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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the “Board”) of directors (the “Directors”) of China Shun Ke Long Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2017 with comparative figures in 2016 (the “Financial Statements”) as follows:

| HIGHLIGHTS OF ANNUAL RESULTS | | | |
|--|---|-------------------------|---------------|
| | For the year ended 31 December | | Change |
| | 2017 RMB'000 | 2016 RMB'000 | |
| Revenue ⁽¹⁾ | 954,164 | 1,087,872 | -12.3% |
| Gross Profit | 147,343 | 153,092 | -3.8% |
| Profit from Operations | 21,537 | 40,033 | -46.2% |
| Profit for the Year | 11,936 | 24,635 | -51.5% |
| Profit Attributable to Equity Shareholders of the Company | 11,681 | 24,397 | -52.1% |
| Earnings Per Share (“EPS”) – Basic and Diluted ⁽²⁾ (RMB) | RMB0.04 | RMB0.08 | |
| | As at 31 December | | Change |
| | 2017 RMB'000 | 2016 RMB'000 | |
| Total Assets | 525,538 | 539,456 | -2.6% |
| Total Liabilities | 261,422 | 283,690 | -7.8% |
| Net Assets | 264,116 | 255,766 | 3.3% |
| Net Financial Position ⁽³⁾ | 72,512 | 47,927 | 51.3% |
| Current Ratio ⁽⁴⁾ | 1.64 | 1.51 | |

Notes:

- (1) Net rental income from investment properties of approximately RMB1,287,000 for the year ended 31 December 2016, is reclassified from “Revenue” to “Other operating income” to conform with changes in presentation in the current year.
- (2) The calculation of basic and diluted EPS for the years ended 31 December 2017 and 2016 is based on the weighted average number of 290,457,000 ordinary shares in issue during the year.
- (3) The balance of net financial position is calculated as the sum of cash and cash equivalents minus bank borrowings.
- (4) Current Ratio = Current Assets/Current Liabilities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

| | <i>Notes</i> | 2017 RMB'000 | 2016 <i>RMB'000</i> (Re-presented) |
|--|--------------|------------------------|--|
| Revenue | 5a | 954,164 | 1,087,872 |
| Cost of inventories sold | | (806,821) | (934,780) |
| Gross profit | | 147,343 | 153,092 |
| Other operating income | 5b | 55,551 | 51,164 |
| Selling and distribution costs | | (140,978) | (130,437) |
| Administrative expenses | | (40,379) | (33,786) |
| Finance costs | 7 | (4,625) | (5,559) |
| Profit before tax | 6 | 16,912 | 34,474 |
| Income tax expense | 8 | (4,976) | (9,839) |
| Profit for the year | | 11,936 | 24,635 |
| <i>Other comprehensive (expense) income</i> | | | |
| <i>Item that may be reclassified subsequently</i> | | | |
| <i>to profit or loss:</i> | | | |
| Exchange differences arising on translation to presentation currency | | (3,586) | 4,838 |
| Profit and total comprehensive income for the year | | 8,350 | 29,473 |
| Profit for the year attributable to: | | | |
| – Owners of the Company | | 11,681 | 24,397 |
| – Non-controlling interests | | 255 | 238 |
| | | 11,936 | 24,635 |
| Profit and total comprehensive income for the year attributable to: | | | |
| – Owners of the Company | | 8,095 | 29,235 |
| – Non-controlling interests | | 255 | 238 |
| | | 8,350 | 29,473 |
| Earnings per share | 9 | | |
| Basic (RMB) | | 0.04 | 0.08 |
| Diluted (RMB) | | 0.04 | 0.08 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

| | <i>Notes</i> | 2017 RMB'000 | 2016 <i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 52,451 | 63,777 |
| Prepaid land lease | | 32,224 | 33,910 |
| Investment properties | | 4,245 | 4,251 |
| Deposits paid and prepayments | | 5,921 | 5,713 |
| Goodwill | | 2,761 | 3,043 |
| | | <u>97,602</u> | <u>110,694</u> |
| Current assets | | | |
| Inventories | | 106,952 | 126,664 |
| Trade receivables | <i>11</i> | 39,146 | 53,947 |
| Deposits paid, prepayments and other receivables | | 112,374 | 94,140 |
| Amounts due from related companies | | 4,952 | 2,084 |
| Cash and cash equivalents | | 164,512 | 151,927 |
| | | <u>427,936</u> | <u>428,762</u> |
| Total assets | | <u>525,538</u> | <u>539,456</u> |
| Current liabilities | | | |
| Trade payables | <i>12</i> | 110,198 | 134,072 |
| Deposits received, receipts in advance, accruals and other payables | | 55,515 | 43,084 |
| Amounts due to related companies | | 820 | 2,154 |
| Bank borrowings | <i>13</i> | 92,000 | 104,000 |
| Income tax payable | | 2,889 | 380 |
| | | <u>261,422</u> | <u>283,690</u> |
| Net current assets | | <u>166,514</u> | <u>145,072</u> |
| Net assets | | <u>264,116</u> | <u>255,766</u> |

| | <i>Notes</i> | 2017 RMB'000 | 2016 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| EQUITY | | | |
| Share capital | <i>14</i> | 2,387 | 2,387 |
| Reserves | | 260,168 | 252,073 |
| | | <hr/> | <hr/> |
| Equity attributable to owners of the Company | | 262,555 | 254,460 |
| Non-controlling interests | | 1,561 | 1,306 |
| | | <hr/> | <hr/> |
| Total equity | | 264,116 | 255,766 |
| | | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

1. 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 Islands and its principal place of business in the People’s Republic of China (the “PRC”) is located at Floor 3, Huale Building, No.60 Hebin North Road, Lecong Town Shunde District, Foshan, Guangdong Province 528315, the PRC.

The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 26 May 2015. The ordinary shares of the Company (the “Shares”) have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 10 September 2015.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the operation and management of retail stores and wholesale of goods in the PRC and Macau.

CCOOP International Holdings Limited, which is a company incorporated in the Cayman Islands and an indirectly wholly-owned subsidiary of CCOOP Group Co., Ltd (“CCOOP Group”), a company incorporated in the PRC, holds 204,558,317 shares in aggregate, representing 70.42% of the entire issued share capital of the Company. In the opinion of the directors of the Company, the holding company of the Company is CCOOP Group, the shares of which are listed on the Shenzhen Stock Exchange.

2. ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)”)

(a) Adoption of new/revised IFRSs – effective 1 January 2017

In the current year, the Group has applied the following new and revised IFRSs, which include IFRSs, International Accounting Standards (“IAS(s)”), amendments and Interpretation (“Int(s)”), issued by International Accounting Standards Board (the “IASB”) and the IFRS Interpretations Committee (“IFRIC”) of the IASB.

| | |
|----------------------|--|
| Amendments to IFRSs | Annual Improvements to IFRSs 2014 – 2016 Cycle: |
| | Amendments to IFRS 12 |
| Amendments to IAS 7 | Disclosure Initiative |
| Amendments to IAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |

Except as described below, the application of other new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to IAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

(b) New and revised IFRSs issued but not yet effective

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

| | |
|----------------------------------|---|
| IFRS 9 (2014) | Financial Instruments ¹ |
| IFRS 15 | Revenue from Contracts with Customers ¹ |
| IFRS 16 | Leases ² |
| IFRS 17 | Insurance Contracts ³ |
| Amendments to IFRSs | Annual Improvements to IFRSs 2014 – 2016 Cycle ¹ |
| Amendments to IFRSs | Annual Improvements to IFRSs 2015 – 2017 Cycle ² |
| Amendments to IFRS 2 | Classification and Measurement of Share-based Payment Transactions ¹ |
| Amendments to IFRS 4 | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹ |
| Amendments to IFRS 9 | Prepayment Features with Negative Compensation ² |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| Amendments to IAS 19 | Plan Amendment, Curtailment or Settlement ² |
| Amendments to IAS 28 | Long-term Interests in Associates and Joint Ventures ² |
| Amendments to IAS 40 | Transfer of Investment Property ¹ |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration ¹ |
| IFRIC 23 | Uncertainty over Income Tax Treatments ² |

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective date not yet been determined.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and presentation currency

The functional currency of the Company is Hong Kong Dollar (“HK\$”). The consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the primary economic environment in which the principal subsidiaries of the Group operate in the PRC. All values are rounded to the nearest thousand (“RMB’000”) unless otherwise stated.

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

- Retail outlet operation (sales of fresh food, non-staple food and household products); and
- Wholesale distribution (sales of fast consumable products and non-staple food)

| | Retail outlet operation <i>RMB'000</i> | Wholesale distribution <i>RMB'000</i> | Inter-segment elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|--|---|--|--------------------------------|
| Segment revenue and results | | | | |
| For the year ended 31 December 2017: | | | | |
| Revenue | | | | |
| From external customers | 676,938 | 277,226 | – | 954,164 |
| From inter-segment | <u>70,287</u> | <u>71,622</u> | <u>(141,909)</u> | <u>–</u> |
| Reportable segment revenue | <u>747,225</u> | <u>348,848</u> | <u>(141,909)</u> | <u>954,164</u> |
| Reportable segment profit | <u>23,114</u> | <u>394</u> | | <u>23,508</u> |
| Other corporate income | | | | 318 |
| Other corporate expenses | | | | <u>(6,914)</u> |
| Profit before income tax | | | | <u><u>16,912</u></u> |
| Other segment information | | | | |
| Depreciation of property, plant and equipment | 12,725 | 283 | – | 13,008 |
| Depreciation of investment properties | 409 | – | – | 409 |
| Amortisation of prepaid land lease payments | 1,686 | – | – | 1,686 |
| Obsolete inventories written-off | 1,639 | – | – | 1,639 |
| Loss (gain) on disposals of property, plant and equipment | 674 | (2) | – | 672 |
| Interest income | 1,052 | 16 | – | 1,068 |
| Reportable segment assets | 398,681 | 87,374 | – | 486,055 |
| Additions to non-current segment assets during the year | 17,628 | 335 | – | 17,963 |
| Reportable segment liabilities | <u>250,371</u> | <u>9,586</u> | <u>–</u> | <u>259,957</u> |

| | Retail outlet operation <i>RMB'000</i> (Re-presented) | Wholesale distribution <i>RMB'000</i> | Inter-segment elimination <i>RMB'000</i> | Total <i>RMB'000</i> (Re-presented) |
|--|--|---|--|---|
| Segment revenue and results | | | | |
| For the year ended 31 December 2016: | | | | |
| Revenue | | | | |
| From external customers | 688,926 | 398,946 | – | 1,087,872 |
| From inter-segment | <u>50,078</u> | <u>87,277</u> | <u>(137,355)</u> | <u>–</u> |
| Reportable segment revenue | <u>739,004</u> | <u>486,223</u> | <u>(137,355)</u> | <u>1,087,872</u> |
| Reportable segment profit | <u>26,240</u> | <u>8,642</u> | | 34,882 |
| Other corporate income | | | | 1,623 |
| Other corporate expenses | | | | <u>(2,031)</u> |
| Profit before income tax | | | | <u>34,474</u> |
| Other segment information | | | | |
| Depreciation of property, plant and equipment | 12,707 | 309 | – | 13,016 |
| Depreciation of investment properties | 97 | – | – | 97 |
| Amortisation of prepaid land lease payments | 1,012 | – | – | 1,012 |
| Obsolete inventories written-off | 1,135 | – | – | 1,135 |
| Net loss on disposals of property, plant and equipment | 118 | – | – | 118 |
| Interest income | 222 | 4 | – | 226 |
| Reportable segment assets | 426,621 | 70,570 | – | 497,191 |
| Additions to non-current segment assets during the year | 19,824 | 407 | – | 20,231 |
| Reportable segment liabilities | <u>272,632</u> | <u>9,594</u> | <u>–</u> | <u>282,226</u> |

Reconciliation of reportable segment assets and liabilities:

| | 2017 | 2016 |
|--------------------------------|----------------|----------------|
| | RMB'000 | <i>RMB'000</i> |
| Reportable segment assets | 486,055 | 497,191 |
| Other corporate assets | 39,483 | 42,265 |
| | <hr/> | <hr/> |
| Group's assets | 525,538 | 539,456 |
| | <hr/> | <hr/> |
| Reportable segment liabilities | 259,957 | 282,226 |
| Other corporate liabilities | 1,465 | 1,464 |
| | <hr/> | <hr/> |
| Group's liabilities | 261,422 | 283,690 |
| | <hr/> | <hr/> |

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

| | Revenue from | | Non-current assets | |
|-----------------------------|---------------------------|----------------|---------------------------|---------------------------|
| | external customers | | | Non-current assets |
| | 2017 | 2016 | 2017 | 2016 |
| | RMB'000 | <i>RMB'000</i> | RMB'000 | <i>RMB'000</i> |
| | (Re-presented) | | | |
| The PRC (place of domicile) | 918,888 | 1,050,343 | 91,219 | 105,338 |
| Macau | 35,276 | 37,529 | 462 | 369 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 954,164 | 1,087,872 | 91,681 | 105,707 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The PRC is the country of domicile of the Group. 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 goods were sold and the services were rendered. The geographical location of the non-current assets is based on the physical location of the asset.

Rental deposits paid are excluded from non-current assets under geographical segment.

Information about customers

There was no single customer that contributed to 10% or more of the Group's revenue for the year ended 31 December 2017.

For the year ended 31 December 2016, revenue from one customer of the Group's wholesale distribution segment amounted to RMB136,899,000, which represented 10% or more of the Group's revenue.

5. REVENUE AND OTHER OPERATING INCOME

(a) Revenue

Revenue, which is also the Group's turnover, represents net invoiced value of goods sold, rental income and the value of services rendered. Revenue recognised during the year is as follows:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> (Re-presented) |
|--|------------------------|--|
| Retail outlet operation and sales | | |
| General retail sales (<i>Note</i>) | 531,540 | 559,690 |
| Bulk sales | 114,427 | 99,874 |
| Net rental income from leasing shop premises | 30,224 | 28,687 |
| Commission from concessionaire sales | 747 | 675 |
| Wholesale distribution | | |
| General wholesales | 238,711 | 357,584 |
| Franchisees | 38,515 | 41,362 |
| | <u>954,164</u> | <u>1,087,872</u> |

Note: General retail sales included the compensation for reduced selling prices of RMB2,929,000 and RMB3,510,000 from the local government in the PRC which was classified as turnover during the years ended 31 December 2017 and 2016 respectively. In the opinion of the directors, it was directly related to the sale of daily necessities food and was related to the ordinary and usual course of the business of the Group. Accordingly, it was classified as turnover of the Group.

(b) Other operating income

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

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> (Re-presented) |
|--|------------------------|--|
| Government grants (<i>Note 1</i>) | 1,472 | 5,824 |
| Interest income | 1,386 | 1,849 |
| Promotion income from suppliers | 44,264 | 33,084 |
| Net rental income from investment properties (<i>Note 2</i>) | 1,363 | 1,287 |
| Others | 7,066 | 9,120 |
| | <u>55,551</u> | <u>51,164</u> |

Note: (1) Various local government grants were assigned to subsidiaries of the Group during the years ended 31 December 2017 and 2016. There were no unfulfilled conditions or contingencies attached to these government grants.

(2) An analysis of the Group's net rental income is as follows:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Gross rental income | 1,516 | 1,424 |
| Less: Outgoings incurred for rental income during the year | <u>(153)</u> | <u>(137)</u> |
| Net rental income | <u>1,363</u> | <u>1,287</u> |

6. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging/(crediting):

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Cost of inventories sold | 806,821 | 934,780 |
| Depreciation of property, plant and equipment | 13,008 | 13,016 |
| Depreciation of investment properties | 409 | 97 |
| Amortisation of prepaid land lease payments | 1,686 | 1,012 |
| Net exchange losses (gains) | 13 | (215) |
| Employee costs (excluding directors' remuneration): | | |
| – Wages and salaries | 53,932 | 45,632 |
| – Pension scheme contributions | 8,618 | 8,456 |
| – Other benefits | <u>1,429</u> | <u>2,289</u> |
| | <u>63,979</u> | <u>56,377</u> |
| Auditor's remuneration | 2,049 | 1,603 |
| Operating lease charges in respect of land and buildings | 38,777 | 34,950 |
| Obsolete inventories written-off | 1,639 | 1,135 |
| Net loss on disposals of property, plant and equipment | <u>672</u> | <u>118</u> |

7. FINANCE COSTS

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|-------------------------------------|------------------------|------------------------|
| Interest charged on bank borrowings | <u>4,625</u> | <u>5,559</u> |

8. INCOME TAX EXPENSE

The amount of tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|-------------------------------|-------------------------------|------------------------|
| Current – Macau | | |
| Charge for the year | 90 | 132 |
| Current – the PRC | | |
| Over provision in prior years | (604) | – |
| Charge for the year | 5,490 | 9,707 |
| | 4,976 | 9,839 |

The Group was not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands for the years ended 31 December 2017 and 2016.

No provision for Hong Kong Profits Tax had been provided as the Group had no estimated assessable profits arising in Hong Kong for the years ended 31 December 2017 and 2016.

The Group's subsidiaries in the PRC were subject to Enterprise Income Tax at the rate of 25% based on the estimated assessable profits for the years ended 31 December 2017 and 2016. A subsidiary of the Group in the PRC was granted as "High Technology Enterprise" by the local tax authority, and subject to a reduced preferential Enterprise Income Tax rate of 15% for the year ended 31 December 2017.

The Group's subsidiaries in Macau were subject to Complementary Tax at rate of 12% based on estimated assessable profits for the years ended 31 December 2017 and 2016.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Earnings | | |
| Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share | <u>11,681</u> | <u>24,397</u> |
| | 2017 | 2016 |
| Number of shares | | |
| Weighted average number of ordinary shares in issue | <u>290,457,000</u> | <u>290,457,000</u> |

The diluted earnings per share are the same as basic earnings per share as there are no potential ordinary shares outstanding during both years or at the end of both reporting periods.

10. DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2017 (2016: Nil).

On 17 June 2016, the Group declared a 2015 final dividend of HK\$10.0 cents per share payable to the shareholders. On 8 July 2016, the Group paid a 2015 final dividend in aggregate amount of RMB24,991,000 (equivalent to approximately HK\$29,046,000).

11. TRADE RECEIVABLES

All of the Group's sales are on cash basis except for the wholesale of goods, bulk sales of merchandise to corporate customers and rental income receivable from tenants. The average credit terms offered to these customers or tenants are generally for a period of 0 – 180 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:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|-----------------|------------------------|------------------------|
| Within 30 days | 20,071 | 20,614 |
| 31 to 60 days | 8,760 | 8,743 |
| 61 to 180 days | 6,888 | 22,512 |
| 181 to 365 days | 1,161 | 1,118 |
| Over 1 year | <u>2,266</u> | <u>960</u> |
| | <u>39,146</u> | <u>53,947</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:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|--------------------|------------------------|------------------------|
| Current to 30 days | 37,576 | 54,192 |
| 31 to 60 days | 25,058 | 24,481 |
| 61 to 180 days | 36,465 | 45,047 |
| 181 to 365 days | 7,212 | 8,486 |
| Over 1 year | 3,887 | 1,866 |
| | <u>110,198</u> | <u>134,072</u> |

13. BANK BORROWINGS

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Secured bank borrowings due for repayment within one year | <u>92,000</u> | <u>104,000</u> |

As at 31 December 2017 and 2016, the bank borrowings were dominated in RMB and repayable within one year. As at 31 December 2017, the bank borrowings bore interest at fixed rate of 4.75% per annum (2016: at floating rate ranging from 4.4% to 6.3% per annum).

14. SHARE CAPITAL

The issued ordinary share capital during the year are as follows:

| | 2017 | | 2016 | |
|----------------------------------|-------------------------------|----------------|-------------------------------|----------------|
| | <i>Number of share(s)</i> | <i>RMB'000</i> | <i>Number of share(s)</i> | <i>RMB'000</i> |
| Authorised: | | | | |
| Ordinary shares of HK\$0.01 each | | | | |
| At 31 December | <u>2,000,000,000</u> | <u>15,826</u> | <u>2,000,000,000</u> | <u>15,826</u> |
| Issued and fully paid: | | | | |
| Ordinary shares of HK\$0.01 each | | | | |
| At 31 December | <u>290,457,000</u> | <u>2,387</u> | <u>290,457,000</u> | <u>2,387</u> |

15. 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 19 years.

As at 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Within one year | 15,872 | 10,885 |
| Later than one year and not later than five years | 34,366 | 13,118 |
| Later than five years | 16,385 | 6,257 |
| | 66,623 | 30,260 |

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 contingent rentals.

As at 31 December 2017, the Group had contracted with tenants for the future minimum lease payments as follows:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|-----------------|-------------------------------|------------------------|
| Within one year | 19,441 | 10,857 |

16. CAPITAL COMMITMENTS

As at 31 December 2017, the Group had the following capital commitments:

| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Contracted, but not provided for, in respect of acquisition of property, plant and equipment | 260 | 716 |

17. COMPARATIVE FIGURES

Certain comparative figures have been re-presented to conform with changes in presentation in the current year. The changes included the reclassification of net rental income from investment properties of RMB1,287,000 previously classified under "Revenue" to "Other operating income".

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company and the Group is a supermarket chain store operator with geographical focus in Guangdong province of the People's Republic of China (the "PRC"). During the year ended 31 December 2017 ("FY2017"), the Group maintained both retail and wholesale distribution channels. The Group's focus on the suburban and rural areas made it different from other major players in the market.

Retail Outlets

During the FY2017, the Group opened 3 retail outlets and closed 14 retail outlets. As at 31 December 2017, the Group had 61 retail outlets located in Guangdong province of the PRC and 3 retail outlets located in the Macau Special Administrative Region ("Macau") of the PRC, respectively.

The following table sets forth the changes in the number of retail outlets of the Group during FY2017:

| | For the year ended 31 | |
|------------------------------|------------------------------|-------------|
| | December | |
| | 2017 | 2016 |
| At the beginning of the year | 75 | 85 |
| Additions | 3 | 12 |
| Reductions | (14) | (22) |
| | <hr/> | <hr/> |
| At the end of the year | 64 | 75 |
| | <hr/> | <hr/> |

The following table sets forth the breakdown of the number of retail outlets of the Group by geographical location as at 31 December 2017:

| Location | Number of retail outlets |
|-----------------|---|
| Foshan | 45 |
| Zhaoqing | 10 |
| Zhuhai | 5 |
| Guangzhou | 1 |
| | <hr/> |
| The PRC | 61 |
| Macau | 3 |
| | <hr/> |
| Total | 64 |
| | <hr style="border-top: 3px double black;"/> |

General Wholesale

During the FY2017, the Group managed to keep all sole and exclusive distribution rights it gained before. The Group maintained sole and exclusive distribution rights for 14 brands covering Foshan, Jiangmen and Zhaoqing. The exact coverage of the Group's sole and exclusive distribution rights varied among those 14 brands. Instead of developing the size of general wholesale customer base, the Group put more emphases on gaining more sub-distributors rather than retailers as the Group's customers.

Franchise Operation

The Group has a franchise scheme opened for application by interested parties to franchise retail outlets. The proceeds from selling goods to franchisees of the Group form part of its wholesale distribution revenue.

The following table sets forth the changes in number of franchise outlets of the Group during the FY2017:

| | For the year ended | |
|------------------------------|---------------------------|-------------------|
| | 31 December | |
| | 2017 | 2016 |
| At the beginning of the year | 418 | 33 |
| Additions | 25 | 388 |
| Reductions | (6) | (3) |
| | <hr/> | <hr/> |
| At the end of the year | <u>437</u> | <u>418</u> |

RECENT DEVELOPMENT

Although the recovery trend of the physical stores is visible, the negative impacts brought by e-commerce and the Internet still exert a great pressure on the retail market. The Group will adhere to its principle of prudent financial management and strive to control costs. The Group will continue to review and enhance its products mix. The Group will expand our direct sourcing capabilities and identify more product supply origins. More direct purchases for fresh food from overseas would provide our customers with better and wider product range and at lower prices by eliminating middlemen and agents.

With the above measures and the efforts of the management team, especially for the expansion of the opening of new retail outlets, the Group will continue to maintain its leading position in the retail market and generate better returns for our shareholders.

OUTLOOK AND PROSPECT

The Group expects 2018 to be another challenging year. The surge in the operating costs in various business areas is not expected to slow down, particularly labour costs and rentals. Therefore, the Group remains very diligent in the selection of new retail outlets location to maintain quality and profitability. In particular, the Group's expansion plan is not hindered by economic fluctuations and it will continue opening new retail outlets in Guangdong province, so as to increase its market share in areas in which consumers' purchasing power grows relatively faster. At the same time, the Group will enhance the profitability of existing retail outlets by modifying the merchandise mix to meet customers' preference.

The recent acceleration of the integration of online and offline business demonstrates traditional physical stores are as important as ever and shopping in physical stores is for many people a pleasurable experience that cannot be easily replicated online. The Group will therefore continue to improve our service level. Furthermore, it is also important for us to develop different forms to cater for the customers' different and evolving needs. The Group will continue streamlining the administrative process to reduce office overheads and headcounts. The Group is optimistic that we can build on the solid foundation and deliver satisfactory performance in 2018.

FINANCIAL REVIEW

Revenue

For the FY2017, the revenue of the Group was approximately RMB954.2 million, representing a drop of approximately RMB133.7 million or 12.3% when compared with revenue for the year ended 31 December 2016 ("FY2016"). The decline in the revenue was mainly due to the fact that there was a tangible decrease in revenue of wholesale distribution, caused by intensified competition from other online platforms.

For the FY2017, the Group's revenue from retail outlet operation was approximately RMB677.0 million, representing a slight decrease of approximately RMB11.9 million or 1.7% when compared with FY2016. The decline was mainly caused by the intensified competition from online retailers.

For the FY2017, the Group's revenue from wholesale distribution operation was approximately RMB277.2 million, representing a drop of approximately RMB121.7 million or 30.5% when compared with FY2016. The drop was mainly due to the fact that there was a substantial decrease in the average purchase amounts by corporate customers.

Gross Profit Margin

For FY2017 and FY2016, the Group's gross profit margins were 15.4% and 14.1%, respectively. The improvement was mainly due to the result of reduction of low margin sales.

The following table sets forth the breakdowns of the revenue, cost of inventories sold and gross profit in respect of the two business segments of the Group for the FY2017:

| | For the year ended | |
|----------------------------|---------------------------|--------------------|
| | 31 December | |
| | 2017 | 2016 |
| | <i>RMB million</i> | <i>RMB million</i> |
| Revenue | | |
| Retail outlet operation | 677.0 | 688.9 |
| Wholesale distribution | 277.2 | 399.0 |
| | <hr/> | <hr/> |
| Total | 954.2 | 1,087.9 |
| Cost | | |
| Retail outlet operation | 536.6 | 551.2 |
| Wholesale distribution | 270.2 | 383.6 |
| | <hr/> | <hr/> |
| Total | 806.8 | 934.8 |
| Gross profit | | |
| Retail outlet operation | 140.4 | 137.7 |
| Wholesale distribution | 7.0 | 15.4 |
| | <hr/> | <hr/> |
| Total | 147.4 | 153.1 |
| Gross profit margin | | |
| Retail outlet operation | 20.7% | 20.0% |
| Wholesale distribution | 2.5% | 3.9% |
| Overall | 15.4% | 14.1% |

Other Operating Income

For the FY2017, the Group's other operating income was approximately RMB55.6 million, representing an increase of approximately RMB4.4 million or 8.6% when compared with FY2016. The increase was mainly due to the substantial increase in promotion income from suppliers, which mitigated the drop in governments grants.

Selling and Distribution Costs

For the FY2017, the Group's selling and distribution costs were approximately RMB141.0 million, representing an increase of approximately RMB10.5 million or 8.1% when compared with FY2016. The increase was mainly due to the rise in the minimum wages in Guangdong Province and more marketing campaigns carried out in the second half of FY2017.

Administrative Expenses

For the FY2017, the Group's administrative expenses were approximately RMB40.4 million, representing an increase of approximately RMB6.6 million or 19.5% when compared with FY2016. The increase was mainly due to the professional fees incurred in relation to the mandatory unconditional cash offer for the share of the Company.

Finance Costs

For the FY2017, the Group's finance costs were approximately RMB4.6 million, representing a decrease of approximately RMB0.9 million or 16.8% when compared with FY2016. The decrease was mainly due to reduction in bank borrowings during FY2017.

Income Tax Expenses

For the FY2017, the Group's income tax expenses were approximately RMB5.0 million, representing an effective tax rate of 29.4%. The high effective tax rate was mainly caused by some of the expenses in relation to closure of retail outlets being not tax deductible.

Net Profit

For the FY2017, the Group's net profit attributable to the shareholders was approximately RMB11.9 million, representing a drop of approximately RMB12.7 million or 51.5% when compared with FY2016. The drop was mainly due to reduction in government grants and increase in administrative expenses.

Total Comprehensive Income

For the FY2017, the Group's total comprehensive income attributable to the shareholders was approximately RMB8.4 million, representing a drop of approximately RMB21.1 million or 71.7% when compared with FY2016. The steady appreciation of RMB against HK\$ led to an exchange loss on translating foreign operations of approximately RMB3.6 million for the FY2017, which was reflected as other comprehensive income.

Capital Expenditure

The Group's capital expenditure requirements were mainly related to additions of its property, plant and equipment for the newly opened and existing retail outlets. For the FY2017, the Group spent approximately RMB18.0 million on addition of its property, plant and equipment.

Liquidity and Financial Resources

As at 31 December 2017, the Group had cash and cash equivalents of approximately RMB164.5 million (as at 31 December 2016: approximately RMB151.9 million), out of which approximately RMB126.0 million was denominated in RMB and approximately RMB38.5 million was denominated in HK\$ or MOP.

As at 31 December 2017, the Group had net current assets of approximately RMB166.5 million (as at 31 December 2016: approximately RMB145.1 million) and net assets of approximately RMB264.1 million (as at 31 December 2016: approximately RMB255.8 million). As at 31 December 2017, the Group had unutilized banking facilities of approximately RMB51.0 million (as at 31 December 2016: approximately RMB91.0 million).

Significant Investments and Plans for Material Investments or Capital Assets

The Group did not hold any significant investments during the FY2017. Save for the business plan disclosed in the Prospectus and the announcement dated 24 October 2016, there was no other plan for material investments or capital assets as at 31 December 2017.

Material Acquisitions and Disposals

The Group did not carry out any material acquisition nor disposal of any subsidiary or associated company during the FY2017.

Indebtedness and Pledge of Assets

As at 31 December 2017, the Group had bank borrowings denominated in approximately RMB92.0 million (as at 31 December 2016: approximately RMB104.0 million) secured by:

- (i) the pledge of certain leasehold buildings of the Group with net carrying amount of approximately RMB14.4 million (as at 31 December 2016: approximately RMB14.1 million);
- (ii) the pledge of certain prepaid land lease of the Group with net carrying amount of approximately RMB28.5 million (as at 31 December 2016: approximately RMB29.3 million); and
- (iii) the pledge of certain investment properties of the Group with net carrying amount of approximately RMB2.9 million (as at 31 December 2016: approximately RMB2.5 million).

All the bank borrowings were repayable within one year. The interests of those loans were fixed at 4.75% per annum (2016: at floating rate ranging from 4.4% to 6.3% per annum).

Key Financial Ratio

The following table sets forth the key financial ratios of the Group for the FY2017:

| | As at/for the year ended | |
|--------------------------|--------------------------|----------|
| | 31 December | |
| | 2017 | 2016 |
| Debtor turnover days | 17.8 | 15.1 |
| Inventory turnover days | 52.8 | 52.1 |
| Creditor turnover days | 55.3 | 54.2 |
| Return on equity | 4.5% | 9.6% |
| Return on total assets | 2.3% | 4.6% |
| Interest coverage ratio | 4.7x | 7.2x |
| Gearing ratio | 34.8% | 40.7% |
| Net debt to equity ratio | Net cash | Net cash |
| Current ratio | 1.6x | 1.5x |
| Quick ratio | 1.2x | 1.1x |

Foreign Currency Exposure

Majorities of the Group's assets, liabilities and cash flows were denominated in RMB and part of the Group Assets were denominated in HK\$. During the FY2017, the steady appreciation of RMB against HK\$ had negative effect from translation as the reporting currency of the Group was RMB. Apart from that, the management of the Company viewed that the change in exchange rate for RMB against foreign currencies did not have significant impact on the Group's financial position nor performance given that functional currencies of the Group was RMB. During the FY2017, the Group did not engage in any hedging activities and the Group has no intention to carry out any hedging activities in near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

Contingent Liabilities

As at 31 December 2017, the Group did not provide any guarantee for any third party and did not have any significant contingent liabilities.

Employees

The Group had a total of 1,128 employees as at 31 December 2017, of which 1,097 employees worked in the PRC and 31 worked in Hong Kong and Macau. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and bonuses based upon staff performance and profits of the Group.

During the FY2017, the Group had not experienced any significant problem with its employees or disruption to its operations due to labour disputes nor had it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

LISTING

The Shares were successfully listed (the "Listing") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 September 2015 (the "Listing Date") through an offering of Shares (the "Global Offering"). For the details of the Global Offering, please refer to the prospectus issued by the Company (the "Prospectus") on 28 August 2015. In the Global Offering, 75,600,000 Shares were issued at HK\$2.88 each and the total gross proceeds received amounted to approximately HK\$217.7 million (equivalent to approximately RMB178.9 million).

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and related expenses, amounted to approximately HK\$188.6 million (equivalent to approximately RMB155.0 million), was intended to be applied in the manner as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

Nonetheless, the Board constantly evaluates the prospect of the retail market and the PRC’s economic conditions to determine the most efficient and effective method to deploy the Group’s resources. As references are made to the announcement issued by the Company dated 24 October 2016, the Board considers that if the net proceeds were still allocated as the original manner stipulated in the Prospectus, it would not be cost effective and at the best interests of the Company and its shareholders. In view of the recent slowdown in economic growth in the PRC, the Company has been slowing down the pace of opening new outlets and thus freeing up proceeds originally intended to be used for such purpose. With a view to better use the net proceeds from the Global Offering, the Company has decided to re-allocate parts of the unutilized proceeds to upgrade the existing outlets to enhance the Group’s competitiveness as one of the major market players in Guangdong province and repay the bank borrowings to reduce the Group’s finance costs in the manner as stated below:

| | Original allocation of net proceeds | | Revised allocation of the net proceeds | | Utilization as at 31 December 2017 | | Remaining balance of net proceeds as at 31 December 2017 | |
|--|---|------------------------------|--|------------------------------|--|------------------------------|---|------------------------------|
| | <i>RMB million</i> | <i>% of net proceeds</i> | <i>RMB million</i> | <i>% of net proceeds</i> | <i>RMB million</i> | <i>% of net proceeds</i> | <i>RMB million</i> | <i>% of net proceeds</i> |
| Opening of new outlets | 116.9 | 75.4% | 74.4 | 48.0% | 28.8 | 18.6% | 45.6 | 29.4% |
| Upgrading existing outlets | – | 0.0% | 14.6 | 9.4% | 14.6 | 9.4% | – | 0.0% |
| Repayment of bank borrowings | – | 0.0% | 27.9 | 18.0% | 27.9 | 18.0% | – | 0.0% |
| Information systems upgrades | 11.2 | 7.2% | 11.2 | 7.2% | 9.5 | 6.1% | 1.7 | 1.1% |
| Upgrading and expanding the existing two distribution centres | 13.3 | 8.6% | 13.3 | 8.6% | 3.1 | 2.0% | 10.2 | 6.6% |
| General working capital | 13.6 | 8.8% | 13.6 | 8.8% | 13.6 | 8.8% | – | 0.0% |
| Total | 155.0 | 100.0% | 155.0 | 100.0% | 97.5 | 62.9% | 57.5 | 37.1% |

SIGNIFICANT EVENTS

Mandatory unconditional cash offer

As disclosed in the joint announcements issued by the CCOOP International Holdings Limited (the “Offeror”) and the Company dated 23 January 2017 and 12 May 2017 and the composite offer and response document jointly issued by the Offeror and the Company dated 19 May 2017, on 23 January 2017, the Offeror, Golden Prime Holdings Limited, Xing Nong Holdings Limited and Jian Nong Holdings Limited as the vendors (the “Vendors”) and Mr. Lao Songsheng as the guarantor and Shun Ao Holdings Limited entered into a sale and purchase agreement, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell 162,092,600 shares of the Company (the “Shares”), representing approximately 55.80% of the then entire issued share capital of the Company, for a total consideration of HK\$640,265,770 (representing HK\$3.95 per Share)(the “Sale and Purchase Agreement”). Completion took place on 12 May 2017.

Upon the completion of the Sale and Purchase Agreement, the Offeror and parties acting in concert with it were interested in 162,092,600 Shares, representing approximately 55.80% of the then existing issued share capital of the Company. Pursuant to the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”), Dakin Securities Limited, on behalf of the Offeror, made a mandatory unconditional general offer in cash in compliance with the Takeovers Code at HK\$3.95 for each Share (the “Offer”).

As disclosed in the announcement dated 9 June 2017 jointly issued by the Company and the Offeror, the Offer was closed on 9 June 2017 and the Offeror received valid acceptances in respect of a total of 74,425,717 Shares under the Offer, representing approximately 25.62% of the then entire issued share capital of the Company.

Immediately after the close of the Offer, on 9 June 2017, the Offeror and parties acting in concert with it were interested in an aggregate of 236,518,317 Shares, representing approximately 81.43% of the then entire issued share capital of the Company.

Restoration of public float of the Company

As disclosed in the joint announcement issued by the Company and the Offeror dated 9 June 2017 and the announcement issued by the Company dated 20 June 2017, the Company could not satisfy the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), immediately following the close of the Offer on 9 June 2017. As a result, an application was made to the Stock Exchange for a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for a period of four months commencing from 9 June 2017. On 20 June 2017, the Stock Exchange granted the Company a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the period from 9 June 2017 to 8 October 2017. Trading in the Shares of the Company had been suspended with effect from 9:00 a.m. on 12 June 2017 at the request of the Company pending the restoration of the required minimum public float of 25%.

As disclosed in the announcements of the Company dated 15 September 2017 and 28 September 2017, Mr. Lao Songsheng disposed of 23,052 shares in Golden Prime Holdings Limited (“Golden Prime”) (representing approximately 23.1% of the then issued shares of Golden Prime) to third parties independent of and not connected with the Company and its connected person (as defined in the Listing Rules) (the “Director’s Disposal”) on 15 September 2017. Immediately after the Director’s Disposal, Golden Prime ceased to be a core connected person (as defined in the Listing Rules) of the Company and became a member of the public shareholder of the Company under Rule 8.24 of the Listing Rules. Accordingly, the 25,988,000 Shares held by Golden Prime (representing approximately 8.95% of the then issued Shares) were counted as part of the public float of the Company.

On 28 September 2017, the Offeror and the parties acting in concert with it, the controlling shareholder of the Company (as defined in the Listing Rules), completed the disposal of 27,600,000 Shares (representing approximately 9.50% of the then issued Shares) and 4,360,000 Shares (representing approximately 1.50% of the then issued Shares) to two third parties independent of and not connected with the Company and its connected person respectively (the “Offeror’s Disposal”).

Immediately after the Director’s Disposal and Offeror’s Disposal and as at 28 September 2017, 73,006,683 Shares (including the 25,988,000 Shares held by Golden Prime and the 31,960,000 Shares from the Offeror’s Disposal) representing approximately 25.14% of the then issued Shares are held by the public. Therefore, the Company restored its public float and is in compliance with Rule 8.08(1)(a) of the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period between the Listing Date and 31 December 2017.

EVENTS AFTER THE REPORTING PERIOD

Except for the matters disclosed under the "Recent Development" section under the "Management Discussion and Analysis" of this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2017 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Board is of the view that throughout the period between the Listing Date and 31 December 2017, the Company has complied with all the code provisions as set out in the CG Code.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the Financial Statements and has met with the auditor of the Company, SHINEWING (HK) CPA Limited. The Financial Statements have been agreed by the auditor of the Company.

The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, risk management and internal control systems with senior management members of the Company.

DIVIDEND

The Board has resolved not to declare any final dividend for FY2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 22 June 2018 to Wednesday, 27 June 2018, both days inclusive, during which period no transfer of Shares will be effected.

In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Wednesday, 27 June 2018, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 June 2018.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the Company's website at www.skl.com.cn. The annual report for the year ended 31 December 2017 of the Group containing all the information required by the Listing Rules will also be published on the same websites and dispatched to the shareholders of the Company in due course.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary results announcement.

By order of the Board
China Shun Ke Long Holdings Limited
Wang Zheng
Chairman and Executive Director

Hong Kong, 28 March 2018

As at the date of this announcement, the executive Directors are Mr. Wang Zheng, Mr. Mung Hon Ting Jackie and Mr. Han Wei; the non-executive Directors are Mr. Wu Limin and Mr. Wang Fu Lin; and the independent non-executive Directors are Mr. Guan Shiping, Mr. Sun Hong and Mr. Shin Yick Fabian.