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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of China Shun Ke Long Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018. The unaudited consolidated results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2018	2017	
	RMB'000	*RMB'000*	%
Revenue	**470,067**	519,289	-9.5%
Gross profit	**73,810**	76,261	-3.2%
Profit for the period	**7,922**	8,901	-11.0%

	At 30 June 2018	At 31 December 2017	
	RMB'000	*RMB'000*	%
Total assets	**492,575**	525,538	-6.3%
Total liabilities	**220,102**	261,422	-15.8%
The number of retail outlets	**64**	64	Unchanged
The number of franchise outlets	**411**	437	-5.9%

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*5a*	**470,067**	519,289
Cost of inventories sold		**(396,257)**	(443,028)
Gross profit		**73,810**	76,261
Other operating income	*5b*	**15,669**	17,760
Selling and distribution costs		**(60,145)**	(61,283)
Administrative expenses		**(16,550)**	(18,690)
Profit from operations	*6*	**12,784**	14,048
Finance costs	*7*	**(2,428)**	(2,271)
Profit before income tax expense		**10,356**	11,777
Income tax expense	*8*	**(2,434)**	(2,876)
Profit for the period		**7,922**	8,901
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Exchange differences on translating to presentation currency		**435**	(308)
Total comprehensive income for the period		**8,357**	8,593
Profit for the period attributable to:			
– Owners of the Company		**7,776**	8,828
– Non-controlling interests		**146**	73
		7,922	8,901
Total comprehensive income for the period attributable to:			
– Owners of the Company		**8,211**	8,520
– Non-controlling interests		**146**	73
		8,357	8,593
Earnings per share – basic and diluted *(RMB cents)*	*10*	**2.68**	3.04

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2018 RMB'000 (unaudited)	At 31 December 2017 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	**49,235**	52,451
Prepaid land lease	11	**31,381**	32,224
Investment properties	11	**4,053**	4,245
Deposits paid and prepayments		**5,091**	5,921
Goodwill	11	**2,793**	2,761
Total non-current assets		**92,553**	97,602
Current assets			
Inventories		**111,709**	106,952
Trade receivables	12	**57,731**	39,146
Deposits paid, prepayments and other receivables		**109,125**	112,374
Amounts due from related companies	14	**3,514**	4,952
Cash and cash equivalents		**117,943**	164,512
Total current assets		**400,022**	427,936
Total assets		**492,575**	525,538
Current liabilities			
Trade payables	13	**79,669**	110,198
Deposits received, receipts in advance, accruals and other payables		**45,225**	55,515
Amounts due to related companies	14	**620**	820
Bank borrowings	15	**92,000**	92,000
Tax payable		**2,588**	2,889
Total current liabilities		**220,102**	261,422
Net current assets		**179,920**	166,514
Net assets		**272,473**	264,116

	Notes	At 30 June 2018 RMB'000 (unaudited)	At 31 December 2017 RMB'000 (audited)
EQUITY			
Share capital	*16*	**2,387**	2,387
Reserves		**268,379**	260,168
Equity attributable to owners of the Company		**270,766**	262,555
Non-controlling interests		**1,707**	1,561
Total equity		**272,473**	264,116

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Special reserve *RMB'000* *(Note a)*	Merger reserve *RMB'000* *(Note b)*	Capital reserve *RMB'000* *(Note c)*	Statutory reserve *RMB'000* *(Note d)*	Capital contribution reserve *RMB'000* *(Note e)*	Translation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2018 (audited)	**2,387**	**169,904**	**84**	**(6,200)**	**200**	**13,491**	**873**	**3,417**	**78,399**	**262,555**	**1,561**	**264,116**
Comprehensive income												
Exchange differences arising on translation to presentation currency	–	–	–	–	–	–	–	435	–	435	–	435
Profit for the period	–	–	–	–	–	–	–	–	7,776	7,776	146	7,922
Total comprehensive income for the period	–	–	–	–	–	–	–	435	7,776	8,211	146	8,357
At 30 June 2018 (unaudited)	**2,387**	**169,904**	**84**	**(6,200)**	**200**	**13,491**	**873**	**3,852**	**86,175**	**270,766**	**1,707**	**272,473**
At 1 January 2017 (audited)	2,387	169,904	84	(6,200)	200	11,217	873	7,003	68,992	254,460	1,306	255,766
Comprehensive income												
Exchange differences arising on translation to presentation currency	–	–	–	–	–	–	–	(308)	–	(308)	–	(308)
Profit for the period	–	–	–	–	–	–	–	–	8,828	8,828	73	8,901
Total comprehensive income for the period	–	–	–	–	–	–	–	(308)	8,828	8,520	73	8,593
At 30 June 2017 (unaudited)	2,387	169,904	84	(6,200)	200	11,217	873	6,695	77,820	262,980	1,379	264,359

Notes:

(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 deemed 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 represents the consideration paid by the Group to acquire the net assets of a subsidiary in excess of their carrying amounts.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net cash used in operating activities	**(42,824)**	(25,382)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,632)**	(8,602)
Proceeds from sale of property, plant and equipment	**626**	1,616
Interest received	**356**	870
Net cash used in investing activities	**(1,650)**	(6,116)
Cash flows from financing activities		
Proceeds from bank borrowings	**–**	92,000
Repayment of bank borrowings	**–**	(104,000)
Interest paid	**(2,434)**	(2,271)
Net cash used in financing activities	**(2,434)**	(14,271)
Net decrease in cash and cash equivalents	**(46,908)**	(45,769)
Cash and cash equivalents at 1 January	**164,512**	151,927
Effect of exchange rate changes on cash and cash equivalents	**339**	(258)
Cash and cash equivalents at 30 June	**117,943**	105,900

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 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 (Cap. 622 of the Laws of Hong Kong) on 26 May 2015. The ordinary shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 September 2015.

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

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 (Stock code: 000564).

The functional currency of the Company is Hong Kong dollars ("**HK$**"). The condensed consolidated interim 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.

(b) Basis of preparation

These condensed consolidated interim financial statements of the Company and its subsidiaries (collectively known as the "**Group**") for the six months ended 30 June 2018 (the "**Period**") have 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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). These condensed consolidated interim financial statements were authorised for issue on 29 August 2018.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. Details of any changes in accounting policies are set out in Note 2.

These condensed consolidated interim financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial information prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") and should be read in conjunction with the 2017 consolidated financial statements.

The condensed consolidated interim financial statements were unaudited, but have been reviewed by the audit committee of the Company, which comprises the two independent non-executive Directors and one non-executive Director.

2. CHANGE IN INTERNATIONAL FINANCIAL REPORTING STANDARDS

Application of new and amendments to IFRSs

In the Period, the Group has applied, for the first time, the following new and amendments to IAS and IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated interim financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

The adoption of IFRS 9 and IFRS 15 does not have a material impact on the Group's results and financial positions for the current or prior periods. Details of the changes in accounting policies are disclosed in the following:

Impacts and changes in accounting policies of application on IFRS 15 "Revenue from Contracts with Customers"

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from retail outlet operation and wholesale distribution.

The Group has elected to adopt IFRS 15 using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated. The application of IFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group.

Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The adoption of IFRS 15, which results in a change in accounting policy on revenue recognition, has no material impact on the timing and amounts of revenue recognised in the Period.

Impacts and changes in accounting policies of application on IFRS 9 "Financial Instruments" and the related amendments

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for the Period.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets, including financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial investments and held-to-maturity investments have been replaced by:

- Debt instruments at amortised cost;

- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;

- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and

- Financial assets at fair value through profit or loss.

The accounting for financial liabilities remains largely the same as it was under IAS 39.

As of 1 January 2018, the category of loans and receivables under IAS 39, including cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables and amounts due from related companies, were transferred to debt instruments at amortised cost under IFRS 9.

Changes to the impairment calculation

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model. The Company applies the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its accounts and notes receivables. The Company applies the general approach of financial assets included in prepayments, deposits and other receivables and amounts due from related companies.

All the other amendments and interpretations apply for the first time in 2018, but do not have an impact on the condensed consolidated interim financial statements of the Company.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2017 annual financial statements.

4. 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)

Management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenue, cost of inventories sold, other operating income, selling and distribution costs, administrative expenses and finance costs directly attributable to each operating segment. Central administrative cost is not allocated to the operating segments as it is not included in the measure of the segment results that are used by the chief operating decision-maker for assessment of segment performance.

For the six months ended 30 June 2018 (unaudited):

	Retail outlet operation *RMB'000*	Wholesale distribution *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenue				
From external customers	**285,991**	**184,076**	**–**	**470,067**
From inter-segment	**14,016**	**35,222**	**(49,238)**	**–**
Reportable segment revenue	**300,007**	**219,298**	**(49,238)**	**470,067**
Reportable segment profit	**9,750**	**1,620**	**–**	**11,370**
Finance costs	**2,428**	**–**	**–**	**2,428**
Interest income	**302**	**7**	**–**	**309**
Reportable segment assets	**348,782**	**105,638**	**–**	**454,420**
Additions to non-current segment assets during the period	**2,540**	**92**	**–**	**2,632**
Reportable segment liabilities	**209,614**	**8,987**	**–**	**218,601**

For the six months ended 30 June 2017 (unaudited):

	Retail outlet operation *RMB'000*	Wholesale distribution *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenue				
From external customers	297,825	221,464	–	519,289
From inter-segment	29,231	37,671	(66,902)	–
Reportable segment revenue	327,056	259,135	(66,902)	519,289
Reportable segment profit	11,036	1,820	–	12,856
Finance costs	2,271	–	–	2,271
Interest income	695	65	–	760
Reportable segment assets	363,896	111,111	–	475,007
Additions to non-current segment assets during the period	8,546	56	–	8,602
Reportable segment liabilities	238,964	9,936	–	248,900

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the condensed consolidated interim financial statements as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Reportable segment revenue	**470,067**	519,289
Group revenue	**470,067**	519,289
Reportable segment profit	**11,370**	12,856
Other corporate income	**47**	110
Other corporate expenses	**(1,061)**	(1,189)
Profit before income tax expense	**10,356**	11,777
Reportable segment assets	**454,420**	475,007
Other corporate assets *(Note)*	**38,155**	38,561
Group's assets	**492,575**	513,568
Reportable segment liabilities	**218,601**	248,900
Other corporate liabilities *(Note)*	**1,501**	309
Group's liabilities	**220,102**	249,209

Note: Other corporate assets represented cash and cash equivalents and prepayments. Other corporate liabilities represented other payables relating to central administration cost.

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

	Revenue from external customers Six months ended 30 June		Non-current assets At 30 June
	2018	2017	**2018**
	RMB'000	*RMB'000*	***RMB'000***
	(unaudited)	(unaudited)	**(unaudited)**
The PRC (domicile)	**446,461**	498,780	**86,229**
Macau	**23,606**	20,509	**470**
	470,067	519,289	**86,699**

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

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

There was no single customer that contributed to 10% or more of the Group's revenue for the Period. The Group had a single wholesale distribution customer contributing more than 12% of the revenue for the six months ended 30 June 2017.

5. REVENUE AND OTHER OPERATING INCOME

(a) Revenue

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Retail outlet operation		
General retail sales	**251,537**	263,174
Bulk sales	**22,535**	20,661
Rental income from leasing shop premises	**11,455**	13,693
Commission from concessionaire sales	**464**	297
Wholesale distribution		
General wholesales	**175,036**	211,191
Franchisees	**9,040**	10,273
	470,067	519,289

(b) Other operating income

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grants	**1,273**	2,314
Promotion income from suppliers	**10,178**	10,647
Net rental income from investment properties	**680**	665
Interest income	**356**	870
Others	**3,182**	3,264
	15,669	17,760

6. PROFIT FROM OPERATIONS

The Group's profit from operations was arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**396,257**	443,028
Depreciation of property, plant and equipment	**5,288**	6,439
Depreciation of investment properties	**192**	48
Amortisation of prepaid land lease payments	**843**	506
Employee benefits expenses (including directors' remuneration):		
– Wages and salaries	**26,985**	28,855
– Pension scheme contributions	**4,007**	4,262
– Other benefits	**787**	818
	31,779	33,935
Operating lease charges in respect of land and buildings	**18,925**	17,364
Obsolete inventories written-off	**56**	34
Loss/(gain) on disposal of property, plant and equipment	**20**	(11)

7. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest charged on bank borrowings	**2,428**	2,271

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current – the PRC		
Charge for the period	**2,434**	2,876
Total tax charge for the period	**2,434**	2,876

The Group was not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the Period (six months ended 30 June 2017: Nil).

No provision for Hong Kong profits tax had been provided as the Group had no estimated assessable profit arising in Hong Kong during the Period (six months ended 30 June 2017: Nil).

The Group's subsidiaries in Macau were subject to Complementary Tax at rate of 12% based on estimated assessable profit during the Period (six months ended 30 June 2017: 12%).

The Group's subsidiaries in the PRC were subject to Enterprise Income Tax at the rate of 25% based on the estimated assessable profit during the Period (six months ended 30 June 2017: 25%). A subsidiary of the Group in the PRC was granted as "New High Technology Enterprise" by the local tax authority, and subject to a reduced preferential Enterprise Income Tax rate of 15% for the Period.

9. DIVIDEND

The board of directors of the Company does not recommend the payment of an interim dividend for the Period (six months ended 30 June 2017: Nil).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to equity holders of the Company for each of the periods is based on the following data:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to equity holders of the Company	**7,776**	8,828

	Six months ended 30 June	
	2018	2017
	Shares	*Shares*
Number of shares	**290,457,000**	290,457,000

The diluted earnings per share for respective periods are same as the basic earnings per share as there are no dilutive shares during both periods or at the end of reporting periods.

11. CAPITAL EXPENDITURES

	Property, plant and equipment	**Prepaid land lease**	**Investment properties**	**Goodwill**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening carrying amount as at 1 January 2018 (audited)	**52,451**	**32,224**	**4,245**	**2,761**
Additions	**2,632**	**–**	**–**	**–**
Disposals	**(560)**	**–**	**–**	**–**
Depreciation/amortization *(Note 6)*	**(5,288)**	**(843)**	**(192)**	**–**
Exchange adjustment	**–**	**–**	**–**	**32**
Closing carrying amount as at 30 June 2018 (unaudited)	**49,235**	**31,381**	**4,053**	**2,793**
Opening carrying amount as at 1 January 2017 (audited)	63,777	33,910	4,251	3,043
Additions	8,602	–	–	–
Disposals	(2,685)	–	–	–
Depreciation/amortization *(Note 6)*	(6,439)	(506)	(48)	–
Exchange adjustment	–	–	–	(94)
Closing carrying amount as at 30 June 2017 (unaudited)	63,255	33,404	4,203	2,949

As at 30 June 2018 and 31 December 2017, certain leasehold buildings with net carrying amount of RMB13,421,000 and RMB14,356,000 respectively were pledged to the bank for banking facilities granted to the Group *(Note 15)*.

As at 30 June 2018 and 31 December 2017, certain prepaid land lease with net carrying amount of RMB28,100,000 and RMB28,530,000 respectively were pledged to the bank for banking facilities granted to the Group *(Note 15)*.

As at 30 June 2018 and 31 December 2017, certain investment properties with net carrying amount of RMB2,833,000 and RMB2,864,000 respectively were pledged to the bank for banking facilities granted to the Group *(Note 15)*.

12. TRADE RECEIVABLES

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:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 30 days	**33,484**	20,071
31 to 60 days	**10,967**	8,760
61 to 180 days	**9,743**	6,888
181 to 365 days	**970**	1,161
Over 1 year	**2,567**	2,266
	57,731	39,146

13. TRADE PAYABLES

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

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

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current to 30 days	**22,307**	37,576
31 to 60 days	**16,730**	25,058
61 to 180 days	**22,587**	36,465
181 to 365 days	**15,022**	7,212
Over 1 year	**3,023**	3,887
	79,669	110,198

14. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

As at 30 June 2018 and 31 December 2017, amounts due from/(to) related companies were unsecured, interest free and repayable on demand.

15. BANK BORROWINGS

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Secured		
– bank borrowings due for repayment within one year	**92,000**	92,000

As at 30 June 2018 and 31 December 2017, both of the bank borrowings were denominated in RMB, repayable within one year and interest-bearing at the same fixed rate of 4.75% per annum.

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 RMB13,421,000 and RMB14,356,000 as at 30 June 2018 and 31 December 2017 respectively *(Note 11)*;

(ii) the pledge of certain prepaid land lease of the Group with net carrying amount of RMB28,100,000 and RMB28,530,000 as at 30 June 2018 and 31 December 2017 respectively *(Note 11)*;

(iii) the pledge of certain investment properties of the Group with net carrying amount of RMB2,833,000 and RMB2,864,000 as at 30 June 2018 and 31 December 2017 respectively *(Note 11)*.

16. SHARE CAPITAL

Company

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
Authorised:		
2,000,000,000 shares of HK$0.01 each	**15,826**	15,826
Issued and fully paid:		
290,457,000 shares of HK$0.01 each	**2,387**	2,387

17. 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 30 June 2018 and 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
Within one year	**14,787**	15,872
Later than one year and not later than five years	**33,688**	34,366
Later than five years	**14,780**	16,385
	63,255	66,623

As lessor

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

As at 30 June 2018 and 31 December 2017, the Group had total future minimum lease receipts under non-cancellable operating leases falling due as follows:

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
Within one year	**17,287**	19,441

18. CAPITAL COMMITMENTS

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

	30 June 2018 *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (audited)
Contracted, but not provided for, in respect of acquisition of property, plant and equipment	**–**	260

19. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions detailed elsewhere in the condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the periods:

		Six months ended 30 June	
Related party relationship	**Nature of transaction**	**2018** *RMB'000* **(unaudited)**	2017 *RMB'000* (unaudited)
Related companies *(Note a)*	Sale of goods *(Note b)*	**1,686**	2,778
	Purchase of goods *(Note c)*	**5,787**	11,686
	Rental Income received	**85**	145
	Rental expense paid *(Note d)*	**4,188**	3,923

(a) Mr. Lao Songsheng ("**Mr. Lao**"), a former director of the Company until 2 March 2018, is a beneficial shareholder of Foshan Shunde Lecong Supply and Marketing Group Limited (the "**Lecong Supply and Marketing Group**" and together with its subsidiaries, the "**Lecong Group**") and the Company. In the opinion of the directors of the Company, the Company and Lecong Supply and Marketing Group were both controlled by Mr. Lao during the Period and the corresponding period of last year. Certain subsidiaries of the Group operating in the PRC entered into contracts with Lecong Group for sale of goods, purchase of goods, leasing of properties to and from Lecong Group.

(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 the Lecong Supply and Marketing Group and its subsidiaries with respect to 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 to 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:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries, allowances and benefits in kind	**1,196**	708
Pension scheme contributions	**105**	33
	1,301	741

20. COMPARATIVE FIGURES

Certain comparative figures have been re-presented to conform with changes in presentation in the Period. The changes included the reclassification of net rental income from investment properties of RMB665,000 previously classified under "Revenue" to "Other operating income".

21. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors of the Company on 29 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China Shun Ke Long Holdings Limited is an investment holding company and the Group is a supermarket chain store operator with geographical focus on Guangdong province of the People's Republic of China (the "**PRC**"). During the six months ended 30 June 2018 (the "**Period**"), the Group maintained both retail and wholesale distribution channels. The Group's focus on the suburban and rural areas makes it different from other major players in the market.

Retail Outlets

During the Period, the Group opened 1 retail outlet and closed 1 retail outlet. As at 30 June 2018, the Group had a total of 64 retail outlets, 61 retail outlets in Guangdong province of the PRC and 3 retail outlets in the Macau Special Administrative Region of the PRC ("**Macau**") respectively.

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

	For the Period/year ended	
	30 June 2018	31 December 2017
At the beginning of the Period/year	**64**	75
Additions	**1**	3
Reductions	**(1)**	(14)
At the end of the Period/year	**64**	64

The following table sets forth the breakdown of the number of retail outlets of the Group by geographical location as at 30 June 2018:

Location	Number of retail outlets as at	
	30 June 2018	31 December 2017
Foshan	**45**	45
Zhaoqing	**10**	10
Zhuhai	**5**	5
Guangzhou	**1**	1
	61	61
Macau	**3**	3
Total	**64**	64

General Wholesale

During the Period, 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.

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 Period:

	For the Period/year ended	
	30 June 2018	31 December 2017
At the beginning of the Period/year	**437**	418
Additions	**–**	25
Reductions	**(26)**	(6)
At the end of the Period/year	**411**	437

RECENT DEVELOPMENT

The Group continued to expand its direct sourcing capabilities and increase direct purchase of vegetables and fruit. Direct sourcing not only lowers product prices but also allows the Group to gain better control of the quality of products. In addition, our house brand team continued to work closely with the merchandise and marketing team to develop price competitive house brand products to enhance the Group's products differentiation and competitiveness. We also applied new media technology such as "WeChat public number" and "WeChat moments" to create neighbourhood communication groups for customers located within 3km distance from a store.

OUTLOOK AND PROSPECT

The Group expects the second half of 2018 to be very challenging in view of the looming economic uncertainties. Therefore, the Group remains very cautious in the selection of new retail outlets location to maintain long-term profitability. In particular, the Group has slowed down the pace of new outlets opening during the Period in Guangdong province, the PRC. At the same time, the Group has been enhancing the profitability of existing retail outlets by modifying the merchandise mix to meet customers' preference.

FINANCIAL REVIEW

Revenue

For the Period, the revenue of the Group was approximately RMB470.1 million, representing a decrease of approximately RMB49.2 million or 9.5% when compared with the same period in 2017. The decline in revenue was mainly due to a tangible decrease in revenue of wholesale distribution, caused by intensified competition from other online platforms.

For the Period, the Group's revenue from retail outlet operation was approximately RMB286.0 million, representing a decline of approximately RMB11.8 million or 4.0% when compared with the same period in 2017. The decline was mainly caused by the intensified competition from online retailers.

For the Period, the Group's revenue from wholesale distribution operation was approximately RMB184.1 million, representing a drop of approximately RMB37.4 million or 16.9% when compared with the same period in 2017. 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 the Period and the same period in 2017, the Group's gross profit margins were 15.7% and 14.7%, respectively. The improvement was mainly due to the results of reduction of low margin sales.

Other Operating Income

For the Period, the Group's other operating income was approximately RMB15.7 million, representing a decrease of approximately RMB2.1 million or 11.8% when compared with the same period in 2017. The decrease was mainly due to a drop in government grants and interest income.

Selling and Distribution Costs

For the Period, the Group's selling and distribution costs were approximately RMB60.1 million, representing a slight decrease of approximately RMB1.1 million or 1.9% when compared with the same period in 2017. The decrease was mainly due to slowing down the pace of new outlets opening.

Administrative Expenses

For the Period, the Group's administrative expenses were approximately RMB16.6 million, representing a decrease of approximately RMB2.1 million or 11.4% when compared with the same period in 2017. The decrease was mainly due to exclusion of one-off professional fees incurred in relation to the mandatory unconditional cash offer for the shares of the Company of the corresponding period of last year.

Finance Costs

For the Period, the Group's finance costs were approximately RMB2.4 million, representing an increase of approximately RMB0.2 million or 6.9% when compared with the same period in 2017. The increase was mainly due to renewal of bank borrowings with higher interest rate during the Period.

Income Tax Expenses

During the Period, the Group's income tax expenses were approximately RMB2.4 million, representing an effective tax rate of 23.5%.

Net Profit

During the Period, the Group's net profit attributable to the shareholders was approximately RMB7.9 million, representing a decrease of approximately RMB1.0 million or 11.0% when compared with the same period in 2017. The decrease was mainly due to the continuous easing of the economy and intensified competition from online retailers.

Total Comprehensive Income

For the Period, the Group's total comprehensive income attributable to the shareholders were approximately RMB8.4 million, representing a slight decrease of approximately RMB0.2 million or 2.7% when compared with the same period in 2017. The decrease was mainly due to decline in gross profit and other operating income, resulting in a decrease in net profit.

Capital Expenditure

The Group's capital expenditure requirements mainly relate to additions of its property, plant and equipments for the opening of new retail outlets and renovation of existing retail outlets. The Group spent approximately RMB2.6 million on property, plant and equipment during the Period.

Use of Proceeds

The Shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 September 2015 through a global offering. 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) which is intended to be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus dated 28 August 2015.

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. The table below sets forth a summary of the utilisation of the net proceeds:

	Original allocation of net proceeds		**Revised allocation of the net proceeds**		**Utilisation as at 30 June 2018**		**Remaining balance of net proceeds as at 30 June 2018**	
	RMB equivalent million	*% of net proceeds*	*RMB equivalent million*	*% of net proceeds*	*RMB equivalent million*	*% of net proceeds*	*RMB equivalent million*	*% of net proceeds*
Opening of new outlets	116.9	75.4%	74.4	48.0%	31.8	20.5%	42.6	27.5%
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%	100.5	64.8%	54.5	35.2%

The unused net proceeds are placed in licensed financial institutions as short-term deposits.

Liquidity and Financial Resources

As at 30 June 2018, the Group had cash and cash equivalents of approximately RMB117.9 million (as at 31 December 2017: approximately RMB164.5 million), out of which approximately RMB82.4 million was denominated in RMB and approximately RMB35.5 million was denominated in HK$ or MOP.

As at 30 June 2018, the Group had net current assets of approximately RMB179.9 million (as at 31 December 2017: approximately RMB166.5 million) and had net assets of approximately RMB272.5 million (as at 31 December 2017: approximately RMB264.1 million). As at 30 June 2018, the Group had unutilized banking facilities of approximately RMB51.0 million. (as at 31 December 2017: approximately RMB51.0 million).

Significant Investments

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

Material Acquisitions and Disposals

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

Indebtedness and Pledge of Assets

As at 30 June 2018, the Group had bank borrowings denominated in approximately RMB92.0 million (as at 31 December 2017: approximately RMB92.0 million) secured by:

(i) the pledge of certain leasehold buildings of the Group with net carrying amount of approximately RMB13.4 million (as at 31 December 2017: approximately RMB14.4 million);

(ii) the pledge of certain prepaid land lease of the Group with net carrying amount of approximately RMB28.1 million (as at 31 December 2017: approximately RMB28.5 million); and

(iii) the pledge of certain investment properties of the Group with net carrying amount of approximately RMB2.8 million (as at 31 December 2017: approximately RMB2.9 million).

All those bank borrowings were repayable within a year. The interests of those loans were at fixed rate of 4.75% per annum (as at 31 December 2017: at fixed rate of 4.75% per annum).

Gearing Ratio

As at 30 June 2018, the Group had a net cash position as the amount of cash and cash equivalent exceeded the amount of interest bearing debts.

Foreign Currency Exposure

Majorities of the Group's assets, liabilities and cash flows were denominated in RMB and the management of the Company viewed that the change in exchange rate for RMB against foreign currencies did not have significant impact on the Group's financial position nor performance. During the Period, the Group did not engage in any hedging activities and the Group had no intention to carry out any hedging activities in the 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 30 June 2018, 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 1,058 employees as at 30 June 2018, of which 1,026 employees worked in PRC and 32 worked in Hong Kong and Macau. Salaries of employees were maintained at a competitive level and were reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provided internal training to staff and provided bonuses based upon staff performance and profits of the Group.

During the Period, the Group had not experienced any significant problems 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 maintained a good relationship with its employees.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the Period.

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") up to the date of this interim results 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 Listing Rules. The Board is of the view that throughout the Period, the Company has complied with all the code provisions as set out in the CG Code.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and paragraph C.3 of the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control procedures and risk management systems of our Group, to oversee the audit process and the relationship with external auditor, to review arrangements enabling employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company and to perform other duties and responsibilities as assigned by our Board.

Mr. Shin Yick Fabian, an independent non-executive Director, is the chairman of the Audit Committee and Mr. Guan Shiping, an independent non-executive Director, and, Mr. Wu Limin, a non-executive Director, are members of the Audit Committee.

The interim financial information was unaudited, but has been reviewed by the Audit Committee.

PUBLICATION OF UNAUDITED INTERIM REPORT

The interim results announcement for the Period of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.skl.com.cn) respectively. The interim report 2018 will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 August 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.