

APPENDIX V

UNAUDITED FINANCIAL INFORMATION
OF THE DIVESTMENT GROUP

A. REPORT ON REVIEW OF UNAUDITED FINANCIAL INFORMATION BY
FINANCIAL ADVISOR

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the financial advisor of the Company, REORIENT Financial Markets Limited.



[●] 2016

The Board of Directors
Shun Cheong Holdings Limited
Suite 2302, Wing On Centre
111 Connaught Road Central
Hong Kong

Dear Sirs

**SHUN CHEONG HOLDINGS LIMITED (THE "COMPANY", TOGETHER WITH ITS
SUBSIDIARIES, THE "GROUP")**

**SPECIAL DEAL, CONNECTED TRANSACTION AND VERY SUBSTANTIAL
DISPOSAL IN RELATION TO THE DIVESTMENT OF 100% OF THE SHARES IN
AYKENS HOLDINGS LIMITED AND HOPLAND ENTERPRISES LIMITED, BOTH
BEING WHOLLY-OWNED SUBSIDIARIES OF THE COMPANY (THE
"DIVESTMENT")**

We refer to the circular dated [●] 2016 issued by the Company in connection with, among others the Divestment (the "**Circular**"). Terms used in this letter shall have the same meanings as defined in the Circular unless otherwise stated.

We refer to (i) the gain expected to be recorded by the Group and the basis for calculating such gain as a result of the Divestment (the "**Estimated Gain**") as set out under the section headed "Letter from the Board — Estimated Financial Effect of the Transactions" in the Circular; and (ii) the unaudited net loss of the Divestment Group for the two years ended 31 March 2015 as set out under the section headed "Letter from the Board — Information on the Group" in the Circular (the "**Unaudited Financial Information**") (collectively, the "**Required Information**").

We have reviewed the Estimated Gain and have discussed with the Directors the basis and assumptions with reference to note 2 to "Appendix VI — Unaudited Pro Forma Financial Information of the Restructured Group" to the Circular, which has been prepared by the Directors and reviewed by KPMG, the reporting accountants for the unaudited pro forma

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financial information of the Restructured Group, and the paragraph under the section headed "Letter from the Board — Estimated Financial Effect of the Transactions" in the Circular, upon which the Estimated Gain has been prepared. We have also reviewed the Unaudited Financial Information and considered the "Unaudited Financial Information of the Divestment Group for the years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015" together with a report thereon dated [●] 2016, as well as the "Unaudited Financial Information of the Divestment Group for the three years ended 31 March 2013, 2014, 2015 and the nine months ended 31 December 2015" together with a report thereon dated [●] 2016, both addressed to the Directors by SHINEWING (HK) CPA Limited, the auditors of the Company, as set out in Appendix V to the Circular. The preparation of the Required Information is the sole responsibility of, and has been approved by, the Directors.

Based on the above, we are satisfied that the Required Information has been prepared by the Directors after due care and consideration.

Yours faithfully
For and on behalf of
REORIENT Financial Markets Limited
Allen Tze
Managing Director

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B. REPORT ON REVIEW OF UNAUDITED FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 MARCH 2013, 2014, 2015 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2015 BY AUDITORS

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the auditors of the Company, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

[DATE]

The Board of Directors of Shun Cheong Holdings Limited (the “**Company**”)

INTRODUCTION

We have been engaged to review the unaudited financial information set out on pages V-6 to V-13, which comprises the unaudited combined statement of financial position of Aykens Holdings Limited (“**Aykens**”), Hopland Enterprises Limited (“**Hopland**”) and their respective subsidiaries (collectively referred to as the “**Divestment Group**”) as at 31 March 2013, 2014, 2015 and 30 September 2015, and the unaudited combined statements of profit or loss and other comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows for each of the three years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015 (the “**Track Record Periods**”), and explanatory notes. The unaudited financial information of the Divestment Group has been prepared solely for the purpose of inclusion in the circular dated [●] 2016 issued by the Company regarding to the very substantial disposal in relation to the divestment by the Company of 100% of the shares in Aykens and Hopland in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Main Board Listing Rules**”) 14.68(2)(a)(i).

The directors of the Company are responsible for the preparation and presentation of the unaudited financial information of the Divestment Group in accordance with the basis of preparation set out in note 2 to the unaudited financial information and paragraph 14.68(2)(a)(i) of the Main Board Listing Rules. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the unaudited financial information that is free from material misstatement, whether due to fraud or error. The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to form a conclusion on the unaudited financial information based on our review and to report our

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conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

Except for the inability to obtain sufficient appropriate evidence as described in "Basis for Disclaimer of Conclusion" paragraph below, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Disclaimer of Conclusion

Material uncertainty relating to the going concern basis

The Divestment Group had net current liabilities and net liabilities of approximately HK\$397,563,000 and HK\$264,970,000 respectively as at 30 September 2015. The Divestment Group also incurred a loss of approximately HK\$18,504,000, HK\$197,119,000, HK\$152,366,000 and HK\$5,319,000 respectively during the Track Record Periods.

As explained in the basis of preparation set out in note 2 to the unaudited financial information, the unaudited financial information have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the successful implementation and outcome of the measures to be undertaken by the Group as described in note 2 to the unaudited financial information.

However, we are unable to verify the management's assessment regarding the continuing provision of financing by the Divestment Group's principal banker to the Divestment Group, the successful implementation and outcome of the measures and therefore on the appropriateness of the application of the going concern assumption adopted for the preparation of the unaudited financial information. In view of the extent of the material uncertainties relating to the successful implementation and outcome of the measures to be undertaken by the Divestment Group as mentioned above which might cast a significant doubt on the Divestment Group's ability to continue as a going concern, we have disclaimed our review conclusion on the unaudited financial information for the six months ended 30 September 2015.

Should the Divestment Group be not able to continue its business as a going concern as at 30 September 2015, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable

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amounts and to provide for further liabilities which may arise. The unaudited financial information for the six months ended 30 September 2015 has not incorporated any of these adjustments.

Disclaimer of Conclusion

Because of the significance of the possible effects of the matters as described in the "Basis for Disclaimer of Conclusion" paragraph above, we do not express a conclusion as to whether the unaudited financial information of the Divestment Group for the six months ended 30 September 2015 is prepared, in all material aspects, in accordance with the basis of preparation set out in note 2 to the unaudited financial information.

**REPORT ON MATTERS UNDER RULE 10 OF THE CODE ON TAKEOVERS AND
MERGERS (THE "CODE")**

We are engaged by the Company to report on the unaudited financial information of the Divestment Group in accordance with Rule 10 of the Code. Based on our work done, the unaudited financial information of the Divestment Group for the Track Record Periods, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumption as set out in note 2 to the unaudited financial information of the Divestment Group.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong

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**C. UNAUDITED FINANCIAL INFORMATION OF DIVESTMENT GROUP FOR THE
THREE YEARS ENDED 31 MARCH 2013, 2014, 2015 AND THE SIX MONTHS
ENDED 30 SEPTEMBER 2015**

Set out below are the unaudited combined statement of financial position of the Divestment Group as at 31 March 2013, 2014, 2015 and 30 September 2015 and the unaudited combined statements of profit or loss and other comprehensive income, unaudited combined statements of changes in equity and unaudited combined statements of cash flows for each of the three years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015, and explanatory notes, which have been reviewed by the auditors of the Company, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to the Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

Unaudited Combined Statements of Profit or Loss and Other Comprehensive Income

For each of the three years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2014, 2015

	Year ended 31 March			Six months ended	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	157,908	121,384	143,695	70,026	71,634
Cost of sales	<u>(116,634)</u>	<u>(106,938)</u>	<u>(115,825)</u>	<u>(54,011)</u>	<u>(52,574)</u>
Gross profit	41,274	14,446	27,870	16,015	19,060
Other income	1,938	2,588	2,375	246	1,524
Administrative expenses	(27,302)	(22,968)	(34,378)	(12,475)	(13,069)
Other operating expenses	(14,144)	(2,882)	(2,866)	—	—
Provision for litigation	—	(166,780)	—	—	—
Share of results of joint ventures	(333)	(4,923)	(5,258)	(518)	(2,415)
Finance costs	(19,937)	(16,719)	(19,244)	(7,785)	(10,419)
Gain on deregistration of a subsidiary	—	119	—	—	—
Impairment loss recognised in respect of property, plant and equipment	<u>—</u>	<u>—</u>	<u>(120,865)</u>	<u>—</u>	<u>—</u>
Loss before taxation	(18,504)	(197,119)	(152,366)	(4,517)	(5,319)
Income tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the year	<u>(18,504)</u>	<u>(197,119)</u>	<u>(152,366)</u>	<u>(4,517)</u>	<u>(5,319)</u>

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	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive expenses					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Share of other comprehensive income (expenses) of joint ventures	536	(144)	450	—	—
Release of translation reserve upon deregistration of a foreign subsidiary	—	(119)	—	—	—
Exchange difference arising on translation of foreign operations	<u>4,171</u>	<u>(73)</u>	<u>954</u>	<u>(993)</u>	<u>1,245</u>
Other comprehensive income (expenses) for the year	<u>4,707</u>	<u>(336)</u>	<u>1,404</u>	<u>(993)</u>	<u>1,245</u>
Total comprehensive expenses for the year	<u>(13,797)</u>	<u>(197,455)</u>	<u>(150,962)</u>	<u>(5,510)</u>	<u>(4,074)</u>
Loss for the year attributable to:					
Owners of the Divestment Group	(17,922)	(196,644)	(151,452)	(4,173)	(5,183)
Non-controlling interests	<u>(582)</u>	<u>(475)</u>	<u>(914)</u>	<u>(344)</u>	<u>(136)</u>
	<u>(18,504)</u>	<u>(197,119)</u>	<u>(152,366)</u>	<u>(4,517)</u>	<u>(5,319)</u>
Total comprehensive expenses attributable to:					
Owners of the Divestment Group	(13,371)	(196,971)	(150,146)	(5,244)	(3,659)
Non-controlling interests	<u>(426)</u>	<u>(484)</u>	<u>(816)</u>	<u>(266)</u>	<u>(415)</u>
	<u>(13,797)</u>	<u>(197,455)</u>	<u>(150,962)</u>	<u>(5,510)</u>	<u>(4,074)</u>

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Unaudited Combined Statement of Financial Position

As at 31 March 2013, 2014, 2015 and 30 September 2015

	At 31 March		At 30 September	
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	487,531	477,501	327,503	302,443
Investment in joint ventures	<u>98,603</u>	<u>93,536</u>	<u>88,728</u>	<u>86,867</u>
	<u>586,134</u>	<u>571,037</u>	<u>416,231</u>	<u>389,310</u>
Current assets				
Inventories	2,506	2,219	2,425	2,399
Trade receivables	6,450	5,236	5,393	9,818
Prepayments, deposits and other receivables	7,175	5,592	5,600	5,913
Bank balances and cash	<u>28,835</u>	<u>40,032</u>	<u>14,603</u>	<u>22,448</u>
	<u>44,966</u>	<u>53,079</u>	<u>28,021</u>	<u>40,578</u>
Current liabilities				
Trade payables	13,505	13,572	14,716	11,942
Other payables, accruals and deposits	59,934	85,727	73,004	69,770
Provision for litigation	—	166,606	—	—
Amount due to holding company	255,223	255,435	257,513	256,755
Amounts due to related companies	1,007	924	7,678	19,702
Tax payable	5,341	5,335	5,401	5,194
Interest bearing bank borrowings	<u>39,384</u>	<u>76,814</u>	<u>77,767</u>	<u>74,778</u>
	<u>374,394</u>	<u>604,413</u>	<u>436,079</u>	<u>438,141</u>
Net current liabilities	<u>(329,428)</u>	<u>(551,334)</u>	<u>(408,058)</u>	<u>(397,563)</u>
Total assets less current liabilities	<u>256,706</u>	<u>19,703</u>	<u>8,173</u>	<u>(8,253)</u>
Non-current liabilities				
Amounts due to related companies	10,572	10,921	148,941	141,206
Interest bearing bank borrowings	<u>197,547</u>	<u>157,999</u>	<u>120,128</u>	<u>115,511</u>
Total non-current liabilities	<u>208,119</u>	<u>168,920</u>	<u>269,069</u>	<u>256,717</u>
Net assets (liabilities)	<u>48,587</u>	<u>(149,217)</u>	<u>(260,896)</u>	<u>(264,970)</u>
Capital and reserves				
Share capital	2	2	2	2
Reserves	<u>39,902</u>	<u>(157,418)</u>	<u>(268,281)</u>	<u>(271,940)</u>
Equity attributable to owner of the Divestment Group	39,904	(157,416)	(268,279)	(271,938)
Non-controlling interests	<u>8,683</u>	<u>8,199</u>	<u>7,383</u>	<u>6,968</u>
Total equity (capital deficiency)	<u>48,587</u>	<u>(149,217)</u>	<u>(260,896)</u>	<u>(264,970)</u>

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Unaudited Combined Statements of Changes in Equity

For each of the three years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015

	Share Capital <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2012	2	18,303	1,699	33,608	53,612	9,109	62,721
Loss for the year	—	—	—	(17,922)	(17,922)	(582)	(18,504)
Other comprehensive income							
Share of other comprehensive income of joint ventures	—	536	—	—	536	—	536
Exchange difference arising on translation of foreign operations	—	4,015	—	—	4,015	156	4,171
Total other comprehensive income for the year	—	4,551	—	—	4,551	156	4,707
Total comprehensive income (expenses) for the year	—	4,551	—	(17,922)	(13,371)	(426)	(13,797)
Imputed interest released on non- current amount due to related companies	—	—	(337)	—	(337)	—	(337)
At 31 March 2013	2	22,854	1,362	15,686	39,904	8,683	48,587
At 1 April 2013	2	22,854	1,362	15,686	39,904	8,683	48,587
Loss for the year	—	—	—	(196,644)	(196,644)	(475)	(197,119)
Other comprehensive expense							
Share of other comprehensive expenses of joint ventures	—	(144)	—	—	(144)	—	(144)
Release of translation reserve upon deregistration of a foreign subsidiary	—	(119)	—	—	(119)	—	(119)
Exchange difference arising on translation of foreign operations	—	(64)	—	—	(64)	(9)	(73)
Total other comprehensive expenses for the year	—	(327)	—	—	(327)	(9)	(336)
Total comprehensive expenses for the year	—	(327)	—	(196,644)	(196,971)	(484)	(197,455)
Imputed interest released on non-current amount due to related companies	—	—	(349)	—	(349)	—	(349)
At 31 March 2014	2	22,527	1,013	(180,958)	(157,416)	8,199	(149,217)

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	Share Capital HK\$'000	Exchange fluctuation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2014	2	22,527	1,013	(180,958)	(157,416)	8,199	(149,217)
Loss for the year	—	—	—	(151,452)	(151,452)	(914)	(152,366)
Other comprehensive income							
Share of other comprehensive income of joint ventures	—	450	—	—	450	—	450
Exchange difference arising on translation of foreign operations	—	856	—	—	856	98	954
Total other comprehensive income for the year	—	1,306	—	—	1,306	98	1,404
Total comprehensive income (expenses) for the year	—	1,306	—	(151,452)	(150,146)	(816)	(150,962)
Deemed capital contribution	—	—	39,283	—	39,283	—	39,283
At 31 March 2015	2	23,833	40,296	(332,410)	(268,279)	7,383	(260,896)
At 1 April 2015	2	23,833	40,296	(332,110)	(268,279)	7,383	(260,896)
Loss for the period	—	—	—	(5,183)	(5,183)	(136)	(5,319)
Other comprehensive expense							
Exchange difference arising on translation of foreign operations	—	1,524	—	—	1,524	(279)	1,245
Total other comprehensive income (expenses) for the year	—	1,524	—	—	1,524	(279)	1,245
Total comprehensive income (expenses) for the year	—	1,524	—	(5,183)	(3,659)	(415)	(4,074)
At 30 September 2015	2	25,357	40,296	(337,593)	(271,938)	6,968	(264,970)
At 1 April 2014	2	22,527	1,013	(180,958)	(157,416)	8,199	(149,217)
Loss for the period	—	—	—	(4,173)	(4,173)	(344)	(4,517)
Other comprehensive income							
Exchange difference arising on translation of foreign operations	—	(1,071)	—	—	(1,071)	78	(993)
Total other comprehensive income for the period	—	(1,071)	—	—	(1,071)	78	(993)
Total comprehensive income (expenses) for the period	—	(1,071)	—	(4,173)	(5,244)	(266)	(5,510)
Imputed interest released on non- current amount due to related companies	—	—	(180)	—	(180)	—	(180)
At 30 September 2014	2	21,456	833	(185,131)	(162,840)	7,933	(154,907)

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Unaudited Combined Statements of Cash Flows

For each of the three years ended 31 March 2013, 2014, 2015 and the six months ended 30 September 2015

	Year ended 31 March			Six months ended 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000
OPERATING ACTIVITIES					
Loss before taxation	(18,504)	(197,119)	(152,366)	(4,517)	(5,319)
Adjustments for:					
Finance costs	19,937	16,719	19,244	7,785	10,419
Bank interest income	(439)	(50)	(71)	(1)	(12)
Depreciation of property, plant and equipment	34,388	38,234	38,992	14,428	14,608
Gain on deregistration of a subsidiary	—	(119)	—	—	—
Share of results of joint ventures	333	4,923	5,258	518	2,415
Impairment loss recognised on trade receivables	14,315	1,165	1,193	—	1,081
Reversal of trade receivables	—	(1,337)	(680)	—	(668)
Impairment loss recognised in respect of property, plant and equipment	—	—	120,865	—	—
Loss on disposal of property, plant and equipment	548	351	5	5	2
Impairment loss recognised on other receivables	—	1,574	1,173	—	—
Reversal of impairment loss recognised in respect of other receivables	—	—	—	—	(49)
Government grant related to expenses recognised as income	(723)	(418)	—	—	—
Operating cash flows before movements in working capital	49,855	(136,077)	33,613	18,218	22,477
Decrease (increase) in inventories	2,120	284	(176)	(185)	(69)
Decrease (increase) in trade receivables	2,133	1,378	(604)	(5,336)	(5,176)
Decrease (increase) in prepayments, deposits and other receivables	1,115	—	(1,333)	(4,567)	(544)
Increase in trade payables	1,215	85	950	581	(2,257)
Increase (decrease) in provision	—	166,780	(166,606)	—	—
Increase (decrease) in other payables, accruals and deposits	8,659	25,871	(13,755)	(7,852)	1,213
Net cash from (used in) operating activities	65,097	58,321	(147,911)	859	15,644

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	Year ended 31 March			Six months ended 30 September	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000
INVESTING ACTIVITIES					
Bank interest received	439	50	71	1	12
Acquisition of property, plant and equipment	(12,657)	(29,013)	(4,843)	(2,885)	(522)
Proceeds from disposal of property, plant and equipment	<u>6</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash used in investing activities	<u>(12,212)</u>	<u>(28,962)</u>	<u>(4,772)</u>	<u>(2,884)</u>	<u>(510)</u>
FINANCING ACTIVITIES					
(Repayments to) Advance from related companies	(19,805)	(83)	181,550	8	—
(Repayment to) Advance from holding company	(1,933)	212	2,078	(921)	(758)
Government grant received	723	418	—	—	—
Interest paid	(19,937)	(16,719)	(16,737)	(7,785)	(5,851)
Repayments of bank borrowings	(40,950)	(39,384)	(77,767)	—	—
New borrowings raised	<u>—</u>	<u>37,590</u>	<u>37,935</u>	<u>—</u>	<u>—</u>
Net cash (used in) from financing activities	<u>(81,902)</u>	<u>(17,966)</u>	<u>127,059</u>	<u>(8,698)</u>	<u>(6,609)</u>
Net (decrease) increase in cash and cash equivalents	(29,017)	11,393	(25,624)	(10,723)	8,525
Cash and cash equivalents at the beginning of the year	60,408	28,835	40,032	40,032	14,603
Effect of foreign exchange rate changes	<u>(2,556)</u>	<u>(196)</u>	<u>195</u>	<u>(371)</u>	<u>(680)</u>
Cash and cash equivalents at end of the year, represented by bank balances and cash	<u><u>28,835</u></u>	<u><u>40,032</u></u>	<u><u>14,603</u></u>	<u><u>28,938</u></u>	<u><u>22,448</u></u>

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Notes to the Unaudited Financial Information

For each of the three years ended 31 March 2013, 2014, 2015 and six months ended 30 September 2015

1. GENERAL

On 22 June 2015, Shun Cheong Holdings Limited (the "**Company**") entered into the sale and purchase agreement for the disposal (the "**Divestment**") of the entire equity interests in Aykens Holdings Limited ("**Aykens**") and Hopland Enterprises Limited ("**Hopland**") (together with their respective subsidiaries, collectively referred to as the "**Divestment Group**") to Upsky Enterprises Limited, a company incorporated in the British Virgin Islands and ultimately beneficially owned by Mr. Mo Tianquan, a non-executive director of the Company.

The principal activity of the Divestment Group is hotel and restaurant operation.

The unaudited financial information of the Divestment Group is presented in Hong Kong dollars which is the same as the functional currency of Aykens and Hopland while the functional currency of the principal subsidiaries are Renminbi ("**RMB**").

2. BASIS OF PRESENTATION OF THE UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Divestment Group has been prepared solely for the purpose of inclusion in the circular dated [●] 2016 issued by the Company in connection with the Divestment and prepared in accordance with paragraph 14.68(2)(a)(i)(B) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Main Board Listing Rules**").

The amounts included in the unaudited financial information of the Divestment Group have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the Track Record Periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The unaudited financial information of the Divestment Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

In preparing the unaudited financial information of the Divestment Group, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity of the Divestment Group. The unaudited financial information of the Divestment Group was prepared based on the assumption (the "**Assumption**") that the Divestment Group would be operated as a going concern in the foreseeable future notwithstanding that the Divestment Group had net current liabilities of approximately HK\$397,563,000 and net liabilities of approximately HK\$264,970,000 as at 30 September 2015. The Directors are satisfied that the Divestment Group will be able to meet in full its financial obligations as the principal banker of the Divestment Group shall continue to provide continuing funding to the Divestment Group under the existing available facilities, and the Divestment Group shall implement cost-saving measures to maintain adequate cash flows for the operation of the Divestment Group. In view of these undertakings, the Directors are of the view that the application of the Assumption in preparing the unaudited financial information of the Divestment Group for the six months ended 30 September 2015 is appropriate.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the unaudited financial information for the six months ended 30 September 2015 on a going concern basis.

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D. REPORT ON REVIEW OF UNAUDITED FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 MARCH 2013, 2014, 2015 AND THE NINE MONTHS ENDED 31 DECEMBER 2015 BY THE AUDITORS

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the auditors of the Company, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

[DATE]

The Board of Directors of Shun Cheong Holdings Limited (the “**Company**”)

INTRODUCTION

We have engaged to review the unaudited financial information set out on pages [●] to [●], which comprises the unaudited combined statement of financial position of Aykens Holdings Limited (“**Aykens**”), Hopland Enterprises Limited (“**Hopland**”) and their respective subsidiaries (collectively referred to as the “**Divestment Group**”) as at 31 March 2013, 2014, 2015 and as at 31 December 2015, and the unaudited combined statements of profit or loss and other comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows for each of the three years ended 31 March 2013, 2014, 2015 and the nine months ended 31 December 2015 (the “**Track Record Periods**”), and explanatory notes. The unaudited financial information of the Divestment Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company regarding to the proposed very substantial disposal in relation to the divestment of 100% of the shares in the Divestment Group in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Main Board Listing Rules**”) 14.68(2)(a)(i).

The directors of the Company are responsible for the preparation and presentation of the unaudited financial information of the Divestment Group in accordance with the basis of preparation set out in note 2 to the unaudited financial information and paragraph 14.68(2)(a)(i) of the Main Board Listing Rules. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of the unaudited financial information that is free from material misstatement, whether due to fraud or error. The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibility is to form a conclusion on the unaudited financial information based on our review and to report our

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conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

Except for the inability to obtain sufficient appropriate evidence as described in "Basis for Disclaimer of Conclusion" paragraph, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. A review of the unaudited financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Disclaimer of Conclusion

Material uncertainty relating to the going concern basis

The Divestment Group had net current liabilities and net liabilities of approximately HK\$393,835,000 and HK\$271,001,000 respectively as at 31 December 2015. The Divestment Group also incurred a loss of approximately HK\$18,504,000, HK\$197,119,000, HK\$152,366,000 and HK\$12,310,000 respectively during the Track Record Periods.

As explained in the basis of preparation set out in note 2 to the unaudited financial information, the unaudited financial information have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the successful implementation and outcome of the measures to be undertaken by the Group as described in note 2 to the unaudited financial information.

However, we are unable to verify the management's assessment regarding to the continuing provision of financing by the Divestment Group's principal banker to the Divestment Group, the successful implementation and outcome of the measures and therefore on the appropriateness of the application of the going concern assumption adopted for the preparation of the unaudited financial information. In view of the extent of the material uncertainties relating to the successful implementation and outcome of the measures to be undertaken by the Divestment Group as mentioned above which might cast a significant doubt on the Divestment Group's ability to continue as a going concern, we have disclaimed our review conclusion on the unaudited financial information for the nine months ended 31 December 2015.

Should the Divestment Group be not able to continue its business as a going concern as at 31 December 2015, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable

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amounts and to provide for further liabilities which may arise. The unaudited financial information for the nine months ended 31 December 2015 has not incorporated any of these adjustments.

Disclaimer of Conclusion

Because of the significance of the possible effects of the matters as described in the "Basis for Disclaimer of Conclusion" paragraph, we do not express a conclusion as to whether the unaudited financial information of the Divestment Group for the nine months ended 31 December 2015 is prepared, in all material aspects, in accordance with the basis of preparation set out in note 2 to unaudited financial information.

**REPORT ON MATTERS UNDER RULE 10 OF THE CODE ON TAKEOVERS AND
MERGERS (THE "CODE")**

We are engaged by the Company to report on the unaudited financial information of the Divestment Group in accordance with Rule 10 of the Code. Based on our work done, the unaudited financial information of the Divestment Group for the Track Record Periods, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumption as set out in note 2 to the unaudited financial information of the Divestment Group.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong

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E. UNAUDITED FINANCIAL INFORMATION OF DIVESTMENT GROUP FOR THE THREE YEARS ENDED 31 MARCH 2013, 2014, 2015 AND THE NINE MONTHS ENDED 31 DECEMBER 2015

Set out below are the unaudited combined statement of financial position of the Divestment Group as at 31 March 2013, 2014, 2015 and as at 31 December 2015 and the unaudited combined statements of profit or loss and other comprehensive income, unaudited combined statements of changes in equity and unaudited combined statements of cash flows for each of the three years ended 31 March 2013, 2014 and 2015 and the nine months ended 31 December 2015, and explanatory note, which have been reviewed by the auditor of the Company, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to the Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

Unaudited Combined Statements of Profit or Loss and Other Comprehensive Income

For each of the three years ended 31 March 2013, 2014, 2015 and the nine months ended 31 December 2015

	Year ended 31 March			Nine months ended	
	2013	2014	2015	31 December	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	157,908	121,384	143,695	112,921	106,584
Cost of sales	<u>(116,634)</u>	<u>(106,938)</u>	<u>(115,825)</u>	<u>(85,787)</u>	<u>(79,893)</u>
Gross profit	41,274	14,446	27,870	27,134	26,691
Other income	1,938	2,588	2,375	472	1,783
Administrative expenses	(41,446)	(25,850)	(37,244)	(22,004)	(21,163)
Provision for litigation	—	(166,780)	—	—	—
Share of results of joint ventures	(333)	(4,923)	(5,258)	(3,777)	(3,992)
Finance costs	(19,937)	(16,719)	(19,244)	(11,686)	(15,629)
Gain on deregistration of a subsidiary	—	119	—	—	—
Impairment loss recognised in respect of property, plant and equipment	<u>—</u>	<u>—</u>	<u>(120,865)</u>	<u>—</u>	<u>—</u>
Loss before taxation	(18,504)	(197,119)	(152,366)	(9,861)	(12,310)
Income tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the year	<u>(18,504)</u>	<u>(197,119)</u>	<u>(152,366)</u>	<u>(9,861)</u>	<u>(12,310)</u>

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	Year ended 31 March			Nine months ended 31 December	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive expenses					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Share of other comprehensive income (expenses) of joint ventures	536	(144)	450	642	1,032
Release of translation reserve upon deregistration of a foreign subsidiary	—	(119)	—	—	—
Exchange difference arising on translation of foreign operations	<u>4,171</u>	<u>(73)</u>	<u>954</u>	<u>756</u>	<u>1,173</u>
Other comprehensive income (expenses) for the year	<u>4,707</u>	<u>(336)</u>	<u>1,404</u>	<u>1,398</u>	<u>2,205</u>
Total comprehensive expenses for the year	<u>(13,797)</u>	<u>(197,455)</u>	<u>(150,962)</u>	<u>(8,463)</u>	<u>(10,105)</u>
Loss for the year attributable to:					
Owners of the Divestment Group	(17,922)	(196,644)	(151,452)	(8,950)	(12,222)
Non-controlling interests	<u>(582)</u>	<u>(475)</u>	<u>(914)</u>	<u>(911)</u>	<u>(88)</u>
	<u>(18,504)</u>	<u>(197,119)</u>	<u>(152,366)</u>	<u>(9,861)</u>	<u>(12,310)</u>
Total comprehensive expenses attributable to:					
Owners of the Divestment Group	(13,371)	(196,971)	(150,146)	(7,627)	(9,608)
Non-controlling interests	<u>(426)</u>	<u>(484)</u>	<u>(816)</u>	<u>(836)</u>	<u>(497)</u>
	<u>(13,797)</u>	<u>(197,455)</u>	<u>(150,962)</u>	<u>(8,463)</u>	<u>(10,105)</u>

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Unaudited Combined Statement of Financial Position

As at 31 March 2013, 2014, 2015 and 31 December 2015

	The Group			At 31
	At 31 March		December	
	2013	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets				
Plant and equipment	487,531	477,501	327,503	295,609
Investment in joint ventures	98,603	93,536	88,728	83,703
	<u>586,134</u>	<u>571,037</u>	<u>416,231</u>	<u>379,312</u>
Current assets				
Inventories	2,506	2,219	2,425	2,297
Trade receivables	6,450	5,236	5,393	5,540
Prepayments, deposits and other receivables	7,175	5,592	5,600	7,395
Bank balances and cash	28,835	40,032	14,603	27,294
	<u>44,966</u>	<u>53,079</u>	<u>28,021</u>	<u>42,526</u>
Current liabilities				
Trade payables	13,505	13,572	14,716	15,504
Other payables, accruals and deposits	59,934	85,727	73,004	71,515
Provision for litigation	—	166,606	—	—
Amount due to holding company	255,223	255,435	257,513	256,710
Amounts due to related companies	1,007	924	7,678	14,120
Tax payable	5,341	5,335	5,401	5,099
Interest bearing bank borrowings	39,384	76,814	77,767	73,413
	<u>374,394</u>	<u>604,413</u>	<u>436,079</u>	<u>436,361</u>
Net current liabilities	<u>(329,428)</u>	<u>(551,334)</u>	<u>(408,058)</u>	<u>(393,835)</u>
Total assets less current liabilities	<u>256,706</u>	<u>19,703</u>	<u>8,173</u>	<u>(14,523)</u>
Non-current liabilities				
Amounts due to related companies	10,572	10,921	148,941	143,076
Interest bearing bank borrowings	197,547	157,999	120,128	113,402
Total non-current liabilities	<u>208,119</u>	<u>168,920</u>	<u>269,069</u>	<u>256,478</u>
Net assets (liabilities)	<u>48,587</u>	<u>(149,217)</u>	<u>(260,896)</u>	<u>(271,001)</u>
Capital and reserves				
Share capital	2	2	2	2
Reserves	39,902	(157,418)	(268,281)	(277,889)
Equity attributable to owner of the Divestment Group	39,904	(157,416)	(268,279)	(277,887)
Non-controlling interests	8,683	8,199	7,383	6,886
Total equity (capital deficiency)	<u>48,587</u>	<u>(149,217)</u>	<u>(260,896)</u>	<u>(271,001)</u>

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Unaudited Combined Statements of Changes in Equity

For each of the three years ended 31 March 2013, 2014, 2015 and the nine months ended 31 December 2015

	Share Capital HK\$'000	Exchange fluctuation reserve HK\$'000 (Note a)	Other reserve HK\$'000 (Note b)	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity (Capital deficiency) HK\$'000
At 1 April 2012	2	18,303	1,699	33,608	53,612	9,109	62,721
Loss for the year	—	—	—	(17,922)	(17,922)	(582)	(18,504)
Other comprehensive income							
Share of other comprehensive income of joint ventures	—	536	—	—	536	—	536
Exchange difference arising on translation of foreign operations	—	4,015	—	—	4,015	156	4,171
Total other comprehensive income for the year	—	4,551	—	—	4,551	156	4,707
Total comprehensive income (expenses) for the year	—	4,551	—	(17,992)	(13,371)	(426)	(13,797)
Imputed interest released on non-current amount due to related companies	—	—	(337)	—	(337)	—	(337)
At 31 March 2013	<u>2</u>	<u>22,854</u>	<u>1,362</u>	<u>15,686</u>	<u>39,904</u>	<u>8,683</u>	<u>48,587</u>
At 1 April 2013	2	22,854	1,362	15,686	39,904	8,683	48,587
Loss for the year	—	—	—	(196,644)	(196,644)	(475)	(197,119)
Other comprehensive expense							
Share of other comprehensive expenses of joint ventures	—	(144)	—	—	(144)	—	(144)
Release of translation reserve upon deregistration of a foreign subsidiary	—	(119)	—	—	(119)	—	(119)
Exchange difference arising on translation of foreign operations	—	(64)	—	—	(64)	(9)	(73)
Total other comprehensive expenses for the year	—	(327)	—	—	(327)	(9)	(336)
Total comprehensive expenses for the year	—	(327)	—	(196,644)	(196,971)	(484)	(197,455)
Imputed interest released on non-current amount due to related companies	—	—	(349)	—	(349)	—	(349)
At 31 March 2014	<u>2</u>	<u>22,527</u>	<u>1,013</u>	<u>(180,958)</u>	<u>(157,416)</u>	<u>8,199</u>	<u>(149,217)</u>
At 1 April 2014	2	22,527	1,013	(180,958)	(157,416)	8,199	(149,217)
Loss for the year	—	—	—	(151,452)	(151,452)	(914)	(152,366)
Other comprehensive income							
Share of other comprehensive income of joint ventures	—	450	—	—	450	—	450
Exchange difference arising on translation of foreign operations	—	856	—	—	856	98	954
Total other comprehensive income for the year	—	1,306	—	—	1,306	98	1,404
Total comprehensive income (expenses) for the year	—	1,306	—	(151,452)	(150,146)	(816)	(150,962)
Deemed capital contribution	—	—	39,283	—	39,283	—	39,283
At 31 March 2015	<u>2</u>	<u>23,833</u>	<u>40,296</u>	<u>(332,410)</u>	<u>(268,279)</u>	<u>7,383</u>	<u>(260,896)</u>

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	Share Capital HK\$'000	Exchange fluctuation reserve HK\$'000 (Note a)	Other reserve HK\$'000 (Note b)	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity (Capital deficiency) HK\$'000
At 1 April 2014	2	22,527	1,013	(180,958)	(157,416)	8,199	(149,217)
Loss for the period	—	—	—	(8,950)	(8,950)	(911)	(9,861)
Other comprehensive income							
Share of other comprehensive income of joint ventures	—	642	—	—	642	—	642
Exchange difference arising on translation of foreign operations	—	681	—	—	681	75	756
Total other comprehensive income for the period	—	1,323	—	—	1,323	75	1,398
Total comprehensive income (expenses) for the period	—	1,323	—	(8,950)	(7,627)	(836)	(8,463)
Imputed interest released on non-current amount due to related companies	—	—	(180)	—	(180)	—	(180)
At 31 December 2014	2	23,850	833	(189,908)	(165,223)	7,363	(157,860)
At 1 April 2015	2	23,833	40,296	(332,410)	(268,279)	7,383	(260,896)
Loss for the period	—	—	—	(12,222)	(12,222)	(88)	(12,310)
Other comprehensive expense							
Share of other comprehensive income of joint ventures	—	1,032	—	—	1,032	—	1,032
Exchange difference arising on translation of foreign operations	—	1,582	—	—	1,582	(409)	1,173
Total other comprehensive income (expenses) for the period	—	2,614	—	—	2,614	(409)	2,205
Total comprehensive income (expenses) for the period	—	2,614	—	(12,222)	(9,608)	(497)	(10,105)
At 31 December 2015	2	26,447	40,296	(344,632)	(277,887)	6,886	(271,001)

Notes:

- (a) The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.
- (b) Other reserve represents a contribution from related companies resulting from the balances of interest-free loans, being the difference between the loan principal and the fair value of their liability component calculated upon initial recognition.

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Unaudited Combined Statements of Cash Flows

For each of the three years ended 31 March 2013, 2014, 2015 and the nine months ended 31 December 2015

	Year ended 31 March			Nine months ended 31 December	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000
OPERATING ACTIVITIES					
Loss before taxation	(18,504)	(197,119)	(152,366)	(9,861)	(12,310)
Adjustments for:					
Finance costs	19,937	16,719	19,244	11,686	15,629
Bank interest income	(439)	(50)	(71)	(1)	(7)
Depreciation of property, plant and equipment	34,388	38,234	38,992	26,184	16,016
Gain on deregistration of a subsidiary	—	(119)	—	—	—
Share of results of joint ventures	333	4,923	5,258	3,777	3,992
Impairment loss recognised on trade receivables	14,315	1,165	1,193	—	5,179
Reversal of impairment loss recognised in respect of trade receivables	—	(1,337)	(680)	—	(638)
Impairment loss recognised in respect of property, plant and equipment	—	—	120,865	—	—
Loss (gain) on disposal of property, plant and equipment	548	351	5	61	(187)
Impairment loss recognised on other receivables	—	1,574	1,173	—	1,088
Reversal of impairment loss recognised in respect of other receivables	—	—	—	—	(194)
Government grant related to expenses recognised as income	(723)	(418)	—	—	—
Operating cash flows before movements in working capital	49,855	(136,077)	33,613	31,846	28,568
Decrease (increase) in inventories	2,120	284	(176)	(192)	(8)
Decrease (increase) in trade receivables	2,133	1,378	(604)	(3,373)	(5,006)
Decrease (increase) in prepayments, deposits and other receivables	1,115	—	(13,755)	(232)	(3,079)
Increase in trade payables	1,215	85	950	2,577	1,671
Increase (decrease) in provision	—	166,780	(166,606)	(167,953)	—
Increase (decrease) in other payables, accruals and deposits	8,659	25,871	(1,333)	(20,651)	2,061
Net cash from (used in) operating activities	65,097	58,321	(147,911)	(157,978)	24,207

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	Year ended 31 March			Nine months ended 31 December	
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000
INVESTING ACTIVITIES					
Bank interest received	439	50	71	1	7
Acquisition of property, plant and equipment	(12,657)	(29,013)	(4,843)	(2,628)	(2,570)
Proceeds from disposal of property, plant and equipment	6	1	—	—	—
Net cash used in investing activities	<u>(12,212)</u>	<u>(28,962)</u>	<u>(4,772)</u>	<u>(2,627)</u>	<u>(2,563)</u>
FINANCING ACTIVITIES					
(Repayments to) Advance from related companies	(19,805)	(83)	181,550	166,762	6,035
(Repayment to) Advance from holding company	(1,933)	212	2,078	2,516	(5,218)
Government grant received	723	418	—	—	—
Interest paid	(19,937)	(16,719)	(16,737)	(11,686)	(8,677)
Repayments of bank borrowings	(40,950)	(39,384)	(77,767)	—	—
New borrowings raised	—	37,590	37,935	—	—
Net cash (used in) from financing activities	<u>(81,902)</u>	<u>(17,966)</u>	<u>127,059</u>	<u>157,592</u>	<u>(7,860)</u>
Net (decrease) increase in cash and cash equivalents	(29,017)	11,393	(25,624)	(3,013)	13,784
Cash and cash equivalents at the beginning of the year	60,408	28,835	40,032	40,032	14,603
Effect of foreign exchange rate changes	<u>(2,556)</u>	<u>(196)</u>	<u>195</u>	<u>344</u>	<u>(1,093)</u>
Cash and cash equivalents at end of the year, represented by bank balances and cash	<u>28,835</u>	<u>40,032</u>	<u>14,603</u>	<u>37,363</u>	<u>27,294</u>

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Note to the Unaudited Financial Information

For each of the three years ended 31 March 2013, 2014, 2015 and nine months ended 31 December 2015

1. GENERAL

Shun Cheong Holdings Limited (the "**Company**") entered into the sale and purchase agreement and the corresponding amendment agreements on 22 June 2015 and 23 March 2016 respectively for the disposal of entire equity interest in Aykens Holdings Limited ("**Aykens**"), Hopland Enterprises Limited ("**Hopland**") and their respective subsidiaries (collectively referred to as the "**Divestment Group**") to Upsky Enterprises Limited ("**Upsky**"), a company incorporated in the British Virgin Islands. Mr. Mo Tianquan, a non-executive director of the Company, is the ultimate beneficial owner of Upsky.

The principal activity of the Divestment Group is hotel and restaurant operation.

The unaudited financial information of the Divestment Group is presented in Hong Kong dollars which is the same as the functional currency of Aykens and Hopland while the functional currency of the principal subsidiaries are Renminbi ("**RMB**").

2. BASIS OF PRESENTATION OF THE UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Divestment Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the disposal of the Divestment Group and prepared in accordance with paragraph 14.68(2)(a)(i)(B) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Main Board Listing Rules**").

The amounts included in the unaudited financial information of the Divestment Group have been recognised and measured in accordance with the relevant accounting policies of the Company adopted in the preparation of the consolidated financial statements of the Company and its subsidiaries for the Track Record Periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The unaudited financial information of the Divestment Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised), "Presentation of Financial Statements" nor an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

In preparing the unaudited financial information of the Divestment Group, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity of the Divestment Group. The unaudited financial information of the Divestment Group was prepared based on the assumption (the "**Assumption**") that the Divestment Group would be operated as a going concern in the foreseeable future notwithstanding that the Divestment Group had net current liabilities of approximately HK\$393,835,000 and net liabilities of approximately HK\$271,001,000 as at 31 December 2015. The Directors are satisfied that the Divestment Group will be able to meet in full its financial obligations as the principal banker of the Divestment Group shall continue to provide continuing funding to the Divestment Group under the existing available facilities, and the Divestment Group shall implement cost-saving measures to maintain adequate cash flows for the operation of the Divestment Group. In view of these undertakings, the Directors are of the view that the application of the Assumption in preparing the unaudited financial information of the Divestment Group for the nine months ended 31 December 2015 is appropriate.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the unaudited financial information for the nine months ended 31 December 2015 on a going concern basis.