SHUN CHEONG HOLDINGS LIMITED
順昌集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 650)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The Board of Directors (the "Board") of Shun Cheong Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2016. The interim results of the Group are unaudited but have been reviewed by the audit committee of the Company (the "Audit Committee").

FINANCIAL SUMMARY

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Revenue	**34,038**	68,364
Gross (loss)/profit	**(13,571)**	129
EBITDA	**(368,287)**	12,024
Adjusted EBITDA	**(7,667)**	12,024
Loss for the period	**(399,448)**	(19,663)
Basic and diluted loss per share *(HK$ per share)*	**(0.33)**	(0.02)

	As at 30 September 2016	As at 31 March 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Property, plant and equipment	**532,943**	571,857
Cash and cash equivalents	**537,940**	15,266
Total assets	**2,942,127**	779,980
Total equity	**2,152,344**	313,551

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 — UNAUDITED

		Six months ended 30 September	
		2016	2015
	Note	***HK$'000***	*HK$'000*
			(restated)
			(Note 2)
Revenue	*5*	**34,038**	68,364
Cost of sales		**(47,609)**	(68,235)
Gross (loss)/profit		**(13,571)**	129
Administrative expenses		**(11,254)**	(10,880)
Taxes other than income tax		**(2,397)**	(4,787)
Exploration expenses, including dry holes		**(353)**	(776)
Listing expense and related transaction costs	*6(b)*	**(360,620)**	–
Loss from operations		**(388,195)**	(16,314)
Finance income		**15**	82
Finance costs	*6(a)*	**(6,645)**	(4,784)
Net finance costs		**(6,630)**	(4,702)
Loss before taxation	*6*	**(394,825)**	(21,016)
Income tax	*7*	**(4,623)**	1,353
Loss for the period		**(399,448)**	(19,663)
Loss per share	*8*		
Basic and diluted		**HK$(0.33)**	HK$(0.02)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 — UNAUDITED

	Note	Six months ended 30 September **2016** ***HK$'000***	 2015 *HK$'000* (restated) *(Note 2)*
Loss for the period		**(399,448)**	(19,663)
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
— financial statements of overseas subsidiaries		**(9,769)**	9,799
Other comprehensive income for the period		**(9,769)**	9,799
Total comprehensive income for the period		**(409,217)**	(9,864)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2016 — UNAUDITED

	Note	At 30 September 2016 HK$'000	At 31 March 2016 HK$'000 (restated) (Note 2)	At 1 April 2015 HK$'000 (restated)
Non-current assets				
Property, plant and equipment		**532,943**	571,857	652,498
Construction in progress		**12,125**	1,502	4,290
Intangible assets		**28,313**	29,664	32,424
Lease prepayments		**10,737**	11,248	12,156
Other non-current assets		**37,548**	40,290	31,881
Deferred tax assets		**–**	–	2,220
		621,666	654,561	735,469
Current assets				
Inventories		**4,014**	5,765	5,075
Trade and other receivables	*9*	**1,778,507**	77,985	145,709
Current tax recoverable		**–**	26,403	–
Cash and cash equivalents	*10*	**537,940**	15,266	7,601
		2,320,461	125,419	158,385
Current liabilities				
Trade and other payables	*11*	**317,414**	320,560	533,277
Bank and other borrowings		**104,464**	108,011	244,993
		421,878	428,571	778,270
Net current assets/(liabilities)		**1,898,583**	(303,152)	(619,885)
Total assets less current liabilities		**2,520,249**	351,409	115,584

	Note	At 30 September 2016 HK$'000	At 31 March 2016 HK$'000 (restated) (Note 2)	At 1 April 2015 HK$'000 (restated)
Non-current liabilities				
Convertible bonds	*12*	**114,794**	–	–
Convertible note	*13*	**213,325**	–	–
Deferred tax liabilities		**6,710**	2,087	–
Provisions		**33,076**	35,771	37,912
		367,905	37,858	37,912
NET ASSETS		**2,152,344**	313,551	77,672
CAPITAL AND RESERVES				
Share capital	*14(b)*	**43,646**	3,473	3,473
Reserves		**2,108,698**	310,078	74,199
TOTAL EQUITY		**2,152,344**	313,551	77,672

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shun Cheong Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its head office and principal place of business is located at Suite 2302, Wing On Centre, 111 Connaught Road Central, Hong Kong.

During the six months ended 30 September 2016, the Reverse Takeover Transaction (as defined below) involving a new listing application was completed. The details of the Reverse Takeover Transaction are set out in the Company's circulars dated 29 June 2016 and 4 August 2016 and the Company's announcements dated 29 July 2016 and 26 August 2016. The following transactions have been completed:

- Pursuant to a sale and purchase agreement, Titan Gas Technology Investment Limited ("Titan Gas") acquired 175,000,000 ordinary shares of the Company held by Upsky Enterprises Limited ("Upsky") and the Company's convertible bonds with an aggregate principal amount of HK$96,833,000 held by Tanisca Investments Limited ("Tanisca"). Upsky was the Company's former ultimate holding company. Upsky and Tanisca are ultimately controlled by Mr. Mo Tianquan, the ultimate beneficial owner of Upsky.

- Pursuant to the subscription agreement, a total of 4,017,323,774 subscription shares were allotted and issued, comprising (i) 1,269,414,575 ordinary shares at a subscription price of HK$0.6696 each; (ii) the tranche 1 ("Tranche 1") preferred shares of 1,373,954,600 preferred shares at a subscription prices of HK$0.6696 each; and (iii) the tranche 2 ("Tranche 2") preferred shares of 1,373,954,599 preferred shares at a subscription prices of HK$0.6696 each. The 2,747,909,199 preferred shares of the Company issued pursuant to the subscription agreement are non-voting and convertible into 2,747,909,199 new ordinary shares.

- Pursuant to an acquisition agreement, the Company acquired the entire equity interest of Xilin Gol League Hongbo Mining Development Company Limited 錫林郭勒盟宏博礦業開發有限公司 ("Hongbo Mining"), a limited liability company established in the PRC, at a consideration of RMB558,880,000 (equivalent to HK$652,211,000).

- Pursuant to a convertible note subscription agreement, the Company issued the convertible note in an aggregate principal amount of HK$250,000,000 which is convertible into 373,357,228 ordinary shares at a conversion price of HK$0.6696 per share.

- Pursuant to a divestment agreement, the Company sold to Upsky the entire interests in the two wholly-owned subsidiaries, namely Aykens Holdings Limited and Hopland Enterprises Limited (collectively the "Divestment Group"), the aggregate amount of net receivables owed by the Divestment Group to the Company and the shares of SouFun Holdings Limited held by the Company at a total consideration of HK$1.

The above transactions (collectively referred to as "Reverse Takeover Transaction") were completed on 29 July 2016 (the "Completion Date"). As a result, the principal activities of the Company and its subsidiaries (the "Group") have changed from hotel and restaurant operations as carried out by the Divestment Group to upstream oil exploration, development and production as carried out by Hongbo Mining.

At 30 September 2016, the directors consider the immediate parent of the Group to be Titan Gas, incorporated in the British Virgin Islands, which is 100% held by Titan Gas Technology Holdings Limited. Titan Gas Technology Holdings Limited is owned as to 35.15% by Standard Gas Capital Limited, 49.14% by IDG-Accel China Capital II L.P. and IDG-Accel China Capital II Investors L.P., 8.05% by Mr. Wang Jingbo and 6.87% by Kingsbury International Holdings Co., Ltd..

2 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 21 November 2016.

Although the Reverse Takeover Transaction (see Note 1) has been structured such that the Company acquired the entire equity interest of Hongbo Mining, the deemed former shareholders of Hongbo Mining became the majority shareholders of the combined group as a result. Accordingly, the consolidated interim financial information of the Company has been presented as a continuation of the financial information of Hongbo Mining, such that:

(i) the assets and liabilities of Hongbo Mining were recognised and measured at their carrying amounts;

(ii) the identifiable assets and liabilities of the Company were recognised and measured initially at their fair value on the Completion Date; and

(iii) the comparative information presented in the interim financial information was restated to be that of Hongbo Mining adjusted to reflect the Company's capital structure.

Hongbo Mining's financial statements for the year ended 31 December 2015 are included in Appendix III to the circular of the Company dated 29 June 2016.

In addition, as the Company divested its original business as part of the Reverse Takeover Transaction, the overall transaction does not constitute a business combination in accordance with HKFRS 3 *Business Combinations*. Instead, Hongbo Mining was deemed to have issued shares to acquire the identifiable net liabilities and the listing status of the Company in accordance with HKFRS 2 *Share-based Payment*. Consequently, the difference in the fair value of the shares deemed to have been issued by Hongbo Mining and the fair value of the Company's identifiable net liabilities has been accounted for as payment for a service of a stock exchange listing for shares, recognised in profit or loss during the period (see Note 15).

The interim financial information has been prepared in accordance with the accounting policies of Hongbo Mining, which are disclosed in Hongbo Mining's 2015 annual financial statements, in addition to the same accounting policies adopted in the Company's annual financial statements for the year ended 31 March 2016, except for the accounting policy changes that are expected to be reflected in the Company's annual financial statements for the year ending 31 March 2017. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and Hongbo Mining since their latest annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual Improvements to HKFRSs 2012–2014 Cycle
- Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to HKFRSs 2012–2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 34, *Interim financial reporting*, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial information as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*

The amendments to HKAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial information.

4 SEGMENT REPORTING

As a result of the Reverse Takeover Transaction, the Group's principal activities have changed from hotel and restaurant operations as carried out by the Divestment Group to upstream oil exploration, development and production as carried out by Hongbo Mining. The Group's most senior executive management regularly review its financial statements as a whole to assess the performance and make resource allocation decisions. Accordingly, no segment information is presented.

The Group's external customer and non-current assets are located in the PRC.

5 REVENUE

The Group is engaged in the exploration, development, production and sale of crude oil. Revenue represents the sales value of goods supplied to the customer, net of value added tax. The Group only has one customer during the reporting period.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
		(restated)
Interest on banks and other borrowings	**2,600**	2,998
Interest expenses on convertible bonds and convertible note	**2,894**	–
Others	**1,151**	1,786
	6,645	4,784

(b) Other items

Amortisation	**2,126**	1,693
Depreciation	**18,918**	28,349
Operating leases charges: minimum lease payments		
— buildings	**571**	496
Expenses incurred in relation to the Reverse Takeover Transaction *(Note 1)*		
— Listing expense *(Note 15)*	**294,390**	–
— Other transaction costs	**66,230**	–

7 INCOME TAX

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
		(restated)
Deferred tax		
— Origination and reversal of temporary differences	**4,623**	(1,353)

Provision for Hong Kong Profits Tax of the Company is calculated at 16.5% of the estimated assessable profits. Hongbo Mining is subject to PRC enterprise income tax at the statutory rate of 25%.

No provisions for Hong Kong profits tax and PRC enterprise income tax have been made as the Group does not have any estimated assessable income arising in Hong Kong or the PRC for both the current and prior periods.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the parent of HK$399,448,000 (six months ended 30 September 2015 (restated): HK$19,663,000) and the weighted average of 1,196,507,687 ordinary shares of (six months ended 30 September 2015 (restated): 974,031,452 shares) in issue during the interim period.

The weighted average number of shares used for the purpose of calculating basic loss per share for the six-months ended 30 September 2015 is calculated on the basis of the number of the ordinary shares deemed to be issued for the acquisition of Hongbo Mining pursuant to the Reverse Takeover Transaction (Note 1).

The weighted average number of shares used for the purpose of calculating basic loss per share for the six-months ended 30 September 2016 is calculated on the basis of deemed issues of shares for the acquisition of the Hongbo Mining (as described above) before the Completion Date and the actual number of ordinary shares in issue between the Completion Date to 30 September 2016.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2016 and 2015 in respect of a dilution as the impact of the convertible bonds, convertible note and preferred shares had an anti-dilutive effect on the basic loss per share amounts presented.

9 TRADE AND OTHER RECEIVABLES

	At 30 September 2016 *HK$'000*	At 31 March 2016 *HK$'000* (restated)
Within 1 month	**10,127**	8,019
1 to 6 months	**44,049**	45,700
Trade receivables	**54,176**	53,719
Prepayment to suppliers	**10,078**	9,098
Receivables of preferred shares *(Note 14(b)(ii))*	**1,706,694**	–
Others receivables	**7,559**	15,168
	1,778,507	77,985

10 CASH AND CASH EQUIVALENTS

	At 30 September 2016 *HK$'000*	At 31 March 2016 *HK$'000* (restated)
Cash at bank and in hand	**537,940**	15,266

11 TRADE AND OTHER PAYABLES

	At 30 September 2016 HK$'000	At 31 March 2016 HK$'000 (restated)
Within 1 year	**64,838**	47,817
Over 1 year but within 2 years	**81,264**	103,949
Over 2 years but within 3 years	**26,802**	17,736
Over 3 years	**4,109**	1,568
Trade payables	**177,013**	171,070
Amount due to immediate holding company	**1,109**	–
Taxes other than income tax	**10,097**	9,983
Guarantee deposit	**40,652**	42,004
Payable to Shanxi Yanchang Petroleum (Group) Company Limited (Yanchang Oil Mineral Administrative Bureau)	**70,387**	92,096
Others	**18,156**	5,407
	317,414	320,560

12 CONVERTIBLE BONDS

For accounting purpose, Hongbo Mining (as acquirer) is deemed to have issued shares to acquire the identifiable net liabilities (including convertible bonds) and the listing status of the Company at the Completion Date (see Note 15). The convertible bonds have total nominal value of HK$120,000,000. Interest at 1 % per annum is payable half year in arrears. The convertible bonds are convertible into the Company's ordinary shares at a conversion price of HK$0.0672 per share at any time before 30 April 2018.

The fair value of the liability component of the convertible bonds was estimated at the Completion Date by the directors of the Company with reference to the valuation performed by an independent professional valuer. The fair value of the liability component of the convertible bonds is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible bonds and discount rate that reflect the credit risk of the Company. The discount rate used was 4.12% per annum.

13 CONVERTIBLE NOTE

On 29 July 2016, the Company issued the convertible note with an aggregate principal amount of HK$250,000,000. According to the terms of the convertible note, no interest shall be payable on the entire principal amount and the maturity date is the third anniversary of the completion date, i.e. 29 July 2019. The holder of the convertible note ("CN holder") has the right to convert all of the convertible note into the Company's ordinary shares at a conversion price of HK$0.6696 per share. During the period starting from the first day of the 31st month following 29 July 2016, the CN holder has the right to request the Company to redeem the convertible note by paying the CN holder a redemption premium of HK$125,000,000 as well as the principal amount of HK$250,000,000.

The convertible note has been accounted for as a compound financial instrument containing an equity component and a liability component. The liability component was initially measured at fair value of HK$211,218,000 and carried at amortised cost. The excess of the principal amount over the fair value of the liability component of HK$38,782,000 was recognised within equity.

The fair value of the liability component of the convertible note was estimated at the Completion Date by the directors of the Company with reference to the valuation performed by an independent professional valuer. The fair value of the liability component of the convertible note is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible note and discount rate that reflect the credit risk of the Company. The discount rate used was 5.78% per annum.

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividends were paid, declared or proposed during the six months ended 30 September 2016 and 2015.

(b) Share capital

	Ordinary shares		Preferred shares		Total	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
	'000	*HK$'000*	*'000*	*HK$'000*	*'000*	*HK$'000*
Shares of HK$0.01 each						
Authorised:						
At 1 April 2015, 30 September 2015 and 31 March 2016	8,000,000	80,000	–	–	8,000,000	80,000
Increase in authorised shares *(i)*	–	–	5,000,000	50,000	5,000,000	50,000
At 30 September 2016	8,000,000	80,000	5,000,000	50,000	13,000,000	130,000
Issued, paid or payable:						
At 1 April 2015, 30 September 2015 and 31 March 2016	347,326	3,473	–	–	347,326	3,473
Allotment and issuance of shares *(ii)*	1,269,415	12,694	2,747,910	27,479	4,017,325	40,173
At 30 September 2016	1,616,741	16,167	2,747,910	27,479	4,364,651	43,646

(i) Pursuant to a special resolution passed on 22 July 2016, the authorised share capital of the Company was increased from HK$80,000,000 to HK$130,000,000 by the creation of 5,000,000,000 preferred shares of HK$0.01 each.

(ii) At the Completion Date, the Company issued 1,269,414,575 ordinary shares at a subscription price of HK$0.6696 per share for cash and 2,747,909,199 preferred shares at the subscription price of HK$0.6696 per share.

Key terms of the preferred shares are as follows:

- The total cash consideration for the subscription is HK$1,840,000,000, of which HK$133,306,000 was received on the Completion Date. The remaining HK$1,706,694,000 shall be fully paid within one year of the Completion Date;

- Holders of fully-paid preferred shares will be entitled to all rights and privileges of the preferred shares;

- None of the preferred shares shall confer on the holders thereof the right to receive out of the funds of the Company available for distribution;

- The holders of the preferred shares shall be entitled to the net assets of the Company on an as-if-converted basis. Even if the preferred shares are not fully paid on liquidation, winding up or dissolution of the Company, the preferred shares shall entitle the holder the Company's net assets and at the same time the Company has the right to request full payment of the subscription price from the holder; and

- The fully-paid preferred shares are convertible into the Company's ordinary shares.

15 ACQUISITION

As mentioned in Note 2, although the Reverse Takeover Transaction has structured such that the Company acquired the entire equity interest of Hongbo Mining, Hongbo Mining is treated as the acquirer, for accounting purpose. Hongbo Mining is deemed to have issued shares to acquire the identifiable net liabilities and the listing status of the Company. The difference of the fair value of the shares deemed to have been issued by Hongbo Mining and the fair value of identifiable net liabilities has been accounted for as payment for the listing status.

Details of the identifiable net liabilities of the Company and listing expense arising from the Reverse Takeover Transaction as at the Completion Date are as follows:

	HK$'000
Other receivables	812
Cash at bank and in hand	495
Trade and other payables	(10,050)
Convertible bonds *(Note 12)*	(114,208)
Total identifiable net liabilities at fair value	(122,951)
Listing expense	294,390
Fair value of the deemed shares issued by Hongbo Mining	171,439

16 COMMITMENT

(a) Capital commitment outstanding not provided for in the interim financial information is as follows:

	At 30 September 2016 *HK$'000*	At 31 March 2016 *HK$'000* (restated)
Contracted, but not provide for:		
— property, plant and equipment	**5,302**	6,079

(b) As at the respective reporting period end dates, total future minimum lease payments under non-cancellable operating leases payable are as follows:

	At 30 September 2016 *HK$'000*	At 31 March 2016 *HK$'000* (restated)
Within 1 year	**808**	720
After 1 year but within 5 years	**527**	–
	1,335	720

17 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of Group, including amounts paid to Group's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 September	
	2016 *HK$'000*	2015 *HK$'000* (restated)
Short-term employee benefits	**1,223**	1,953
Post-employment benefits	**50**	98
	1,273	2,051

(b) Transactions with other related parties

The Group had the following material transactions with related parties during the reporting period.

	Six months ended 30 September 2016 *HK$'000*	2015 *HK$'000* (restated)
With former holding company and fellow subsidiaries		
— advances received	**(31)**	(19,158)
— repayment of advances	**3,549**	22,556
— proceeds from borrowings	**–**	(2,790)
— repayment of borrowings	**–**	6,820
— rental expense	**317**	496
— prepayment	**–**	2,437
— increase in net payables	**(317)**	(20,015)
With former other related party		
— decrease in net payables	**–**	24,034
With immediate holding company		
— increase in net payables	**(1,109)**	–

The Group's outstanding balances with related parties are as follows:

	At 30 September 2016 *HK$'000*	At 31 March 2016 *HK$'000* (restated)
Trade and other receivables		
— former fellow subsidiaries	**–**	7,483
— immediate holding company	**897,887**	–
Other non-current assets		
— a former fellow subsidiary	**–**	4,332
Trade and other payables		
— immediate holding company	**(1,109)**	–

BUSINESS REVIEW

Change of the Group's principal activities and effects on financial reporting of the Group for the Reverse Takeover Transaction

On 29 July 2016 (the "Completion Date"), the Transfer and the Transactions (as defined in the Company's circular dated 29 June 2016 ("Circular")) (collectively the "Reverse Takeover Transaction") was completed. The Group's principal activities changed from hotel and restaurant operations in the People's Republic of China (the "PRC") to the exploration, development and production of crude oil in the PRC.

Although the Reverse Takeover Transaction has been structured such that the Company acquired the entire equity interest of 錫林郭勒盟宏博礦業開發有限公司 (Xilin Gol League Hongbo Mining Development Co., Ltd.*) ("Hongbo Mining"), the deemed former shareholders of Hongbo Mining became the majority shareholders of the combined group as a result. Accordingly, the consolidated interim financial information of the Company has been presented as a continuation of the financial information of Hongbo Mining, such that:

(i) the assets and liabilities of Hongbo Mining were recognised and measured at their carrying amounts;

(ii) the identifiable assets and liabilities of the Company were recognised and measured initially at their fair value on the Completion Date; and

(iii) the comparative information presented in the interim financial information was restated to be that of Hongbo Mining adjusted to reflect the Company's capital structure.

Hongbo Mining's financial statements for the year ended 31 December 2015 are included in Appendix III to the Circular.

In addition, as the Company divested its original business as part of the Reverse Takeover Transaction, the overall transaction does not constitute a business combination in accordance with HKFRS 3 *Business Combinations*. Instead, Hongbo Mining was deemed to have issued shares to acquire the identifiable net liabilities and the listing status of the Company in accordance with HKFRS 2 *Share-based Payment*. Consequently, the difference in the fair value of the shares deemed to have been issued by Hongbo Mining and the fair value of the Company's identifiable net liabilities has been accounted for as payment for a service of a stock exchange listing for shares, recognised in profit or loss during the period.

Review of upstream oil and gas industry and the Group's business operations

In the first half of the 2016 financial year ("FY2016"), the upstream oil and gas industry experienced a substantial business cyclical downturn. The monthly average Brent Crude spot price for the first half of FY2016 was US$46 (equivalent to approximately HK$357) per barrel, which was at an industry low in the past ten years. As a result of the depressed oil prices and economic fluctuation, the Group's oil production volume decreased to approximately 141,145 barrels by approximately 36.5%; gross and net oil sales volume decreased to approximately 141,749 barrels and 113,400 barrels, respectively, by approximately 34.9%, and gross and net revenue decreased to approximately HK$42.5 million and HK$34.0 million, respectively, by approximately 50.2%, compared with the first half of the 2015 financial year.

In response to the decline in selling prices, the Group has actively adopted well control measures to stable the oil production and build up reserves during the period. Furthermore, a portion of the existing wells of the Group have entered natural production decline cycle, and thus the decline in production is considered a normal phenomenon. It is also important to note that the oil price rebounded from June 2016. In view of the optimistic oil price trend and after completion of the Subscription (as defined below), the Group drilled 3 new wells and fractured 13 producing wells towards the end of the first half of FY2016. Although the current daily production remained affected by the drop in oil prices and natural production decline correspondingly, a production boost is expected after these new measures have come into operation for a few months.

Use of proceeds from the Subscription and the Convertible Note Subscription

As described in the Circular and the Company's announcement dated 29 July 2016 (the "Announcement"), on 29 July 2016, the Company completed, among others, the following transactions:

1. a subscription of certain ordinary shares and preferred shares issued by the Company by Titan Gas Technology Investment Limited ("Titan Gas") and other subscribers (the "Subscription"); and

2. a subscription of convertible note issued by the Company to League Way Ltd. (the "CN Subscription").

The following table summarises the proposed use of proceeds and the actual use of proceeds available from the Subscription and the CN Subscription:

Transaction	Gross proceeds *(HK$ million)*	Amount received *(HK$ million)*	Amount receivable *(HK$ million)*	Proposed use of proceeds	Actual use of proceeds
Subscription	2,690	983	1,707	— approximately HK$60 million for the payment of the transaction expenses;	— approximately HK$63 million was used to settle the payment of the transaction expenses;
				— approximately HK$665 million for the payment of the consideration for the acquisition of the entire equity interest of Hongbo Mining (the "Acquisition");	— approximately HK$652 million was used to settle the payment for the Acquisition; and
				— approximately HK$400 million to finance the repayment of Hongbo Mining's payables and borrowings;	
				— approximately HK$800 million to finance the development plan of the currently explored areas in Block 212 in Inner Mongolia ("Block 212");	— approximately HK$20 million was used for the development work in Block 212 *(Note)*
				— approximately HK$450 million for exploration and development of other areas in Block 212;	
				— approximately HK$115 million to finance the operating expenses of Hongbo Mining as well as the restructured Group; and	
				— approximately HK$200 million for expanding the business of the Group by acquiring other oil companies and the further exploration, development and production of the other newly acquired oil and gas projects.	

Transaction	Gross proceeds *(HK$ million)*	Amount received *(HK$ million)*	Amount receivable *(HK$ million)*	Proposed use of proceeds	Actual use of proceeds
CN Subscription	250 (being the principal amount of the convertible note)	250	Nil	— approximately HK$200 million to expand the restructured Group's business by acquiring other oil companies and the further exploration, development and production of the other newly acquired oil and gas projects; and — approximately HK$50 million to finance the operations of Hongbo Mining and to be used as general working capital of the restructured Group.	— approximately HK$1 million was used for the general working capital of the restructured Group.

Note:

Hongbo Mining received HK$47 million from the Company but has not yet utilised any as at 30 September 2016. Hongbo Mining carried out development work in Block 212 and incurred a total cost of approximately HK$20 million for the six months ended 30 September 2016, but no cash payments had been made up to 30 September 2016.

OUTLOOK

Oil price rebounded after June 2016, with the average price of the Brent Crude for October and November 2016 reached approximately US$50 (equivalent to approximately HK$388) and approximately US$47 (equivalent to approximately HK$365) per barrel, respectively, with continued volatile swings, given concerns on the global crude oil oversupply. The market generally expects that mid and long term oil price to recover gradually.

In the first half of FY2016, the Group achieved a major breakthrough on the newly drilled Y9-1 well, which reaches a daily high production of 156 barrels per day on the well test stage and is one of the highest daily production wells in Block 212. This remarkable progress provides a solid foundation for further development in the block. The Y9-1 well is located at the boundary of Unit 2 and Unit 19 and its high production volume may reflect potential new underground reserves, pending further production and geographical information for further analysis. The Group will first study the production statistics of the Y9-1 well and evaluate the impact on the whole development plan for new wells drilling. This has temporarily affected the drilling plan of the Group in 2016, but the Group will follow up, expedite and adhere to the general development plan in 2017. The Group will adopt a stable output strategy, prepare to invest a large amount of capital expenditure for further drilling and fracturing plan, based on the international oil market trend.

In view of the long term oil price recovery, the Group is also actively exploring appropriate potential acquisition targets overseas. Making strategic acquisitions of oil assets overseas is an important driver for growth and will greatly enhance shareholders' value. A counter-cyclical acquisition may provide a great opportunity to access world-class assets at a reasonable price. The board of directors (the "Board") of the Company believes the recent relatively low crude oil commodity price offers investors an attractive risk/return profile and diversification opportunities. The Group considers that there are many potential upstream oil assets in North America, especially in Eagle Ford shale, which have large oil reserves and could help provide the Group with a more diversified and balanced asset portfolio. The criteria relevant when selecting and evaluating future acquisition targets have already been disclosed in the Circular and the Group will continue to adopt the same strategy.

MAJOR RISK MANAGEMENT

Our market risk exposures primarily consist of oil price risk, currency risk, liquidity risk and interest rate risk.

Price risk

The Group is engaged in petroleum-related activities. Prices of crude oil are affected by a wide range of global and domestic political, economic and military factors which are beyond the control of the Group. A decrease in such prices could adversely affect the Group's financial position. The Group has not used any derivative instruments to hedge against potential price fluctuations of crude oil.

Currency risk

The majority of the Group's operation sales, production and other expenses in China are in RMB. The RMB is not a freely convertible currency and is regulated by the PRC government. Limitations on foreign exchange transactions imposed by the PRC government could cause future exchange rates to vary significantly from current or historical exchange rates.

The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Liquidity risk

The liquidity of the Group is primarily dependent on its ability to obtain sufficient financing from its bankers and shareholders. The Group manages liquidity risk by considering historical cash requirements as well as other key factors, including sufficient financing from its bankers and shareholders.

Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group reviews and monitors the mix of fixed and floating rate loans in order to manage its interest rate risks.

REVIEW OF OPERATING RESULTS

Comparing six months ended 30 September 2016 to six months ended 30 September 2015

Revenue

The Group's revenue decreased by approximately HK$34.3 million, or approximately 50.2%, from approximately HK$68.4 million for the six months ended 30 September 2015 to approximately HK$34.0 million for the six months ended 30 September 2016.

The Group's crude oil is priced mainly with reference to international market prices, including Brent Crude and Daqing crude oil, etc. The decrease was mainly due to the decrease in crude oil prices and the Group's net sales volume. The average unit selling price of the Group's crude oil decreased to approximately HK$300 per barrel for the six months ended 30 September 2016 from approximately HK$392 per barrel for the six months ended 30 September 2015, which was consistent with the trend of global oil prices. The average Brent Crude for the six months ended 30 September 2016 decreased to approximately HK$354 per barrel as compared to approximately HK$434 per barrel for the six months ended 30 September 2015. The Group's net sales volume decreased to approximately 113,400 barrels for the six months ended 30 September 2016 from approximately 174,207 barrels for the six months ended 30 September 2015, which was mainly due to the decline of production volume as a result that Group only commenced the development plan (including new drilling work and fracturing) from the end of August 2016. For further details on the decline of the production volume, please refer to "Business Review — Review of Upstream Oil and Gas Industry and the Group's Business Operations".

Cost of sales

The Group's cost of sales decreased by approximately HK$20.6 million, or approximately 30.2%, from approximately HK$68.2 million for the six months ended 30 September 2015 to approximately HK$47.6 million for the six months ended 30 September 2016.

The decrease was primarily attributable to (i) the decrease in depreciation of oil and gas properties, which was mainly attributable to a decreased production volume of crude oil; and (ii) the decrease in extraction costs mainly for a lower number of fracturing of the existing wells to improve/maintain crude oil production rates and lower suppliers' service charges.

Gross (loss)/profit

The Group recorded gross profit of approximately HK$0.1 million for the six months ended 30 September 2015 and gross loss of approximately HK$13.6 million for the six months ended 30 September 2016, which was primarily driven by the decrease in the Group's average unit selling price of crude oil.

The gross profit margin of the Group was temporarily adversely affected by (i) the slight increase in the Group's average unit production cost primarily due to the decrease in production volume which led to a higher fixed cost per unit production; and (ii) the significant decrease in the Group's average unit selling price primarily due to the extreme adverse market conditions.

Administrative expenses

The Group's administrative expenses remained stable at approximately HK$10.9 million and HK$11.3 million for the six months ended 30 September 2015 and 2016, respectively.

Taxes other than income tax

The Group's taxes other than income tax decreased by approximately HK$2.4 million, or approximately 49.9%, from approximately HK$4.8 million for the six months ended 30 September 2015 to approximately HK$2.4 million for the six months ended 30 September 2016, which was mainly due to the decrease in resources tax levied on the sale of crude oil primarily attributable to the drop of revenue.

Exploration expenses, including dry holes

The Group did not carry out material exploration activities during the six months ended 30 September 2016 primarily due to insufficient financial resources prior to the Completion Date.

The Group's exploration expenses decreased by approximately HK$0.4 million, or approximately 54.5%, from approximately HK$0.8 million for the six months ended 30 September 2015 to approximately HK$0.4 million for the six months ended 30 September 2016, which was mainly due to the reduction of the number of staff members for exploration work.

Listing expense and related transaction costs

The Group recognised listing expense of approximately HK$294.4 million for the six months ended 30 September 2016 upon the S&P Completion (as defined in the Circular) and the completion of the Transfer and the Transactions (as defined in the Circular) by applying the principles of reverse acquisition in HKFRS 3 and related transaction costs of approximately HK$66.2 million primarily for professional services rendered in relation to the Transfer and the Transactions as well as the related general offer during the six months ended 30 September 2016.

The Acquisition would be accounted for in the Group's financial statements as a continuation of the financial statements of Hongbo Mining, together with a deemed issue of equity, and a re-capitalisation of the equity of Hongbo Mining. The Acquisition and the Divestment (as defined in the Circular) were completed simultaneously and the Company was only a non-operating public corporation at the Completion Date. Since the Company is not a business under HKFRS 3, at the Completion Date, the fair value of the shares deemed to have been issued by Hongbo Mining and the fair value of the Company's identifiable net liabilities received should be treated in its entirety as a payment for listing and expensed when incurred.

Whilst such listing expense is a notional expense without any impact on the Group's net assets and cash flow, they would have a material adverse impact on the Group's results for the year ending 31 March 2017. The management does not consider this one-off notional non-cash listing expense shall have any adverse impact on the actual operations of the Group.

Net finance costs

The Group's net finance costs increased by approximately HK$1.9 million, or approximately 41.0%, from approximately HK$4.7 million for the six months ended 30 September 2015 to approximately HK$6.6 million for the six months ended 30 September 2016, which was primarily due to the recognition of effective interest expense on convertible note of HK$2.1 million.

Loss before taxation

The Group's loss before taxation significantly increased by approximately HK$373.8 million from approximately HK$21.0 million for the six months ended 30 September 2015 to approximately HK$394.8 million for the six months ended 30 September 2016, which was primarily due to the cumulative effects of factors given above.

Income tax

The Group's income tax changed from a deferred tax credit of approximately HK$1.4 million for the six months ended 30 September 2015 to a deferred tax expense of approximately HK$4.6 million for the six months ended 30 September 2016. The change was mainly in relation to the movements of the deferred tax assets and liabilities arising from the temporary differences of the provision for abandonment, depreciation of oil and gas properties, amortisation of intangible assets and accrued expenses.

Loss for the period

The Group's loss for the period significantly increased by approximately HK$379.8 million from approximately HK$19.7 million for the six months ended 30 September 2015 to approximately HK$399.4 million for the six months ended 30 September 2016, which was primarily due to the cumulative effects of factors given above.

EBITDA and adjusted EBITDA

The management prepared a reconciliation of EBITDA and adjusted EBITDA to loss before taxation, our most directly comparable financial performance calculated and presented in accordance with HKFRS. EBITDA refers to earnings before interest expenses, income tax, depreciation and amortisation. Adjusted EBITDA refers to EBITDA adjusted to exclude non-recurring items, including listing expense and related transaction costs.

The management believe that EBITDA and adjusted EBITDA are financial measures commonly used in the oil and gas industry as supplemental financial measures by the management and by investors, research analysts, bankers and others to assess the Group's operating performance, cash flow and return on capital as compared to those of other companies in the oil and gas industry, and the Group's ability to take on financing. However, EBITDA and adjusted EBITDA should not be considered in isolation or construed as alternatives to profit from operations or any other measure of performance or as an indicator of the Group's operating performance or profitability. EBITDA and adjusted EBITDA fail to account for income tax, interest expenses, depreciation and amortisation.

The following table presents a reconciliation of EBITDA and adjusted EBITDA to loss before taxation for the periods indicated:

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Loss before taxation	**(394,825)**	(21,016)
Add: Interest expenses	**5,494**	2,998
Add: Depreciation and amortisation	**21,044**	30,042
EBITDA	**(368,287)**	12,024
Add: Listing expense and related transaction costs	**360,620**	–
Adjusted EBITDA	**(7,667)**	12,024

The Group's EBITDA changed from a profit of approximately HK$12.0 million for the six months ended 30 September 2015 to a loss of approximately HK$368.3 million for the six months ended 30 September 2016. The decrease was primarily attributable to (i) the recognition of significant listing expense and related transaction costs; and (ii) the decrease in crude oil prices and net sales volume.

The Group's adjusted EBITDA changed from a profit of approximately HK$12.0 million for the six months ended 30 September 2015 to a loss of approximately HK$7.7 million for the six months ended 30 September 2016, which was primarily attributable to the decrease in crude oil prices and net sales volume.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations primarily through a combination of bank and other borrowings and proceeds from the Subscription and the CN Subscription. For further details of use of proceeds from the Subscription and the CN Subscription, please refer to "Business Review — Use of Proceeds from the Subscription and the Convertible Note Subscription".

The Group's cash and cash equivalents are mostly denominated in HK$ and RMB. As at 30 September 2016, the Group had unpledged cash and bank deposits of approximately HK$537.9 million (31 March 2016 (restated): HK$15.3 million).

As at 30 September 2016, the Group had outstanding unsecured six-month interest-bearing entrusted loans of approximately HK$104.5 million (31 March 2016 (restated): Third party loan of approximately HK$84.0 million and entrusted loan of approximately HK$24.0 million), which were all denominated in RMB. These short term loans carried fixed interest rate of 4.8% per annum (31 March 2016 (restated): floating interest rate of 1.1 times of the prevailing market interest rate published by People's Bank of China for the third party loan and fixed interest rate of 4.8% per annum for the entrusted loan).

As at 30 September 2016, the Group had a convertible note with carrying amount of approximately HK$213.3 million (31 March 2016 (restated): Nil). The principal amount of the convertible note is HK$250,000,000 pursuant to the CN Subscription Agreement, with the maturity date at the third anniversary of the date of the CN Subscription Completion (i.e. 29 July 2016) and that no interest shall be payable on the entire CN Principal Amount (as defined in the Circular).

As at 30 September 2016, the Group had convertible bonds with carrying amount of approximately HK$114.8 million (31 March 2016 (restated): Nil). The aggregate principal amount of the convertible bonds is HK$120,000,000, with the maturity date of 30 April 2018 and payable at an interest rate of 1% per annum.

The Group has not used any financial instrument to hedge potential fluctuation in interest rates and exchange rates.

As at 30 September 2016, the Group's gearing ratio (ratio of the sum of total bank and other borrowings, convertible bonds and convertible note to the total assets) was approximately 14.7% (31 March 2016 (restated): 13.8%).

CHARGES ON GROUP ASSETS

As at 30 September 2016, the Group did not have any charges on its assets (31 March 2016 (restated): Nil).

ACQUISITIONS AND DISPOSALS (INCLUDING ANY SIGNIFICANT INVESTMENTS)

Reference is made to the Circular and the Announcement.

On 29 July 2016, the Company completed the acquisition of the entire equity interest of Hongbo Mining which is principally engaged in the exploration, development and production of crude oil in Inner Mongolia of the PRC for the cash consideration of approximately RMB558,880,000.

On 29 July 2016, the Company completed the disposal of the entire equity interests of Aykens Holdings Limited and Hopland Enterprises Limited (together with their respective subsidiaries, the "Divestment Group") which were principally engaged in the hotel and restaurant business in the PRC (together with the Company's net account receivables owed by the Divestment Group) and the Company's investment in SouFun Holdings Limited for the consideration of HK$1.

Through the acquisition and the disposal, the Company has successfully transformed the Group's principal activities from its previous PRC hotel and restaurant business to upstream oil and gas business. The Company considers that this represents an important milestone given the great market opportunity in upstream oil and gas investments which opened up due to the recent cyclical trough of international oil and gas prices and the long term prospects of the oil and gas industry; as well as the operating and market challenges being faced, and the net liabilities recorded by the Divestment Group.

The Company will continue to look for opportunities to invest in other upstream oil and gas projects worldwide with a view to enhancing the Group's asset portfolio and overall investment return.

The Group did not hold any significant investment during the six months ended 30 September 2016.

CONTINGENT LIABILITIES

Hongbo Mining has been involved in a legal dispute with 北京炅湘鈺技術開發有限公司 Beijing Jiongxiangyu Technology Development Co. Ltd. (the "Claimant"). The dispute between Hongbo Mining and the Claimant is currently pending a rehearing by the Supreme People's Court and there was no development of this dispute during the six months ended 30 September 2016.

Please refer to the section headed "History and Business of the PRC Target — Litigation" and note 31 of Section B to "Appendix III — Accountants' Report on the PRC Target" in the Circular for further details.

Save as disclosed above, so far as known to the directors of the Company, there was no other litigation, arbitration or claim of material importance in which the Group is engaged or pending or which was threatened against the Group.

COMMITMENTS

Capital commitments

As at 30 September 2016, the Group had capital commitment of approximately HK$5.3 million (31 March 2016 (restated): HK$6.1 million) contracted but not provided for the acquisition of property, plant and equipment.

Operating lease commitments

As at 30 September 2016, the Group had operating lease commitments as lessee of approximately HK$1.3 million (31 March 2016 (restated): HK$0.7 million).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016.

EMPLOYEES

As at 30 September 2016, the Group had 76 (31 March 2016 (restated): 70) employees in Hong Kong and the PRC. For the six months ended 30 September 2016, the total staff costs (including the directors' emoluments) amounted to approximately HK$7.1 million (Six months ended 30 September 2015 (restated): HK$7.8 million). Employees' remuneration package was reviewed periodically and determined with reference to the performance of the individual and the prevailing market practices. Employees' remuneration package includes basic salary, year-end bonus, medical and contributory provident fund.

AUDIT COMMITTEE

The Audit Committee currently comprises two independent non-executive Directors, namely, Mr. Chau Shing Yim David (Chairman) and Mr. Shi Cen and one non-executive Director, namely, Mr. Lin Dongliang. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters including a review of the unaudited interim report for the six months ended 30 September 2016.

SUBSEQUENT EVENT

There is no material event undertaken by the Company or the Group subsequent to 30 September 2016 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2016.

CORPORATE GOVERNANCE

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of the current Directors, the current Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2016.

Compliance with Corporate Governance Code

In the opinion of the Board, the Company had complied with the applicable Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2016, except that:

1. CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Jingbo is both the Chairman of the Board and the Chief Executive Officer of the Company. The Board is of the opinion that such arrangement will not result in undue concentration of power and is conducive to the efficient formulation and implementation of the Company's strategies thus allowing the Company to develop its business more effectively.

2. CG Code provision A.5.6 stipulates that the Nomination Committee (or the Board) should have a policy concerning diversity of board members ("Board Diversity Policy"). The members of the Nomination Committee considered that the current Board composition allows the Board to perform its function efficiently, and therefore the Nomination Committee did not adopt a Board Diversity Policy. After further review by the Company's advisors, the Nomination Committee has decided to adopt a Board Diversity Policy to ensure strict compliance with the CG Code.

3. CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Certain non-executive Directors and independent non-executive Directors were unable to attend the special general meeting of the Company held on 22 July 2016 due to their other business commitments.

4. CG Code provision B.1.2 stipulates that the terms of reference of the Remuneration Committee should include, as a minimum, those specific duties as set out in the CG Code. The Company has adopted the terms of reference for the Remuneration Committee under the CG Code Provision B.1.2, except that the terms of reference do not include (i) "making recommendations" to the Board on the remuneration of Directors, remuneration policy and establishment of a formal and transparent procedure for developing such policy, (ii) "approving" the management's remuneration proposals and (iii) "approving" the compensation arrangements in connection with any loss or termination of office or appointment of executive Directors and senior management, and dismissal or removal of Directors for misconduct to ensure they are consistent with contractual terms. The Company was of the view that under the terms of reference for the Remuneration Committee, the Remuneration Committee has a duty to "review" the above matters which was sufficient to satisfy the requirement under CG Code provision B.1.2. Although not explicitly stated in the terms of reference, in practice, the Remuneration Committee has fully discharged its duties stated in CG Code provision B.1.2. After further review by the Company's advisors, the Company has decided to adopt a revised terms of reference (which came into effect on 21 November 2016) to ensure strict compliance with the CG Code.

NON-COMPETITION DEED

As disclosed in the Circular, each of the Controlling Shareholders (as defined in the Circular) and Lin Dongliang (together, the "Covenantors") have entered into a Non-Competition Deed (as defined in the Circular) in favour of the Company (for itself and for the benefit of its subsidiaries). With reference to the Circular, the Company organised a working meeting with the Covenantors in which the Company reviewed their business portfolios and considered that there was no opportunity to operate a Restricted Business (as defined in the Circular).

The Company has received confirmations from each of the Covenantors on full compliance with the Non-Competition Deed for the six months ended 30 September 2016.

The independent non-executive Directors have reviewed the confirmations provided by the Covenantors, and concluded that each of the Covenantors complied with the relevant terms of the Non-Competition Deed for the six months ended 30 September 2016.

PUBLICATION OF RESULTS ANNOUNCEMENT

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk and the Company's website at http://www.irasia.com/listco/hk/shuncheong. The interim report will be despatched to the shareholders of the Company and will be published on the above websites in due course.

By Order of the Board
Shun Cheong Holdings Limited
Wang Jingbo
Chairman and Chief Executive Officer

Hong Kong, 21 November 2016

As at the date hereof, the Board comprises seven Directors, of whom two are executive Directors, namely Mr. Wang Jingbo (Chairman and Chief Executive Officer) and Mr. Lee Khay Kok, two are non-executive Directors, namely Mr. Lin Dongliang and Mr. Shong Hugo, and three are independent non-executive Directors, namely Prof. Chen Zhiwu, Mr. Shi Cen and Mr. Chau Shing Yim David.