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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)**

**(1) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER; AND  
(2) UNAUDITED RESULTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

Reference is made to the announcements of the China Shun Ke Long Holdings Limited (the “**Company**”) dated 12 December 2016, 13 December 2016 and 12 January 2017 (the “**Announcements**”) made pursuant to Rule 3.7 of Takeovers Code. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Announcements.

**APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The board of directors of the Company (the “**Board**”) is pleased to announce that Lego Corporate Finance Limited (“**Lego Corporate Finance**”), a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the independent financial adviser to (i) advise the independent board committee of the Company (the “**Independent Board Committee**”) in respect of the Possible Offer; and (ii) report on the Profit Estimates (as defined below) in accordance with Rule 10 of the Takeovers Code.

## **UNAUDITED RESULTS OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

In the anticipation of the Possible Offer, the Board would like to provide the updated financial information of the Company for shareholders and potential investors of the Company to consider the Possible Offer. The directors of the Company (the “**Directors**”) therefore announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2016, together with the comparative unaudited consolidated figures for the corresponding period in 2015 on a voluntary basis.

Pursuant to Rule 10 of the Takeovers Code, the unaudited consolidated gross profit, profit from operations, profit before income tax expense and total comprehensive income for the nine months ended 30 September 2016 (the “**Profit Estimates**”) constitute a profit forecast and would need to be reported on by each of the financial advisers and auditors or accountants of the Company in accordance with note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

The Profit Estimates have been reported on by Lego Corporate Finance and BDO Limited (“**BDO**”), the auditors of the Company, in accordance with Rule 10 of the Takeovers Code. The comfort letters issued by Lego Corporate Finance and BDO have been lodged with the Executive pursuant to Rule 10.4 of the Takeovers Code and the text of which are set out in the appendices to this announcement.

The Company currently does not intend to publish any unaudited quarterly results of the Group in the future.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Board is pleased to announce that Lego Corporate Finance, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the independent financial adviser to (i) advise the Independent Board Committee in respect of the Possible Offer; and (ii) report on the Profit Estimates in accordance with Rule 10 of the Takeovers Code. The Independent Board Committee, comprising all the non-executive Directors, namely Mr. Chen Yijian, Ms. Lao Weiping and Ms. Zhang Bei, and all the independent non-executive Directors, namely Mr. Guan Shiping, Mr. Sun Hong and Mr. Shin Yick Fabian, has been established and has approved the appointment of Lego Corporate Finance pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from Lego Corporate Finance and the recommendation from the Independent Board Committee will be provided to the Shareholders in accordance with the Takeovers Code as and when appropriate.

## UNAUDITED RESULTS OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

In the anticipation of the Possible Offer, the Board would like to provide the updated financial information of the Company for shareholders and potential investors of the Company to consider the Possible Offer. The following sets out the unaudited consolidated results of the Group for the nine months ended 30 September 2016:

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		<b>Nine months ended 30 September</b>	
		<b>2016</b>	2015
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
		<b>(unaudited)</b>	(unaudited)
Revenue	<i>4a</i>	<b>748,660</b>	727,729
Cost of inventories sold		<u><b>(632,963)</b></u>	<u>(587,311)</u>
Gross profit		<b>115,697</b>	140,418
Other operating income	<i>4b</i>	<b>37,490</b>	31,878
Selling and distribution costs		<b>(103,642)</b>	(107,032)
Administrative expenses		<u><b>(21,135)</b></u>	<u>(28,403)</u>
Profit from operations	<i>5</i>	<b>28,410</b>	36,861
Finance costs	<i>6</i>	<u><b>(4,260)</b></u>	<u>(5,087)</u>
Profit before income tax expense		<b>24,150</b>	31,774
Income tax expense	<i>7</i>	<u><b>(9,261)</b></u>	<u>(8,286)</u>
Profit for the period		<b>14,889</b>	23,488

		<b>Nine months ended 30 September</b>	
		<b>2016</b>	2015
<i>Notes</i>		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(unaudited)</b>	(unaudited)
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
		<u>3,481</u>	<u>1,541</u>
Total comprehensive income for the period		<u><b>18,370</b></u>	<u>25,029</u>
Profit for the period attributable to:			
– Owners of the Company			
		<b>14,744</b>	23,376
– Non-controlling interests			
		<u>145</u>	<u>112</u>
		<u><b>14,889</b></u>	<u>23,488</u>
Total comprehensive income for the period attributable to:			
– Owners of the Company			
		<b>18,225</b>	24,917
– Non-controlling interests			
		<u>145</u>	<u>112</u>
		<u><b>18,370</b></u>	<u>25,029</u>
Earnings per share – basic and diluted (RMB cents)	9	<u><b>5.08</b></u>	<u>10.7</u>

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 30 September 2016 <i>RMB'000</i> (unaudited)	At 31 December 2015 <i>RMB'000</i> (audited)
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	57,325	75,496
Prepaid land lease	<i>10</i>	34,158	34,922
Investment properties	<i>10</i>	4,275	4,348
Deposits paid and prepayments		5,064	6,424
Goodwill	<i>10</i>	2,777	2,694
		<b>103,599</b>	123,884
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		108,447	140,321
Trade receivables	<i>11</i>	61,353	36,463
Deposits paid, prepayments and other receivables		149,451	78,256
Amounts due from related companies	<i>13</i>	1,744	2,687
Cash and cash equivalents		136,594	200,599
		<b>457,589</b>	458,326
<b>Total current assets</b>			
		<b>561,188</b>	582,210
<b>Total assets</b>			
<b>Current liabilities</b>			
Trade payables	<i>12</i>	128,574	143,448
Deposits received, receipts in advance, accruals and other payables		81,667	42,014
Amounts due to related companies	<i>13</i>	91	12,965
Bank borrowings	<i>14</i>	104,000	52,000
Income tax payable		2,683	989
		<b>317,015</b>	251,416
<b>Total current liabilities</b>			

		At <b>30 September</b> <b>2016</b> <i>RMB'000</i> <b>(unaudited)</b>	At 31 December 2015 <i>RMB'000</i> (audited)
<b>Net current assets</b>		<u>140,574</u>	<u>206,910</u>
<b>Total assets less current liabilities</b>		<u>244,173</u>	<u>330,794</u>
<b>Non-current liabilities</b>			
Bank borrowings	<i>14</i>	<u>–</u>	<u>80,000</u>
<b>Total non-current liabilities</b>		<u>–</u>	<u>80,000</u>
<b>Net assets</b>		<u>244,173</u>	<u>250,794</u>
<b>EQUITY</b>			
Share capital	<i>15</i>	2,387	2,387
Reserves		<u>241,063</u>	<u>247,829</u>
<b>Equity attributable to owners of the Company</b>		<u>243,450</u>	250,216
<b>Non-controlling interests</b>		<u>723</u>	<u>578</u>
<b>Total equity</b>		<u>244,173</u>	<u>250,794</u>

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Nine months</b>	
	<b>ended 30 September</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,001)</b>	16,548
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9,720)	(24,949)
Proceeds from sale of property, plant and equipment	47	762
Interest received	1,540	378
<b>Net cash used in investing activities</b>	<b>(8,133)</b>	(23,809)
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	24,000	132,000
Repayment of bank borrowings	(52,000)	(57,000)
Proceeds from issuance of ordinary shares	–	169,508
Interest paid	(4,260)	(5,087)
Dividends paid to previous shareholder of a subsidiary	–	(18,800)
Decrease in balance with a related company	–	2,418
Share offer expenses paid	–	(10,250)
Final dividend paid	(24,991)	–
Distribution arising from the reorganisation	–	(43,200)
<b>Net cash (used in)/generated from financing activities</b>	<b>(57,251)</b>	169,589
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(67,385)</b>	162,328
Cash and cash equivalents at 1 January	200,599	25,761
Effect of exchange rate changes on cash and cash equivalents	3,380	1,516
Cash and cash equivalents at 30 September	<b>136,594</b>	<b>189,605</b>

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company											
	Share capital	Share premium	Special reserve	Merger reserve	Capital reserve	Statutory reserve	Capital contribution		Translation reserve	Retained earnings	Non-controlling interest	
							reserve	reserve			Total	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
<b>At 1 January 2016 (audited)</b>	2,387	194,895	84	(6,200)	200	9,568	873	2,165	46,244	250,216	578	250,794
<b>Comprehensive income</b>												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	3,481	-	3,481	-	3,481
Profit for the period	-	-	-	-	-	-	-	-	14,744	14,744	145	14,889
Total comprehensive income for the period	-	-	-	-	-	-	-	3,481	14,744	18,225	145	18,370
Final dividend paid	-	(24,991)	-	-	-	-	-	-	-	(24,991)	-	(24,991)
<b>At 30 September 2016 (unaudited)</b>	<b>2,387</b>	<b>169,904</b>	<b>84</b>	<b>(6,200)</b>	<b>200</b>	<b>9,568</b>	<b>873</b>	<b>5,646</b>	<b>60,988</b>	<b>243,450</b>	<b>723</b>	<b>244,173</b>
<b>At 1 January 2015 (audited)</b>	70	29,519	84	(6,200)	200	6,964	873	(298)	39,017	70,229	385	70,614
<b>Comprehensive income</b>												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	1,541	-	1,541	-	1,541
Profit for the period	-	-	-	-	-	-	-	-	23,376	23,376	112	23,488
Total comprehensive income for the period	-	-	-	-	-	-	-	1,541	23,376	24,917	112	25,029
Repurchase and issuance of shares	(70)	-	-	-	-	-	-	-	-	(70)	-	(70)
Issuance of ordinary shares in connection with the Global Offering	588	168,920	-	-	-	-	-	-	-	169,508	-	169,508
Share capitalisation	1,766	(1,766)	-	-	-	-	-	-	-	-	-	-
Share issues expenses	-	(11,165)	-	-	-	-	-	-	-	(11,165)	-	(11,165)
Interim dividend paid	-	-	-	-	-	-	-	-	(18,800)	(18,800)	-	(18,800)
Transfer to statutory reserve	-	-	-	-	-	1,604	-	-	(1,604)	-	-	-
<b>At 30 September 2015 (unaudited)</b>	<b>2,354</b>	<b>185,508</b>	<b>84</b>	<b>(6,200)</b>	<b>200</b>	<b>8,568</b>	<b>873</b>	<b>1,243</b>	<b>41,989</b>	<b>234,619</b>	<b>497</b>	<b>235,116</b>

- (a) Special reserve represents 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. 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 is in excess of their carrying amounts.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION 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 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 People’s Republic of China (the “**PRC**”) and Macau.

### (b) Basis of preparation

The interim financial information of the Company and its subsidiaries (collectively known as the “**Group**”) for the nine months ended 30 September 2016 (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 accounting policies applied are consistent with those of the Company’s annual consolidated financial statements for the year ended 31 December 2015.

The interim financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except otherwise indicated. These interim financial information was approved for issue on 18 January 2017.

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

In the Period, the Group has applied, for the first time, a number of new or revised IFRSs issued by the IASB. The application of the new and revised IFRSs in the current period has no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

The Group has not early applied the following new or revised IFRSs that have been issued but are not yet effective.

IFRS 9 (2014)	Financial Instruments <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
IFRS 15	Revenue from Contracts with Customers <sup>1</sup>
IFRS 16	Lease <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> No mandatory effective date yet determined but it is available for immediate adoption

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group’s accounting policies and presentation of the condensed consolidated financial statements will be resulted.

### 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 nine months ended 30 September 2016 (unaudited):**

	<b>Retail Outlet operation RMB'000</b>	<b>Wholesale distribution RMB'000</b>	<b>Inter-segment elimination RMB'000</b>	<b>Total RMB'000</b>
From external customers	511,597	237,063	–	748,660
From inter-segment	<u>43,476</u>	<u>62,442</u>	<u>(105,918)</u>	<u>–</u>
<b>Reportable segment revenue</b>	<u>555,073</u>	<u>299,505</u>	<u>(105,918)</u>	<u>748,660</u>
<b>Reportable segment profit</b>	<u>17,232</u>	<u>4,557</u>	<u>–</u>	<u>21,789</u>
Interest income	255	69	–	324
Finance cost	<u>4,260</u>	<u>–</u>	<u>–</u>	<u>4,260</u>
<b>Reportable segment assets</b>	<b>368,387</b>	<b>147,570</b>	<b>–</b>	<b>515,957</b>
Additions to non-current segment assets during the period	<b>9,568</b>	<b>152</b>	<b>–</b>	<b>9,720</b>
<b>Reportable segment liabilities</b>	<u>272,920</u>	<u>43,905</u>	<u>–</u>	<u>316,825</u>

For the nine months ended 30 September 2015 (unaudited):

<b>Revenue</b>				
From external customers	536,395	191,334	–	727,729
From inter-segment	<u>46,899</u>	<u>14,868</u>	<u>(61,767)</u>	<u>–</u>
<b>Reportable segment revenue</b>	<u>583,294</u>	<u>206,202</u>	<u>(61,767)</u>	<u>727,729</u>
<b>Reportable segment profit</b>	<u>26,930</u>	<u>8,245</u>	<u>–</u>	<u>35,175</u>
Interest income	255	5	–	260
Finance cost	<u>5,087</u>	<u>–</u>	<u>–</u>	<u>5,087</u>
<b>Reportable segment assets</b>	<b>351,679</b>	<b>110,024</b>	<b>–</b>	<b>461,703</b>
Additions to non-current segment assets during the period	<b>24,949</b>	<b>–</b>	<b>–</b>	<b>24,949</b>
<b>Reportable segment liabilities</b>	<u>311,234</u>	<u>4,122</u>	<u>–</u>	<u>315,356</u>

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:

	<b>Nine months ended 30 September</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Reportable segment revenue	<u>748,660</u>	<u>727,729</u>
Group revenue	<u><b>748,660</b></u>	<u>727,729</u>
Reportable segment profit	21,789	35,175
Other corporate income	2,907	107
Other corporate expenses	<u>(546)</u>	<u>(3,508)</u>
Profit before income tax expense	<u><b>24,150</b></u>	<u>31,774</u>
Reportable segment assets	515,957	461,703
Other corporate assets ( <i>note</i> )	<u>45,231</u>	<u>90,241</u>
Group's assets	<u><b>561,188</b></u>	<u>551,944</u>
Reportable segment liabilities	316,825	315,356
Other corporate liabilities	<u>190</u>	<u>1,472</u>
Group's liabilities	<u><b>317,015</b></u>	<u>316,828</u>

*Note:* Other corporate assets represented cash and cash equivalents and prepayment.

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

	<b>Revenue from external customers Nine months ended 30 September 2016 <i>RMB'000</i> (unaudited)</b>	<b>2015 <i>RMB'000</i> (unaudited)</b>	<b>Non-current assets At 30 September 2016 <i>RMB'000</i> (unaudited)</b>
The PRC (domicile)	<b>724,201</b>	699,871	<b>98,712</b>
Macau	<b>24,459</b>	27,858	<b>380</b>
	<b><u>748,660</u></b>	<b><u>727,729</u></b>	<b><u>99,092</u></b>

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 nine months ended 30 September 2015 and 2016.

#### 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:

	Nine months ended 30 September	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<u>Retail Outlet operation and sales</u>		
General retail sales	421,437	415,281
Bulk sales	66,908	90,267
Rental income from leasing shop premises	22,586	28,678
Commission from concessionaire sales	666	2,169
<u>Wholesale distribution</u>		
General wholesales	226,475	180,256
Franchisees	10,588	11,078
	<u>748,660</u>	<u>727,729</u>

##### (b) Other operating income

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

	Nine months ended 30 September	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Government grants	5,752	1,261
Promotion income from suppliers	24,982	25,667
Interest income	1,540	378
Others	5,216	4,572
	<u>37,490</u>	<u>31,878</u>

## 5. PROFIT FROM OPERATIONS

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

	<b>Nine months ended 30 September</b>	
	<b>2016</b>	2015
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Cost of inventories sold	<b>632,963</b>	587,311
Depreciation of property, plant and equipment	<b>12,845</b>	8,246
Depreciation of investment properties	<b>73</b>	73
Amortisation of prepaid land lease payments	<b>764</b>	768
Employee benefits expenses (including directors' remuneration):		
– Wages and salaries	<b>34,120</b>	38,215
– Pension scheme contributions	<b>5,768</b>	6,519
– Other benefits	<b>1,434</b>	1,352
	<b>41,322</b>	46,086
Listing expenses	–	8,010
Operating lease charges in respect of land and buildings	<b>26,349</b>	30,233
Obsolete inventories written-off	<b>323</b>	1,063
Loss on disposal of property, plant and equipment	<b>9,388</b>	1,210

## 6. FINANCE COSTS

	<b>Nine months ended 30 September</b>	
	<b>2016</b>	2015
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Interest charged on bank borrowings:	<b>4,260</b>	5,087



## 7. INCOME TAX EXPENSE

	Nine months ended 30 September	
	2016 <i>RMB'000</i> (unaudited)	2015 <i>RMB'000</i> (unaudited)
Current – Macau		
Charge for the period	–	47
Current – the PRC		
Charge for the period	<u>9,261</u>	<u>8,239</u>
Total tax charge for the period	<u>9,261</u>	<u>8,286</u>

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the period (nine months ended 30 September 2015: 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 (nine months ended 30 September 2015: 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 (nine months ended 30 September 2015: 25%).

The Group's subsidiaries in Macau were subject to Complementary Tax at rate of 12% based on estimated assessable profit during the period (nine months ended 30 September 2015: 12%).

## 8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: Nil).

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company for the nine months ended 30 September 2016 is based on the following data:

	<b>Nine months ended 30 September</b>	
	<b>2016</b>	2015
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Earnings</b>		
Profit attributable to equity holders of the Company	<u>14,744</u>	<u>23,376</u>
	<b>Nine months ended 30 September</b>	
	<b>2016</b>	2015
	<b><i>Shares</i></b>	<i>Shares</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>290,457,000</u>	<u>218,781,384</u>

The number of ordinary shares for the purpose of calculating basis earnings per share has been retrospectively adjusted for the capitalization issue 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.

## 10. CAPITAL EXPENDITURES

	<b>Property, plant and equipments</b> <i>RMB'000</i>	<b>Prepaid land lease</b> <i>RMB'000</i>	<b>Investment properties</b> <i>RMB'000</i>	<b>Goodwill</b> <i>RMB'000</i>
Opening carrying amount as at				
1 January 2016 (audited)	75,496	34,922	4,348	2,694
Additions	9,720	–	–	–
Disposals	(15,057)	–	–	–
Depreciation/amortization ( <i>note 5</i> )	(12,845)	(764)	(73)	–
Exchange adjustment	11	–	–	83
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Closing carrying amount as at				
30 September 2016 (unaudited)	<u>57,325</u>	<u>34,158</u>	<u>4,275</u>	<u>2,777</u>
Opening carrying amount as at				
1 January 2015 (audited)	49,213	35,934	4,444	2,554
Additions	24,949	–	–	–
Disposals	(750)	–	–	–
Depreciation/amortization ( <i>note 5</i> )	(8,246)	(768)	(73)	–
Exchange adjustment	(10)	–	–	(10)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Closing carrying amount as at				
30 September 2015 (unaudited)	<u>65,156</u>	<u>35,166</u>	<u>4,371</u>	<u>2,544</u>

As at 30 September 2016 and 31 December 2015, certain leasehold buildings with net carrying amount of approximately RMB15,654,000 and RMB16,024,000 were pledged to the bank for banking facilities granted to the Group (Note 14).

As at 30 September 2016 and 31 December 2015, certain prepaid land lease with net carrying amount of approximately RMB31,392,000 and RMB31,918,000 were pledged to the bank for banking facilities granted to the Group (Note 14).

As at 30 September 2016 and 31 December 2015, certain investment properties with net carrying amount of approximately RMB2,260,000 and RMB2,558,000 were pledged to the bank for banking facilities granted to the Group (Note 14).

## 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:

	<b>30 September 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Within 30 days	26,665	15,037
31 to 60 days	14,895	4,647
61 to 180 days	12,515	11,762
181 to 365 days	6,449	3,049
Over 1 year	829	1,968
	<u>61,353</u>	<u>36,463</u>

## 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:

	<b>30 September 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Current to 30 days	44,463	47,289
31 to 60 days	29,958	28,234
61 to 180 days	41,731	54,313
181 to 365 days	11,162	11,790
Over 1 year	1,260	1,822
	<u>128,574</u>	<u>143,448</u>

## 13. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

As at 30 September 2016 and 31 December 2015, amounts due from/(to) related companies are unsecured, interest free and repayable on demand.

## 14. BANK BORROWINGS

	<b>30 September 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Secured		
– bank borrowings due for repayment within one year	<b>104,000</b>	52,000
– bank borrowings due for repayment after one year but within two years	<u>–</u>	<u>80,000</u>
	<b><u>104,000</u></b>	<u>132,000</u>

As at 30 September 2016 and 31 December 2015, the bank borrowings are denominated in RMB, repayable within one year and one to two years and bear interest at fixed rate and the floating rate ranging from 4.4% to 5.5% and 5.0 % to 6.3% per annum respectively.

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 RMB15,654,000 and RMB16,024,000 as at 30 September 2016 and 31 December 2015 respectively (Note 10);
- (ii) the pledge of certain prepaid land lease of the Group with net carrying amount of approximately RMB31,392,000 and RMB31,918,000 as at 30 September 2016 and 31 December 2015 respectively (Note 10);
- (iii) the pledge of certain investment properties of the Group with net carrying amount of approximately RMB2,260,000 and RMB2,558,000 as at 30 September 2016 and 31 December 2015 respectively (Note 10);

## 15. SHARE CAPITAL

Share capital represents the Company's issued share capital after elimination of the Company's investments in subsidiaries.

### Company

	<b>30 September 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Authorised 2,000,000,000 shares of HK\$0.01 each	<u>15,826</u>	<u>15,826</u>
Issued and fully paid: 290,457,000 shares of HK\$0.01 each	<u>2,387</u>	<u>2,387</u>

## 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 30 September 2016 and 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Within one year	<b>12,673</b>	18,853
Later than one year and not later than five years	<b>11,097</b>	19,555
Later than five years	<u>1,155</u>	<u>1,568</u>
	<u><b>24,925</b></u>	<u>39,976</u>

## As lessor

The Company 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 30 September 2016 and 31 December 2015, the Group had total future minimum lease receipts under non-cancellable operating leases falling due as follows:

	<b>30 September 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Within one year	<u>11,223</u>	<u>14,207</u>

## 17. CAPITAL COMMITMENTS

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

	<b>30 September 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Contracted, but not provided for, in respect of acquisition of property, plant and equipments	<u>654</u>	<u>2,054</u>

## 18. RELATED PARTY TRANSACTIONS

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	Note	<b>Nine months ended 30 September</b>	
			<b>2016 RMB'000 (unaudited)</b>	2015 RMB'000 (unaudited)
Related companies	Sale of goods	(b)	<b>3,631</b>	6,187
	Purchase of goods	(c)	<b>34,445</b>	40,238
	Rental Income received		<b>336</b>	488
	Rental expense paid	(d)	<b>6,704</b>	7,219
Carved-out subsidiary	Sale of goods		–	5
	Purchase of goods		–	7

- (a) A director of the Company, Mr. Lao Songsheng, is a beneficial shareholder of Lecong Supply and Marketing Group Limited (佛山市順德區樂從供銷集團有限公司). Certain subsidiaries of the Group operating in the PRC entered into contracts with Lecong Supply and Marketing Group Limited and its subsidiaries for sales of goods, purchase of goods, leasing of properties to and from Lecong Supply and Marketing Group Limited.
- (b) The consideration of sale transactions are based on 1) historical transaction prices and amount; 2) prevailing market prices; and 3) discount rate offered to bulk purchase customers. The credit period for sales to related parties is within 30 days.
- (c) The consideration of purchase transactions are based on 1) historical transaction prices and amount; 2) prevailing comparable wholesale prices; and 3) discounts offered on bulk purchase. The credit period for purchases from related parties is within 30 days.
- (d) The Group entered into lease agreements with Lecong Supply and Marketing Group Limited and its subsidiaries with respect of leasing of the properties for use as headquarter, retail outlets and warehouses. The terms of lease agreements are mutually agreed by the Group and the related companies with reference of market rent. The credit period for leasing of properties from related companies is within 30 days.
- (ii) Compensation of key management personnel of the Group, including directors' remuneration, is as follows:

	<b>Nine months ended 30 September</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Salaries, allowances and benefits in kind	<b>615</b>	301
Pension scheme contributions	<b>42</b>	24
	<b>657</b>	325

## **19. EVENT AFTER THE REPORTING PERIOD**

There was no significant subsequent event undertaken by the Company or by the Group after 30 September 2016.

18 January 2017

The Board of Directors  
China Shun Ke Long Holdings Limited



## **RULE 10 OF THE TAKEOVERS CODE**

Pursuant to Rule 10 of the Takeovers Code, the Profit Estimates constitute a profit forecast and must be reported on by the Company's financial advisers and its auditors or accountants, and such reports must be lodged with the Executive in accordance with Rule 10.4 of the Takeovers Code.

The Profit Estimates have been reported on by BDO, the auditors of the Company, and Lego Corporate Finance. BDO have reported that, so far as the accounting policies and calculations are concerned, the Profit Estimates have been properly compiled in accordance with the bases adopted by the Directors as set out in this announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its consolidated financial statements for the year ended 31 December 2015. BDO has conducted their work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the The Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Lego Corporate Finance has discussed with the Directors and senior management of the Company in relation to the bases of preparation of the Profit Estimates and is satisfied that the Profit Estimates, for which the Directors are solely responsible for, have been made by the Directors with due care and consideration. The comfort letters issued by Lego Corporate Finance and BDO have been lodged with the Executive and the text of which are set out in the appendices to this announcement.

Each of Lego Corporate Finance and BDO has given and has not withdrawn their consents to the issue of this announcement with the inclusion of their letters and the use of their names in the form and context appeared in this announcement.

The Company currently does not intend to publish any unaudited quarterly results of the Group in the future.

## CAUTION STATEMENT

The board of Directors would like to remind shareholders and potential investors of the Company that the unaudited consolidated results of the Group for the nine months ended 30 September 2016 are prepared based on the Company's internal records and management accounts, which have been reported on in accordance with Rule 10 of the Takeovers Code, but have not been audited by the auditors of the Company nor have been reviewed by the audit committee of the Company.

Shareholders and potential investors should also be aware that there is no assurance that the Proposed Acquisition or any other transaction mentioned in the Announcements will materialise or eventually be consummated and the discussions may or may not lead to a general offer.

Shareholders and potential investors of the Company should therefore exercise caution when dealing in shares and/or other securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

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

Hong Kong, 18 January 2017

*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, Ms. Lao Weiping and Ms. Zhang Bei; and the independent non-executive Directors are Mr. Guan Shiping, Mr. Sun Hong and Mr. Shin Yick Fabian.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

## APPENDIX I – COMFORT LETTER ISSUED BY LEGO CORPORATE FINANCE LIMITED

*The following is the text of a report on the Profit Estimates prepared for the sole purpose of inclusion in this announcement, received from Lego Corporate Finance, being the independent financial adviser to the Company.*



The Board of Directors  
China Shun Ke Long Holdings Limited  
Room 1007, 10th Floor, Sincere House  
83 Argyle Street  
Kowloon, Hong Kong

18 January 2017

Dear Sirs,

We refer to the announcement dated 18 January 2017 issued by China Shun Ke Long Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in respect of, among others, the unaudited financial results of the Group for the nine months ended 30 September 2016 (the “**Announcement**”), of which this letter forms part. Terms used in this letter, unless otherwise defined, shall have the same meanings as those used in the Announcement.

We refer to the unaudited consolidated gross profit, profit from operations, profit before income tax expense and total comprehensive income of the Group for the nine months ended 30 September 2016 as set out in the Announcement (the “**Profit Estimates**”).

The Profit Estimates constitute profit forecasts under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants of the Company. This report is issued in compliance with the requirements under Note 1(c) to Rules 10.1 and 10.2 and Rule 10.4 of the Takeovers Code.

We have reviewed the Profit Estimates and other relevant information and documents (in particular, the unaudited condensed consolidated statements of comprehensive income of the Group for the nine months ended 30 September 2016 with comparative figures for the corresponding period in 2015 (the “**Consolidated Statements & Comparative Figures**”) which you as the Directors are solely responsible for and discussed with you and the senior management of the Company the information and documents (in particular, the Consolidated Statements & Comparative Figures) provided by you which formed the key bases upon which the Profit Estimates have been made. In respect of the accounting policies and calculations concerned, upon which the Profit Estimates have been made, we have relied upon the report as contained in the Announcement addressed to the Board from BDO Limited, being the auditors of the Company. BDO Limited is of the opinion that so far as the accounting policies and calculations are concerned, the Profit Estimates have been properly compiled in accordance with the bases adopted by the Directors as set out in the section headed “Notes to the Unaudited Interim Financial Information – Corporate Information and Basis of Preparation” in the Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its audited consolidated financial statements for the year ended 31 December 2015.

On the basis of the foregoing, we are of the opinion that the Profit Estimates, for which the Directors are solely responsible, have been made with due care and consideration.

We hereby give and confirm that we have not withdrawn our consent to the issue of the Announcement with the inclusion therein of this report.

Yours faithfully,

For and on behalf of

**Lego Corporate Finance Limited**

**Kristie Ho**

*Managing Director*

## **APPENDIX II – COMFORT LETTER ISSUED BY BDO LIMITED**

The Board of Directors  
China Shun Ke Long Holdings Limited  
Room 1007, 10th Floor, Sincere House  
83 Argyle Street  
Kowloon, Hong Kong

18 January 2017

Dear Sirs,

**China Shun Ke Long Holdings Limited (“the Company”)**

### **Profit estimates for nine months ended 30 September 2016**

We refer to the estimates of the unaudited consolidated gross profit, profit from operations, profit before income tax expense and total comprehensive income for the nine months ended 30 September 2016 (“**the Profit Estimates**”) set forth in the announcement of the Company dated 18 January 2017 (the “**Announcement**”) in relation to the unaudited results of the Group for the nine months ended 30 September 2016. The Profit Estimates are required to be reported on under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

### **Directors’ Responsibilities**

The Profit Estimates have been prepared by the directors of the Company based on the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as “**the Group**”) for the nine months ended 30 September 2016, based on the management accounts of the Group for the nine months ended 30 September 2016 prepared in accordance with the bases adopted by the directors as set out in the section headed “Notes to the Unaudited Interim Financial Information – Corporate Information and Basis of Preparation” of the Announcement.

The Company’s directors are solely responsible for the Profit Estimates.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Auditor’s Responsibilities**

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimates based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly complied the Profit Estimates in accordance with the bases adopted by the directors and as to whether the Profit Estimates are presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

## **Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimates have been properly complied in accordance with the bases adopted by the directors as set out in the section “Notes to the Unaudited Interim Financial Information – Corporate Information and Basis of Preparation” in the Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its audited consolidated financial statements for the year ended 31 December 2015.

*Yours faithfully,*

**BDO Limited**

Hong Kong