

CHINA SUPPLY CHAIN HOLDINGS LIMITED

中國供應鏈產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

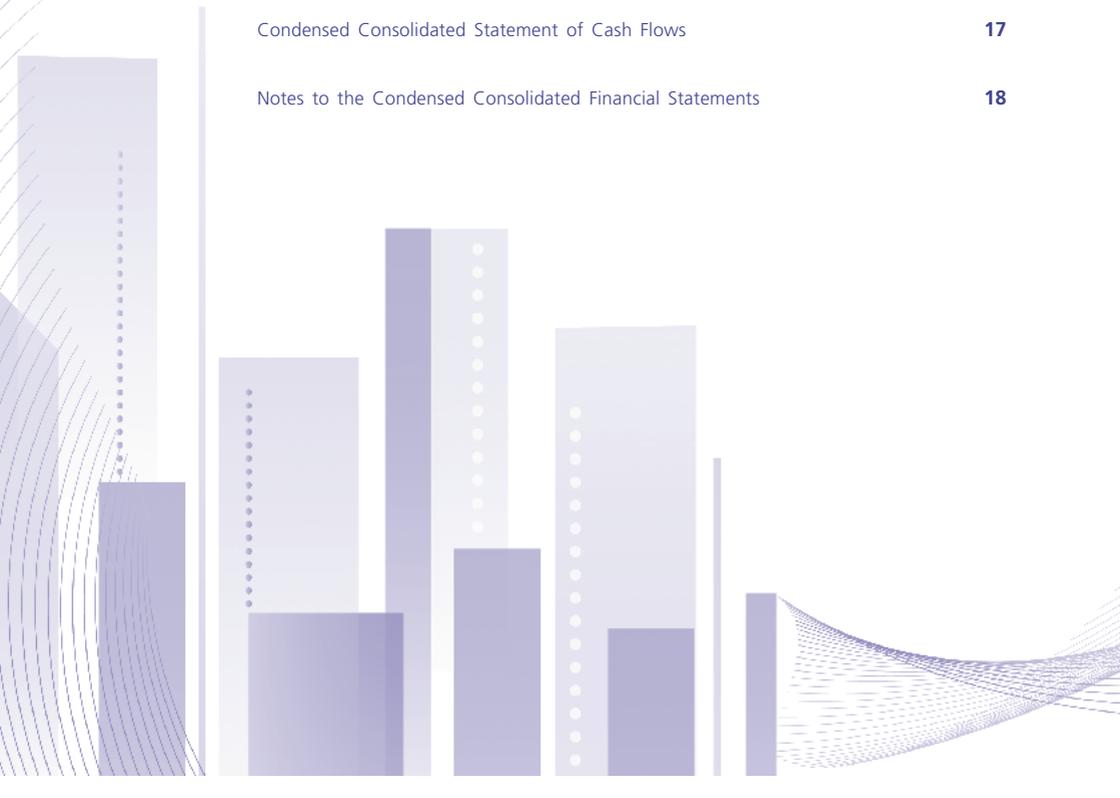
Stock Code: 3708



2022-2023
INTERIM REPORT

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CORPORATE INFORMATION

(As at the date of this report)

EXECUTIVE DIRECTORS

Ms. MA Huijun (*Chairman*)
Mr. DAI Jian
Mr. LAI Aizhong
Mr. WONG Ka Shing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HUANG Shuhui
Mr. LIEW Swee Yean
Ms. WANG Ying

AUDIT COMMITTEE

Mr. LIEW Swee Yean (*Chairman*)
Mr. HUANG Shuhui
Ms. WANG Ying

NOMINATION COMMITTEE

Ms. MA Huijun (*Chairman*)
Mr. LIEW Swee Yean
Ms. WANG Ying

REMUNERATION COMMITTEE

Mr. HUANG Shuhui (*Chairman*)
Mr. LIEW Swee Yean
Ms. WANG Ying

COMPANY SECRETARY

Ms. Chan Lok Yin

AUTHORIZED REPRESENTATIVES

Mr. DAI Jian
Mr. WONG Ka Shing

INDEPENDENT AUDITOR

Linksfeld CPA Limited
Registered Public Interest Entity Auditor

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

12/F, Guangdong Finance Building,
88 Connaught Road West,
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrar Ltd
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road,
North Point, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108, Cayman Islands

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COMPANY WEBSITE

<https://chsc.com.hk>

STOCK CODE

03708

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China Supply Chain Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is a building maintenance and renovation service provider in Hong Kong.

The Group has been focusing on these two business segments since the track record period of its initial public offering (“**IPO**”) in early 2015 and continues so as the date of this announcement. For the six months period ended 31 December 2022 (the “**Period**”), the Group derived its entire (100%) revenue from these two business segments, in which approximately 75% of its revenue in the Period was from the building maintenance segment.

Sing Fat Construction Co., Limited (“**Sing Fat**”) is the sole principal operating subsidiary of the Company, which is a ‘Group M2 (confirmed status)’ building contractor for maintenance works category granted by the Hong Kong Housing Authority (“**Housing Authority**”) and an approved contractor listed in the building (maintenance works) category with a quality maintenance contractor status admitted by the Housing Authority. Building maintenance segment’s principal customers are from the public sector, which includes the Housing Authority, in Hong Kong.

Revenue for the Period was approximately HK\$247.1 million, representing a substantial increase of approximately HK\$106.8 million or 76.1% when compared to the corresponding period last year of approximately HK\$140.3 million. This encouraging increase was mainly due to full-period impact of the contracts of the Housing Authority which commenced in October 2021 and April 2022.

Reconciliation on the adjusted profit for the Period

	Six months ended 31 December 2022
	HK\$’000 (unaudited)
Loss for the Period	(953)
Less: Resumption Related Expenses	2,439
Adjusted profit before Resumption Related Expenses for the Period	1,486

Loss of the Company for the Period was approximately HK\$1 million, representing a substantial decrease of approximately HK\$8.7 million or 89.7% when compared to the corresponding period last year of approximately HK\$9.7 million. Due to suspension in trading of the shares of the Company on the Stock Exchange (“**Suspension**”) and in order to fulfill the resumption guidance from the Stock Exchange, the Company engaged various professional parties for the purpose of resumption (“**Resumption**”). This resulted in non-recurring resumption related expenses (“**Resumption Related Expenses**”) of approximately HK\$2.4 million for the Period (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Before the Resumption Related Expenses, profit of the Company for the Period would be approximately HK\$1.5 million. Thus the loss of the Company for the previous financial years should have been turnaround to profit in the six months period ended 31 December 2022 but for the Resumption Related Expenses incurred due to Suspension.

The Resumption Related Expenses are non-recurring in nature since the Company will cease to record such expenses after Resumption.

Building maintenance services

As at 31 December 2022, the Group had 3 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$1,170 million. As at 30 June 2022, the Group had 3 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$1,170 million. During the Period, the Group has not completed any building maintenance contract.

Renovation services

As at 31 December 2022, the Group had 12 renovation contracts on hand with a notional or estimated contract value of approximately HK\$273.9 million. As at 30 June 2022, the Group had 13 renovation contracts on hand with a notional or estimated contract value of approximately HK\$255.9 million. During the Period, the Group had completed 6 renovation contracts.

RECENT DEVELOPMENT

Building maintenance services

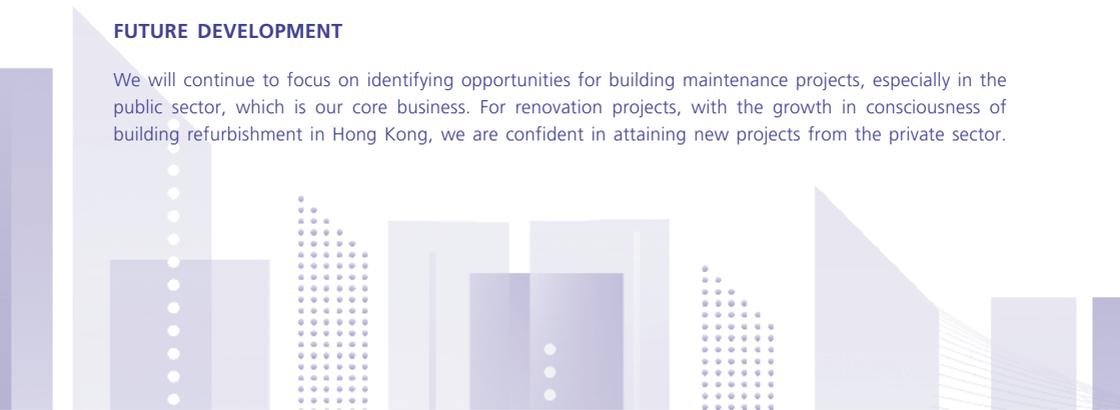
During the Period, for the core business of maintenance works in public sector, the Group had no new contracts has been awarded along the Period.

Renovation services

For renovation services, the Group was awarded 5 contracts with notional or estimated contract value of approximately HK\$37.5 million during the Period. 2 out of the 5 renovation contracts have been commenced during the Period.

FUTURE DEVELOPMENT

We will continue to focus on identifying opportunities for building maintenance projects, especially in the public sector, which is our core business. For renovation projects, with the growth in consciousness of building refurbishment in Hong Kong, we are confident in attaining new projects from the private sector.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue derived from building maintenance services increased by approximately HK\$91.2 million or 96.9% from approximately HK\$94.1 million for the period ended 30 December 2021 to approximately HK\$185.3 million during the Period. During the Period, there are 3 ongoing building maintenance projects compared with 2 ongoing building maintenance projects during the last period. However, one of the projects for the last period was at its commencement stage and there was no significant amount of revenue generated. As a result, the revenue for the current Period is significantly higher than last period.

Revenue derived from renovation services increased by approximately HK\$15.6 million or 33.8% from approximately HK\$46.2 million in the corresponding period in 2021 to approximately HK\$61.8 million during the Period. The increase in revenue was mainly contributed by increase in contract sum and as so respective revenue recognised over the Period.

Gross profit and gross profit margin

During the Period, the Group's gross profit amounted to approximately HK\$12.2 million (2021: HK\$4.3 million) representing an increase of approximately HK\$7.9 million. Gross profit margin for the Period was approximately 4.9% (2021: 3.1%). The increase in gross profit margin was caused by the increase in the gross profit margin for both building maintenance and renovation services.

Gross profit attributable to building maintenance services for the Period amounted to approximately HK\$9.4 million (2021: HK\$2.7 million). The Group's gross profit margin for building maintenance services for the Period was approximately 5.1% (2021: 2.9%). The increase in gross profit margin during the Period was attributable to the current Period building maintenance project with higher gross profit margin than prior period.

Gross profit attributable to renovation services for the Period amounted to approximately HK\$2.8 million (2021: HK\$1.6 million), representing an increase of approximately HK\$1.2 million or 75%. Gross profit margin from renovation services during the Period was approximately 4.5%, which was higher than the corresponding period in 2021 of approximately 3.5%. The increase in gross profit margin was attributable implementation of cost control procedures.

Other income

During the Period, other income increased by approximately HK\$1.3 million or 650% from approximately HK\$0.2 million for the corresponding period in 2021 to approximately HK\$1.5 million for the Period.

Resumption related expenses

Due to Suspension and in order to fulfill the resumption guidance from the Stock Exchange, the Company engaged various professional parties for the purpose of Resumption. This resulted in non-recurring Resumption Related Expenses of approximately HK\$2.4 million for the Period (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Before the Resumption Related Expenses, profit of the Company for the Period would be approximately HK\$1.49 million (2021: loss of HK\$9.7 million). Thus the loss of the Company for the previous financial years should have been turnaround to profit in the six months period ended 31 December 2022 but for the Resumption Related Expenses incurred due to Suspension.

The Resumption Related Expenses are non-recurring in nature since the Company will cease to record such expenses after Resumption.

Administrative expenses

Administrative expenses decreased by approximately HK\$2.1 million or 14.8% from approximately HK\$14.2 million for the corresponding period in 2021 to approximately HK\$12.1 million for the Period. The decrease was caused by the decrease in the operating costs of the Company.

Finance costs

Finance costs of the Group was still maintained at a low level of approximately HK\$147,000 (2021: HK\$26,000). The increase was mainly due to the increase of lease liabilities during the Period.

(Loss)/profit for the Period

The Group recorded loss for the Period of approximately HK\$0.95 million (2021: HK\$9.7 million). The change was mainly attributable to the significant increase in revenue and improvement in gross profit margin.

However, as elaborated in the above section headed “Resumption related expenses”, the Company should have recorded a profit of approximately HK\$1.49 million for the Period before inclusion of the Resumption Related Expenses of approximately HK\$2.4 million incurred due to Suspension.

Thus the loss of the Company for the previous financial years should have been turnaround to profit in the six months period ended 31 December 2022 but for the Resumption Related Expenses incurred due to Suspension.

Liquidity, financial resources and capital structure

The Group generally finances its operation through cash from operations, bank borrowings and finance leases. As at 31 December 2022, the Group had total cash and bank balances of approximately HK\$34.4 million (30 June 2022: HK\$41.8 million). As at 31 December 2022, the Group had finance lease of approximately HK\$0.1 million (30 June 2022: HK\$0.3 million). All the cash and bank balances were denominated in Hong Kong dollar. As at 31 December 2022, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.2 million and HK\$131.7 million respectively (30 June 2022: HK\$11.2 million and HK\$132.7 million respectively).



MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollar. With the insignificant portion of monetary assets denominated in foreign currencies, the Group did not engage in the any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Period.

Gearing ratio

Gearing ratio is calculated based on the total debts divided by the total equity. The gearing ratio was approximately 2.2% and 3.0% as at 31 December 2022 and 30 June 2022, respectively. The decrease in gearing ratio is due to decrease in lease liabilities.

Charge over assets of the Group

As at 31 December 2022, the Group had pledged bank deposits of approximately HK\$1.3 million (30 June 2022: HK\$1.3 million) to banks to secure the banking facilities granted to the Group. In addition, the Group's obligations under finance leases were secured by the lessors' title to the leased motor vehicles with carrying value of approximately HK\$0.5 million (30 June 2022: 1.2 million).

Contingent liabilities

(a) Contingent liabilities in respect of legal claims

One subsidiary of the Group is defendant in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims. The Directors considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance and subcontractors' indemnity. Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case and with reference to the legal advice.

(b) Guarantee issued

At the end of each reporting period, the Group had provided guarantees to bank in respect of the following:

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Performance bonds in favor of its clients	1,250	1,250

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2022, HK\$1,250,000 (30 June 2021: HK\$1,250,000) of performance bonds were given by a bank in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the service contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the bank to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2022 (30 June 2021: nil).

Employees and remuneration policies

As at 31 December 2022, the Group had approximately 113 employees (30 June 2022: 115). The staff related costs included salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave. The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages were subject to review on a regular basis. The emoluments of the Directors and senior management have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Events after reporting period

There is no important events affecting the Group which have occurred since the end of the Period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2022 (2021: nil).

PROSPECT

Due to the pandemic COVID-19, there had been a decrease of amount in award the contracts in building maintenance projects and renovation services projects in Hong Kong resulting in an adverse business environment. With the easing off of effects of the COVID-19 recently, the situation has been improving. As in the past few years and since the track period of our IPO, we will continue to focus on identifying opportunities for building maintenance projects, especially in the Hong Kong public sector, which is our core business. For renovation projects, with the growth in consciousness of building refurbishment in Hong Kong, we are confident in attaining new projects from the private sector.

OTHER INFORMATION

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") were as follows:

Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested	Total	Percentage of interest (Note 3)
Mr. DAI Jian	Interest of a controlled corporation (Note 1)	3,268,750,000	3,268,750,000	58.43%
Mr. LAI Aizhong	Interest of a controlled corporation (Note 2)	11,680,000		
	Beneficial owner	17,120,000	28,800,000	0.51%

Notes:

- These shares are held by Smart Paradise International Limited ("Smart Paradise"). Smart Paradise is owned as to 100% by Mr. DAI Jian and hence Mr. DAI Jian is deemed to be interested in 3,268,750,000 shares held by Smart Paradise under the SFO.
- These shares are held by Shenzhen Bosum Asset Management Limited*深圳市博商資產管理有限公司 ("Shenzhen Bosum"). Shenzhen Bosum is owned as to 51% by Mr. LAI Aizhong and hence Mr. LAI Aizhong is deemed to be interested in 11,680,000 shares held by Shenzhen Bosum under the SFO.
- The approximate percentages were calculated based on 5,594,000,000 shares in issue as at 31 December 2022.
- Ms. ZHAO Li is the spouse of Mr. DAI Jian. Therefore, Ms. ZHAO Li is deemed to be interested in all shares of 3,268,750,000 shares held by Smart Paradise by virtue of Part XV of the SFO.

* English name is for identification only

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they had taken or deemed to have

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under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) have interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register of the Company referred to therein:

Name	Capacity/Nature	Number of Shares held/interested	Percentage of interest (Note 2)
Smart Paradise	Beneficial owner	3,268,750,000	58.43%

Notes:

- Ms. Zhao Li is the spouse of Mr. Dai Jian and is deemed to be interested in the Shares which are interested by Mr. Dai Jian under the SFO.
- The approximate percentages were calculated based on 5,594,000,000 shares in issue as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any other persons who had any interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the then sole shareholder of the Company on 18 December 2014, the Company adopted a share option scheme (the "Scheme") to attract and retain high quality staff, to provide additional incentive to employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the shareholders of the Company. Options granted to substantial shareholders or independent non-executive Directors or any of their respective close associates (including a discretionary trust whose discretionary objects include a substantial shareholders, independent non-

OTHER INFORMATION

executive Directors, or any of their respective close associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the shareholders of the Company.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the shares of the Company on the date of grant, (ii) the average closing price of the shares of the Company for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

The Scheme will remain in force for a period of ten years commencing on the date of the adoption date (i.e. 18 December 2014) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

No share options were granted since the adoption of the Scheme and there are no outstanding share options at the end of the Period.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPANY SECRETARY

The role of company secretary is performed by an external service provider, Ms. CHAN Lok Yin, who joined the Company on 1 October 2022. Ms. CHAN's primary contact persons at the Company are the executive Directors of the Board, including Ms. MA Huijun (Chairman of the Board), Mr. Dai Jian (Vice Chairman and Chief Executive Officer of the Board), Mr. Lai Aizhong and Mr. Wong Ka Shing. Ms. CHAN has confirmed that she has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE

The Company has adopted and complied with code provisions (the "Code Provisions") as set out under the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. During the Period, the Company has complied with all the Code Provisions of the CG Code, except as follows:

Code provision C.1.6 of the CG Code provides that generally independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Also, under the code provision F.2.2 of the CG Code, the chairman of the board, the chairmen of the audit, remuneration, nomination committees and the external auditor should attend the annual general meeting. As no general meeting had been held in the Period, the aforesaid requirements had not been fulfilled.

OTHER INFORMATION

In respect of code provision D.1.2 of the CG Code, the Company did not provide all members of the Board with monthly updates. However, the Company had based on business situation, provided to the Board from time to time, updated business information to enable the Board as a whole and each Director to discharge their duties. The Company considered that this arrangement was sufficient for the Board to discharge its duties. Nonetheless, the Company has since February 2023 complied with this code provision by providing monthly updates to its Board members.

Save as disclosed, in the opinion of the Directors, the Company was in compliance with all the relevant code provisions under the CG Code throughout the Period.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules regarding securities transactions for its Directors. After having made specific enquiries through current board members, all of them confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the Period.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, update in the information of the Directors is set out below:

Saved for the Company’s announcement dated 3 January 2023, there is no update in the information of the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float as required under the Listing Rules during the Period.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) established in compliance with Rule 3.21 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code. The responsibilities of the Audit Committee include reviewing financial statements, monitoring the appointment of and non-audit work undertaken by external auditors and reviewing the effectiveness of the internal controls of the Group. As at the date of this announcement, our Audit Committee consists of Mr. Liew Swee Yean (chairman), Mr. Huang Shuhui and Ms. Wong Ying. The interim financial results of the Group for the Period are unaudited but have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

Hong Kong, 4 April 2023

By order of the Board
Ma Huijun
Chairman

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Notes	Six months ended 31 December	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	247,060	140,332
Cost of sales		(234,852)	(136,005)
Gross profit		12,208	4,327
Other income		1,461	173
Resumption related expenses		(2,439)	–
Administrative expenses		(12,079)	(14,189)
Finance costs	4	(147)	(26)
Loss before taxation		(996)	(9,715)
Income tax credit	5	43	64
Loss for the period	6	(953)	(9,651)
Other comprehensive income for the period		–	–
Total comprehensive loss for the period		(953)	(9,651)
(Loss)/profit for the period attributable to:			
– Owners of the Company		(969)	(9,614)
– Non-controlling interests		16	(37)
		(953)	(9,651)
Total comprehensive (loss)/income for the period			
– Owners of the Company		(969)	(9,614)
– Non-controlling interests		16	(37)
		(953)	(9,651)
Loss per share attributable to the owners of the Company (<i>in HK cents</i>)			
Basic and diluted	8	(0.02)	(0.17)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	2,186	2,074
Right-of-use assets		3,167	4,885
Rental deposit		150	150
		5,503	7,109
Current assets			
Trade and other receivables	10	83,546	85,050
Consideration receivables		9,100	9,100
Loan and interest receivables		11,423	11,423
Contract assets		71,314	59,325
Tax recoverable		91	–
Time deposits with original maturity over three months		10,000	15,000
Pledged bank deposits	15	1,280	1,279
Cash and cash equivalents		34,396	41,829
		221,150	223,006
Current liabilities			
Trade and other payables	11	90,796	92,218
Lease liabilities		2,184	2,239
		92,980	94,457
Net current assets		128,170	128,459
Total assets less current liabilities		133,673	135,658

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

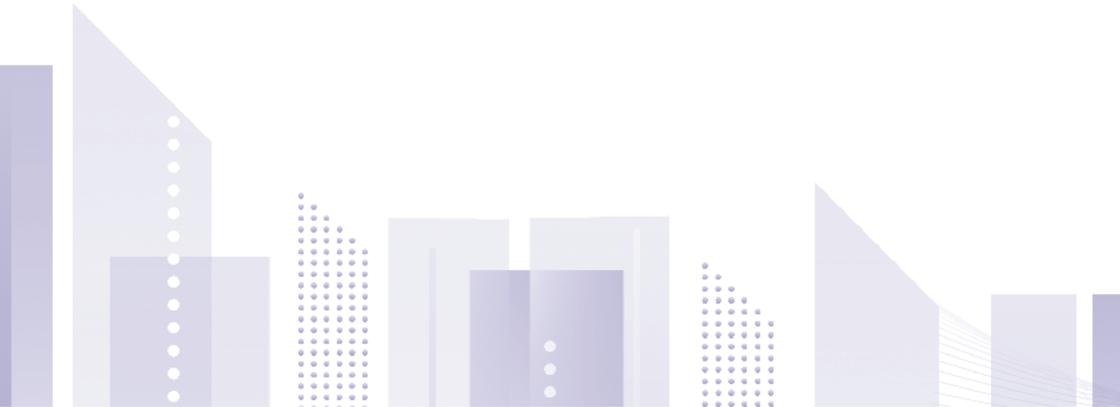
As at 31 December 2022

	Notes	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Non-current liabilities			
Long service payment obligations		266	266
Lease liabilities		773	1,761
Deferred income tax liabilities		302	346
		1,341	2,373
Net assets		132,332	133,285
EQUITY			
Share capital	12	11,189	11,189
Reserves		120,526	121,495
Equity attributable to:			
Owners of the Company		131,715	132,684
Non-controlling interests		617	601
Total equity		132,332	133,285

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 31 December 2022*

	Attributable to owners of the Company				Non-controlling		Total
	Share capital	Share Premium	Other reserve	Retained profits	Total	interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2021 (audited)	11,189	77,790	(480)	55,289	143,788	646	144,434
Loss for the period	—	—	—	(9,614)	(9,614)	(37)	(9,651)
Total comprehensive income for the period	—	—	—	(9,614)	(9,614)	(37)	(9,651)
At 31 December 2021 (unaudited)	11,189	77,790	(480)	45,675	134,174	609	134,783
At 1 July 2022 (audited)	11,189	77,790	(480)	44,185	132,684	601	133,285
(Loss)/profit for the period	—	—	—	(969)	(969)	16	(953)
Total comprehensive loss for the period	—	—	—	(969)	(969)	16	(953)
At 31 December 2022 (unaudited)	11,189	77,790	(480)	43,216	131,715	617	132,332

Note: Other reserve represented the difference between the nominal value of the issued share capital of Sing Fat Construction Co., Limited and ABO Group Limited ("ABO") in aggregate amount of approximately HK\$9,310,000 over nominal value of the share capital of the Company in amount of HK\$9,790,000 issued in exchange thereof, pursuant to the group reorganisation.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 31 December 2022*

	Six months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash used in operating activities	(11,448)	(14,049)
Net cash generated from investing activities	5,231	27,072
Net cash used in financing activities	(1,216)	(765)
Net (decrease)/increase in cash and cash equivalents	(7,433)	12,258
Cash and cash equivalents at the beginning of the period	41,829	38,092
Effect of foreign exchange rate changes	—	—
Cash and cash equivalents at the end of the period	34,396	50,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of China Supply Chain Holdings Limited and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 31 December 2022 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2022.

All HKFRSs effective for the accounting periods commencing from 1 January 2021 and relevant to the Group, have been adopted by the Group in the preparation of the unaudited condensed consolidated results. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s results and financial position.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs in current or future reporting periods, these new HKFRSs are not expected to have a material impact on its results of operations and financial position.

All significant transactions and balances among the companies comprising the Group have been eliminated on consolidation.

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“**CODM**”).

The Company’s executive Directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The CODM has been identified as the executive Directors of the Company. The executive Directors consider the segment from a business perspective. The Group has two (2021: two) operating segments that qualify as reporting segment under HKFRS 8 and the information that is regularly reviewed by the executive Directors for the purposes of allocating resources and assessing performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2022***3. SEGMENT INFORMATION (CONTINUED)**

The executive Directors assess the performance based on a measure of loss before income tax, and consider all businesses are included in the two segments:

- (i) Building maintenance; and
- (ii) Renovation

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 31 December 2022

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	185,257	61,803	247,060
Segment profit	9,433	2,775	12,208
Unallocated corporate income			1,461
Central administration costs			(14,518)
Finance costs			(147)
Loss before taxation			(996)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

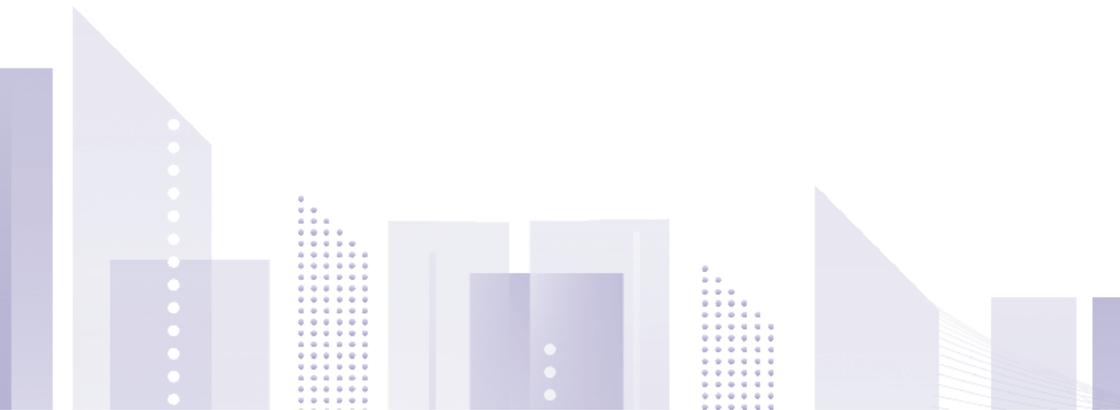
3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (CONTINUED)

For the six months ended 31 December 2021

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	94,138	46,194	140,332
Segment profit	2,648	1,627	4,275
Unallocated corporate income			173
Central administration costs			(14,137)
Finance costs			(26)
Loss before taxation			(9,715)

The accounting policies of the reporting and operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of certain unallocated corporate income, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. There were no inter-segment sales between different business segments for the six months ended 31 December 2022 and 2021.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

3. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	31 December 2022 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (Audited)
Segment assets		
Building maintenance	80,582	66,759
Renovation	51,620	55,260
Total segment assets	132,202	122,019
Unallocated corporate assets	94,451	108,096
Total assets	226,653	230,115
Segment liabilities		
Building maintenance	46,764	43,292
Renovation	32,946	36,230
Total segment liabilities	79,710	79,522
Unallocated corporate liabilities	14,611	17,308
Total liabilities	94,321	96,830

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

4. FINANCE COSTS

	Six months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest on:		
– Lease liabilities	147	26

5. INCOME TAX CREDIT

	Six months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
Deferred tax	43	64
	43	64



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2022***6. LOSS FOR THE PERIOD**

Loss for the period has been arrived at after charging/(crediting):

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	(200)	(150)
Other income	(1,261)	(23)
Loss on disposal of property, plant and equipment	191	52
Depreciation of property, plant and equipment	340	159
Depreciation of right-of-use assets	1,001	553
Reversal of impairment of trade and other receivables (Note i)	(4)	(379)

Note:

- i. Reversal of impairment of trade and other receivables credited in administrative expenses.

7. DIVIDENDS

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2022 (2021: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

8. LOSS PER SHARE

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

	Six months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss		
Loss for the purpose of basic loss per share	(969)	(9,614)

	Six months ended 31 December	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	5,594,000	5,594,000
Basic loss per share (in HK cents)	(0.02)	(0.17)

The diluted loss per share is equal to the loss per share as there were no dilutive potential ordinary shares during the six months ended 31 December 2022 and 2021.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group disposed of property, plant and equipment with a net carrying value of approximately HK\$223,000 for cash proceeds of HK\$32,000. Property, plant and equipment amounting to approximately HK\$675,000 were transferred from right-of-use assets.

During the six months ended 31 December 2021, property, plant and equipment with a net carrying value of approximately HK\$702,000 were disposed of by the Group for cash proceeds of HK\$650,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

10. TRADE AND OTHER RECEIVABLES

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate, for the building maintenance and renovation services. For the sales of visible light photocatalysis products, the Group generally allows an average credit period of 120 days to the customers. The following is an ageing analysis of trade receivables, presented based on the certified report and/or based on invoice dates which approximate revenue recognition date at the end of the reporting period:

	31 December 2022 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (Audited)
Within 90 days	34,129	27,811
91 to 180 days	6,657	8,637
181 to 365 days	9,837	13,185
1 to 2 years	5,804	7,635
Over 2 years	1,849	2,231
	58,276	59,499

11. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31 December 2022 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (Audited)
Within 90 days	62,625	49,784
91 to 180 days	5,956	12,907
181 to 365 days	1,378	7,172
1 to 2 years	1,441	870
Over 2 years	1,852	2,771
	73,252	73,504

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

12. SHARE CAPITAL

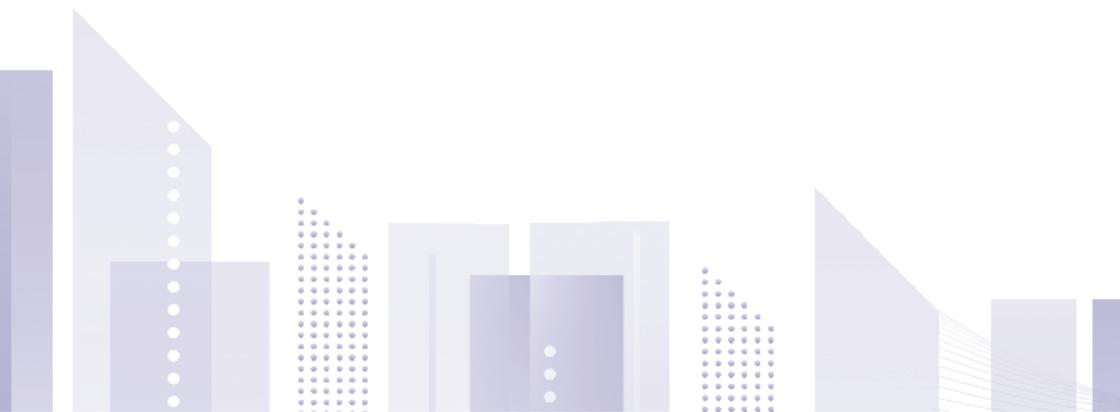
Ordinary share	Number of Ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised:		
Ordinary share of HK\$0.002 each at 30 June 2022 (audited) and 31 December 2022 (unaudited)	10,000,000,000	20,000
Issued and fully paid:		
Ordinary share of HK\$0.002 each at 30 June 2022 (audited) and 31 December 2022 (unaudited)	5,594,000,000	11,189

13. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to the written resolution passed on 18 December 2014 to attract and retain high quality staff, to provide additional incentive to eligible participants and to promote the success of the business of the Group.

Eligible participants of the share option scheme include employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group.

No share options are granted since the adoption of the share option scheme and there are no outstanding share options as at 31 December 2022 and 30 June 2022.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

14. CONTINGENT LIABILITIES

(a) *Contingent liabilities in respect of legal claims*

One subsidiary of the Group is defendant in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims. The directors of the Company considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance and subcontractors' indemnity. Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case and with reference to the legal opinion.

(b) *Guarantee issued*

At the end of each reporting period, the Group had provided guarantees to bank in respect of the following:

	31 December 2022 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (Audited)
Performance bonds in favor of its clients	1,250	1,250

As at 31 December 2022, HK\$1,250,000 (30 June 2022: HK\$1,250,000) of performance bonds were given by a bank in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the service contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the bank to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

15. PLEDGE OF ASSETS

As at 31 December 2022, the Group had pledged bank deposits of approximately HK\$1.3 million (30 June 2022: HK\$1.3 million) to banks to secure the banking facilities granted to the Group. In addition, the Group's obligations under finance leases were secured by the lessors' title to the leased motor vehicles with carrying value of approximately HK\$0.5 million (30 June 2022: HK\$1.8 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the period were as follows:

	Six months ended 31 December 2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Short-term benefits	428	29

