS AFTER THE REPORTING PERIOD

Pursuant to resolutions in writing passed by all shareholders of the Company on 19 August 2015, conditional upon the share premium account of the Company being credited as a result of the issue of the offer shares by the Company pursuant to the Global Offering, the Directors were authorised to apply an amount of HK\$2,148,456 standing to the credit of the share premium account of the Company in paying up in full at par 214,845,571 shares, such shares to be allotted and issued to the shareholders whose names appearing on the register of members of the Company at the close of business on 19 August 2015 in proportion to their then respective shareholdings in the Company.

On 10 September 2015, 71,620,000 shares of HK\$0.01 each of the Company were issued at an issue price of HK\$2.88 each by way of the Global Offering.

All the above shares of the Company when issued rank pari passu with other shares of the Company in issue in all respects.

The Company was successfully listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 10 September 2015.

20. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information were approved and authorised for issue by the Board of Directors on 22 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China Shun Ke Long Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) is an investment holding company and the Group is a supermarket chain store operator with geographical focus in Guangdong province of the People’s Republic of China (the “PRC”) during the six months ended 30 June 2015 (the “Period”) and maintained both retail and wholesale distribution channels. The Group’s focus on the suburban and rural areas made it different from other major players in the market.

Retail Outlets

During the Period, the Group opened nine retail outlets and closed 10 retail outlets. As at 30 June 2015, the Group had 84 retail outlets located in Guangdong province of the PRC and the Macau Special Administrative Region of the PRC.

Resumption of the Sales of the Other Transferred Products

The Group ceased its sales of edible oils, rice and sugar (the “Other Transferred Products”) and its sales of tobacco products in late 2014 pursuant to the restrictions imposed on foreign-invested enterprise. At the same time, the relevant inventory was sold to Foshan Shunde Shente Trading Limited, an independent third party (“Foshan Shente”) and Foshan Shente took over the sales of the Other Transferred Products and tobacco products within the Group’s retail outlets as its concessionaire and its lessee, respectively. During the Period, the restriction on the Other Transferred Products was released. The Group purchased the inventory of the Other Transferred Products kept by Foshan Shente and resumed the sales of the Other Transferred Products from 10 April 2015. As at 30 June 2015, Foshan Shente remained the Group’s lessee and operated the sales of the tobacco products.

General Wholesales

During the Period, the Group managed to keep all sole and exclusive distribution rights we gained before. The Group maintained sole and exclusive distribution rights for 14 brands covering Foshan, Jiangmen and Zhaoqing. The exact coverage of the Group’s sole and exclusive distribution rights varied among those 14 brands. Instead of growing the number of general wholesale customers, the Group put more emphasis on gaining sub-distributors rather than retailer as the Group’s customers.

Online Supermarket

Pursuant to the relaxation of the restriction imposed on foreign-invested enterprise, the Group started its online supermarket operation from 11 April 2015. The newly added distribution channel recorded revenue of RMB3.6 million during the Period as part of the revenue from retail outlet operation.

Recent Development

The Group opened another two retail outlets after 30 June 2015, including O’city, our O2O flagship outlet in Foshan. Details of O’city are set out in the in the section headed “Business – O’city” to the prospectus of the Company dated 28 August 2015 (the “Prospectus”).

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook and Prospect

The management of the Group expects there will not be any substantial change for the sector we engage in during the second half of 2015. The Group will continue its focus in Guangdong province of PRC and targets to open another few retail outlet in the remaining months of 2015. The Group will keep on reviewing and adjusting its product mix to fit the changing demands from its customers. With the online supermarket and the retail outlet network, the Group is developing its O2O business model and expects those integrations will help improve its competitiveness.

FINANCIAL REVIEW

Revenue

For the Period, the revenue of the Group was approximately RMB506.4 million, representing an increase of approximately RMB18.4 million or 3.8% when compared with the same period in 2014. The growth was distorted by the cessation of the sales of the Other Transferred Products (the sales of which was resumed from 10 April 2015) and the tobacco products.

For the Period, the Group's revenue from retail outlet operation was approximately RMB375.9 million, representing a drop of approximately RMB7.6 million or 2.0% when compared with the same period in 2014. The drop was mainly caused by the cessation of the sales of the Other Transferred Products and the tobacco products in late 2014, the sales of which represented approximately 20.0% of the Group's overall retail outlet sales (excluding rental income and commission from concessionaire sales) in 2014. Since the Group resumed the sales of the Other Transferred Products from 10 April 2015, only the cessation of the sales of tobacco products will have continuous effect on the Group's future revenue. Given that the Group earned rental and commission income from Foshan Shente, the cessation of the sales of the Other Transferred Products and tobacco products did not have any significant impact on the Group's profit for the Period.

For the Period, the Group's revenue from wholesale distribution operation was approximately RMB130.5 million, representing an increase of approximately RMB26.0 million or 24.9% when compared with the same period in 2014. The increase was mainly resulted from the effort of the Group to improve its customer portfolio by introducing more sub-distributors.

Gross Profit Margin

For the Period and the same period in 2014, the Group's gross profit margins were 19.5% and 17.3%, respectively. The increase was mainly due to the combined effect of the cessation of the sales of the Other Transferred Products and the tobacco products and the inclusion of Foshan Shente as the Group's lessee and concessionaire since no cost would be reflected as cost of inventories sold for rental and commission income receivable from Foshan Shente. During the Period, the Group's revenue included compensation received from the local government in the PRC of RMB5.2 million (2014: RMB0.5 million) under the Agricultural Fair Value Shop Scheme. The larger amount of compensation recorded during the Period also affected the gross profit margin positively.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Operating Income

For the Period, the Group's revenue was approximately RMB23.5 million, representing an increase of approximately RMB14.8 million or 168.2% when compared with the same period in 2014. The increase was mainly due to increased promotion income from supplies as a result of increased promotional requests from our suppliers and expanded retail outlet networks.

Selling and Distribution Costs

For the Period, the Group's selling and distribution costs were approximately RMB72.4 million, representing an increase of approximately RMB14.5 million or 25.1% when compared with the same period in 2014. The increase was mainly due to increased staff cost and property expenses as a result of business expansion and regular salary adjustment.

Administrative Expenses

For the Period, the Group's administrative expenses were approximately RMB20.3 million, representing an increase of approximately RMB7.8 million or 62.4% when compared with the same period in 2014. The increase was mainly due to the inclusion of listing expenses of RMB4.2 million for the Period and increased staff cost as a result of business expansion and regular salary adjustment.

Finance Costs

For the Period, the Group's finance costs were approximately RMB2.9 million, representing an increase of approximately RMB1.1 million or 59.8% when compared with the same period in 2014. The increase was mainly due to the increase in bank borrowing to finance the Group's business expansion and to improve liquidity.

Total Comprehensive Income

For the Period, the Group's total comprehensive income attributable to the shareholders were approximately RMB19.5 million, representing an increase of approximately RMB3.8 million or 19.7% when compared with the same period in 2014. The increase was mainly due to the increase in revenue, gross profit margin and other operating income.

Capital Expenditure

The Group's capital expenditure requirements mainly relate to additions of its property, plant and equipments for the expansion of its retail outlet network. For the Period, the Group spent RMB22.8 million on property, plant and equipments mainly for the retail outlets opened during the Period.

Liquidity and Financial Resources

As at 30 June 2015, the Group had cash and cash equivalents of RMB65.0 million (as at 31 December 2014: RMB25.8 million), out of which RMB61.5 million was denominated in RMB and RMB3.5 million was denominated in HK\$ or MOP.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2015, the Group had net current assets of RMB33.3 million (as at 31 December 2014: net current liabilities of RMB26.5 million).

As at 30 June 2015, the Group had net assets of RMB90.1 million (as at 31 December 2014: RMB70.6 million).

As at 30 June 2015, the Group had unutilized banking facilities of RMB24.0 million. (as at 31 December 2014: RMB80.0 million).

Significant Investments

The Group did not hold any significant investments during the Period.

Material Acquisitions and Disposals

The Group did not carry out any material acquisition nor disposal of any subsidiary or associated company during the Period.

Indebtedness and Pledge of Assets

As at 30 June 2015, the Group had bank borrowings denominated in RMB of RMB125.0 million (as at 31 December 2014: RMB57.0 million) secured by:

- (i) the pledge of certain leasehold buildings of the Group with net carrying amount of RMB16.2 million (as at 31 December 2014: RMB15.0 million);
- (ii) the pledge of certain prepaid land lease of the Group with net carrying amount of RMB32.4 million (as at 31 December 2014: RMB28.9 million);
- (iii) the pledge of certain investment properties of the Group with net carrying amount of RMB2.6 million (as at 31 December 2014: RMB2.6 million).

Out of the bank borrowings of RMB125.0 million, RMB69.0 million was repayable within one year and RMB56.0 million was repayable after one year but within two years. The interests of those loans were reflected as floating rate basis in the loan contracts and were fixed ranging from 5.6% to 7.3% by reference to the applicable rates when the loans were drawn down.

Gearing Ratio

As at 30 June 2015, the Group's net debt to equity ratio was approximately 66.6% which was calculated on the basis of the amount of bank borrowings less cash and cash equivalents divided by total equity.

Foreign Currency Exposure

Majorities of the Group's assets, liabilities and cash flows were denominated in RMB and the management of the Company viewed that the change in exchange rate for RMB against foreign currencies did not have significant impact on the Group's financial position nor performance. During the Period, the Group did not engage in any hedging activities.

Contingent Liabilities

As at 30 June 2015, the Group did not provide any guarantee for any third party and did not have any significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees

The Group had a total of 1,341 employees as at 30 June 2015, of which 1,312 employees worked in PRC and 29 worked in Hong Kong and Macau. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group.

During the Period, the Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

OTHER INFORMATION

CORPORATE REORGANISATION AND LISTING OF SHARES

The Company was incorporated in the Cayman Islands with limited liability on 18 March 2013 as an exempted company and became the holding company of the subsidiaries comprising the Group in 2014. Details of the corporate reorganisation are set out in the in the section headed “History, development and Reorganisation – Reorganisation” to the Prospectus.

The Company’s issued shares (the “Shares”) were successfully listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 September 2015 (the “Listing Date”).

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The estimated net proceeds from the issue of new Shares in the Company’s global offering dated 28 August 2015 (after deducting the underwriting fees and related expenses, and without taking into account the exercise of over-allotment option) amounted to approximately HKD177.8 million, which are intended to be applied in the manner as disclosed in the section “Future Plans and Use of Proceeds” to the Prospectus.

Other than those disclosed in the section “Future Plans and Use of Proceeds” to the Prospectus, the Group has no other existing plan for material investments nor capital assets in the coming year.

INTERIM DIVIDEND

The board of Directors (the “Board”) has resolved not to declare any interim dividend for the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Shares were listed on the Main Board of the Stock Exchange on 10 September 2015. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Shares were only listed on the Stock Exchange on 10 September 2015, no interests or short positions of any director (the “Director(s)”) and/or chief executive of the Company in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) were required to be recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as at 30 June 2015.

OTHER INFORMATION

For illustration purpose, immediately following the completion of the global offering of the Shares on 10 September 2015, assuming the Over-allotment Option (as defined in the Prospectus) is not exercised and taking no account of the Shares which may be issued pursuant to the exercise of the options may be granted under the Share Option Scheme, the following person has an interest or a short position in the Shares required to be recorded in the register required to be kept under Section 352 of Part XV of the SFO:

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding in the Company (%)
Mr. Lao Songsheng	Interest of controlled corporations	119,698,460 (long position) (note)	41.8

Note: Out of these 119,698,460 Shares, 12,892,000 Shares are beneficially owned by Shun Ao Holdings Limited ("Shun Ao") and 106,806,460 Shares are beneficially owned by Golden Prime Holdings Limited ("Golden Prime"). Shun Ao 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 Songsheng. Accordingly, Mr. Lao Songsheng is deemed to be interested in the Shares held by Golden Prime and Shun Ao. Pursuant to a stock borrowing agreement entered between Shun Ao and China Everbright Securities (HK) Limited on 2 September 2015, China Everbright Securities (HK) Limited has borrowed 3,980,000 Shares from Shun Ao.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The Shares was only listed on the Stock Exchange on 10 September 2015, no disclosure of interests or short positions in any Shares or underlying Shares of the Company were required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO as at 30 June 2015.

For illustration purpose, immediately following the completion of the global offering of the Shares on 10 September 2015, assuming the Over-Allotment Option (as defined in the Prospectus) is not exercised and taking no account of the Shares which may be issued pursuant to the exercise of the options may be granted under the share option scheme of the Company, the following persons will have interests or short position in the Shares or underlying Shares which will be required to be recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding in the Company (%)
Golden Prime (note 1)	Beneficial owner	106,806,460 (long position)	37.3
Xing Nong Holdings Limited (note 2)	Beneficial owner	55,208,173 (long position)	19.2
Jina Nong Holding Limited (note 3)	Beneficial owner	25,985,367 (long position)	9.1

OTHER INFORMATION

Notes:

1. Golden Prime is a company incorporated in the BVI. As at 30 June 2015, Golden Prime had 45 individual shareholders, of whom Mr. Lao Songsheng was interested in approximately 34.6% of its issued shares, Ms. Wang Yanfen was interested in approximately 3.310%, Mr. Wu Zhaohui was interested in approximately 0.649%, Mr. Chen Yijian was interested in approximately 5.806% and Ms. Lao Weiping was interested in approximately 4.436% and each of the other shareholders was interested in less than 5.0% of its issued shares. Accordingly, Mr. Lao Songsheng is deemed to be interested in the Shares held by Gold Prime under the SFO.
2. Xing Nong Holdings Limited (“Xing Nong”) is a company incorporated in the BVI. As at 30 June 2015, Xing Nong had 397 individual shareholders, of whom Mr. Lao Songsheng was interested in approximately 7.44% of its issued shares and each of the other shareholders was interested in less than 2.0% of its issued shares.
3. Jian Nong Holdings Limited (“Jian Nong”) is a company incorporated in the BVI. As at 30 June 2015, Jian Nong had 317 individual shareholders, of whom Mr. Lao Songsheng was interested in approximately 17.173% of its issued share and each of the other shareholders was interested in less than 2.0% of its issued shares.

SHARE OPTION SCHEME

The shareholders of the Company approved a share option scheme on 19 August 2015 for the purposes of, among others, motivating the management and employees to optimise their performance efficiency for the benefit of the Group. No option has been granted up to the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors’ dealings in the securities of the Company. As the Shares were listed on 10 September 2015, the provisions under the Listing Rules in relation to compliance with the Model Code were not applicable to the Company during the Period. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code throughout the period from the Listing Date up to the date of this report.

CORPORATE GOVERNANCE

As the Shares were not listed on the Stock Exchange as at 30 June 2015, the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “Corporate Governance Code”) was not applicable to the Company during the Period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the Corporate Governance Code. The audit committee consists of three independent non-executive Directors, namely, Mr. Shin Yick Fabian, Mr. Guan Shiping and Ms. Lao Weiping, and is chaired by Mr. Shin Yick Fabian who possesses appropriate accounting and related financial management expertise. The primary duties of the audit committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company and to perform other duties and responsibilities as assigned by the Board.

OTHER INFORMATION

The interim financial information is unaudited, but has been reviewed by the auditor of the Company. The audit committee has discussed with the auditor of the Company and has reviewed the accounting principles and practices adopted by the Company, and has reviewed the unaudited financial results of the Group for the Period.

PUBLICATION OF UNAUDITED INTERIM REPORT

This interim report is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.skl.com.cn.

By order of the Board
China Shun Ke Long Holdings Limited
Lao Songsheng
Chairman and Executive Director

Hong Kong, 22 September 2015