

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023**

#### **RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of China Supply Chain Holdings Limited (the “**Company**”) is pleased to present the consolidated audited results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2023 (the “**Year**”) as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 30 June 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>486,378</b>	297,564
Cost of sales		<b>(459,672)</b>	(285,826)
Gross profit		<b>26,706</b>	11,738
Other income and gains		<b>4,112</b>	6,040
Reversal of/(provision for) impairment loss on financial and contract assets, net		<b>3,952</b>	(654)
Administrative expenses		<b>(35,745)</b>	(28,259)
Operating loss		<b>(975)</b>	(11,135)
Finance costs	4	<b>(250)</b>	(97)
Loss before income tax		<b>(1,225)</b>	(11,232)
Income tax (expense)/credit	5	<b>(69)</b>	83
<b>Loss and total comprehensive loss for the year</b>		<b><u>(1,294)</u></b>	<b><u>(11,149)</u></b>

	<i>Notes</i>	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i>
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:			
— Owners of the Company		<b>(1,326)</b>	(11,104)
— Non-controlling interests		<u>32</u>	<u>(45)</u>
		<b><u>(1,294)</u></b>	<b><u>(11,149)</u></b>
<b>Loss per share attributable to the owners of the Company (<i>in HK cents</i>)</b>			
Basic and diluted	7	<b><u>(0.02)</u></b>	<b><u>(0.20)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,959</b>	2,074
Right-of-use assets		<b>2,125</b>	4,885
Rental deposit	8	<u>—</u>	<u>150</u>
		<b>5,084</b>	7,109
<b>Current assets</b>			
Trade and other receivables	8	<b>64,231</b>	85,050
Consideration receivable		—	9,100
Loan and interest receivable		—	11,423
Contract assets	9	<b>70,330</b>	59,325
Tax recoverable		<b>91</b>	—
Time deposits with original maturity over three months		—	15,000
Pledged bank deposits		<b>2,498</b>	1,279
Cash and cash equivalents		<b>83,604</b>	41,829
		<b>220,754</b>	223,006
<b>Total assets</b>		<b>225,838</b>	230,115
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		<b>11,189</b>	11,189
Reserves		<b>120,169</b>	121,495
		<b>131,358</b>	132,684
Non-controlling interests		<b>633</b>	601
<b>Total equity</b>		<b>131,991</b>	133,285

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long services payment obligations		<b>503</b>	266
Lease liabilities		—	1,761
Deferred income tax liabilities		<b>415</b>	346
		<u><b>918</b></u>	<u>2,373</u>
<b>Current liabilities</b>			
Trade and other payables	<i>10</i>	<b>91,168</b>	92,218
Lease liabilities		<b>1,761</b>	2,239
		<u><b>92,929</b></u>	<u>94,457</u>
<b>Total liabilities</b>		<u><b>93,847</b></u>	<u>96,830</u>
<b>Total equity and liabilities</b>		<u><b>225,838</b></u>	<u>230,115</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

China Supply Chain Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). At the date of these consolidated financial statements, its immediate and ultimate holding company is Smart Paradise International Limited, a company incorporated in the British Virgin Islands (the “**BVI**”), which is beneficially owned by Mr. Dai Jian. The Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is 12/F, Guangdong Finance Building, 88 Connaught Road West, Hong Kong.

The Company acts as an investment holding company and the principal activities of its subsidiaries are provision of building maintenance and renovation services.

The consolidated financial statements are presented in thousands of Hong Kong dollar (“**HKS’000**”), unless otherwise stated.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

#### *(a) New standards, amendments to standards and interpretation adopted by the Group*

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 July 2022:

Annual Improvements Project (Amendments)	Annual Improvements 2018–2020 Cycle
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-Scope Amendments
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 — Merger Accounting for Common Control Combinations

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(b) *New standards, amendments to standards, interpretations and accounting guideline issued but not yet effective***

The following new standards, amendments to standards, interpretations and accounting guidelines that have been published but not effective during the year and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with Covenants	1 January 2024
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback	1 January 2024
HK Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards, amendments to existing standards, interpretations and accounting guideline. These standards and amendments are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements. The Group intends to adopt the above new standards, amendments to existing standards interpretations and accounting guideline when they become effective.

### 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 (2022: 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 of the operating segment.

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

#### Segment revenue and results

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

#### For the year ended 30 June 2023

	<b>Building maintenance HK\$’000</b>	<b>Renovation HK\$’000</b>	<b>Total HK\$’000</b>
Segment revenue	<u>377,186</u>	<u>109,192</u>	<u>486,378</u>
Segment results	<u>22,122</u>	<u>5,342</u>	27,464
Other income and gains			4,112
Reversal of impairment loss on financial assets			2,977
Administrative expenses			(35,534)
Finance costs			<u>(244)</u>
Loss before income tax			<u>(1,225)</u>

**For the year ended 30 June 2022**

	Building maintenance <i>HK\$'000</i>	Renovation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>202,268</u>	<u>95,296</u>	<u>297,564</u>
Segment results	<u>6,896</u>	<u>4,269</u>	11,165
Other income and gains			6,040
Provision for impairment loss on financial assets			(438)
Administrative expenses			(27,919)
Finance costs			<u>(80)</u>
Loss before income tax			<u>(11,232)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of other income and gains, reversal of/(provision for) impairment loss on financial assets, net, administrative expenses 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 years ended 30 June 2023 and 2022.

**Geographical information**

The Group's revenue from external customers by location of operations and non-current assets by geographical location are all derived and located in Hong Kong (place of domicile) for the years ended 30 June 2023 and 2022.

**Information about major customers**

For the year ended 30 June 2023, there were two customers (2022: two) which individually contributed over 10% of the Group's total revenue. The revenue contributed from each of these customers was as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	377,187	204,674
Customer B	<u>72,476</u>	<u>86,432</u>



#### 4. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests on lease liabilities	<u>250</u>	<u>97</u>

#### 5. INCOME TAX (EXPENSE)/CREDIT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits tax	—	—
Deferred income tax	<u>69</u>	<u>(83)</u>
Income tax expense/(credit)	<u>69</u>	<u>(83)</u>

#### 6. DIVIDENDS

No dividend was paid or proposed by the Company for the year ended 30 June 2023 (2022: Nil).

#### 7. LOSS PER SHARE

##### (a) *Basic loss per share*

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Loss attributable to owners of the Company ( <i>HK\$'000</i> )	(1,326)	(11,104)
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	5,594,000	5,594,000
Basic loss per share ( <i>HK cents</i> )	<u>(0.02)</u>	<u>(0.20)</u>

##### (b) *Diluted loss per share*

For the years ended 30 June 2023 and 2022, diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares.

## 8. TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables at the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	62,405	60,456
Less: loss allowance of trade receivables	<u>(182)</u>	<u>(957)</u>
Trade receivables, net	<u>62,223</u>	<u>59,499</u>
Prepayments, deposits and other receivables:		
— Expenses prepaid	327	420
— Payment in advance	<u>87</u>	<u>964</u>
Prepayments	<u>414</u>	<u>1,384</u>
Deposits and other receivables	1,594	25,506
Less: loss allowance of other receivables	<u>—</u>	<u>(1,189)</u>
Deposits and other receivables, net	<u>1,594</u>	<u>24,317</u>
Prepayments, deposits and other receivables, net	<u>2,008</u>	<u>25,701</u>
Total	<u>64,231</u>	<u>85,200</u>
<b>Less: non-current portion</b>		
Rental deposit	<u>—</u>	<u>(150)</u>
<b>Current portion</b>	<u><u>64,231</u></u>	<u><u>85,050</u></u>

The Group does not hold any collateral over the above balances.

The Group normally grants credit terms to its customers ranging from 30 to 45 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	26,222	27,811
91 to 180 days	16,473	8,637
181 to 365 days	8,567	13,185
1 to 2 years	8,576	7,635
Over 2 years	<u>2,385</u>	<u>2,231</u>
	<u><u>62,223</u></u>	<u><u>59,499</u></u>

## 9. CONTRACT ASSETS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Total contract assets:</b>		
— Building maintenance services	58,093	32,145
— Renovation services	<u>12,237</u>	<u>27,180</u>
	<u><b>70,330</b></u>	<u><b>59,325</b></u>
<b>Comprising:</b>		
Unbilled revenue of building maintenance services	58,093	32,145
Unbilled revenue of construction renovation services	11,295	24,571
Retention receivables of renovation services	<u>942</u>	<u>2,609</u>
Total contract assets	<u><b>70,330</b></u>	<u><b>59,325</b></u>

Contract assets are related to both building maintenance services and renovation services contracts. The balance of contract assets increased as there were more services provided but yet to be billed as at 30 June 2023.

## 10. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	79,211	73,504
Retention money payables	885	2,488
Accrued expenses and other payables	10,293	15,447
Dividend payable to non-controlling interests	<u>779</u>	<u>779</u>
	<u><b>91,168</b></u>	<u><b>92,218</b></u>

The ageing analysis of the trade payables based on invoice date is as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 90 days	<b>50,858</b>	49,784
91 to 180 days	<b>21,081</b>	12,907
181 to 365 days	<b>3,132</b>	7,172
1 to 2 years	<b>2,394</b>	870
Over 2 years	<b>1,746</b>	2,771
	<hr/> <b>79,211</b> <hr/>	<hr/> 73,504 <hr/>

The carrying amounts of trade and other payables approximately to their fair values, due to the short-term nature and are denominated in HK\$ as at 30 June 2023 and 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a building maintenance and renovation service provider in Hong Kong. All (100%) revenue for the Year was derived from building maintenance and renovation services in Hong Kong.

The Group has been focusing on these two business segments since its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2015 and continues so as the date of this report. 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 had accounted for over 65% of the Group’s revenue for the past few years and its principal customers are from the public sector, which includes the Housing Authority, in Hong Kong.

Revenue for the Year was approximately HK\$486.4 million, representing an increase of approximately HK\$188.8 million or 63.5% when compared to the same period last year of approximately HK\$297.6 million. It was mainly due to the increase in revenue for both segments.

Loss for the Year was approximately HK\$1.3 million, representing a decrease of approximately HK\$9.9 million or 88.4% when compared to the same period last year of approximately HK\$11.1 million. It was mainly due to the increase in revenue for the Year.

#### **Building maintenance services**

As at 30 June 2023, the Group had 4 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$1,587 million. As at 30 June 2022, the Group had 3 building maintenance contracts on hand with a notional or estimated contract value of HK\$1,170 million. The Group has not completed any building maintenance contracts during the Year.

#### **Renovation services**

As at 30 June 2023, the Group had 13 renovation contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK\$146.5 million. As at 30 June 2022, the Group had 13 renovation contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contact value of approximately HK\$255.9 million. The Group have completed 11 renovation contracts during the Year.

## **RECENT DEVELOPMENT**

### **Building maintenance services**

During the Year, the Group had been successfully awarded a contract with a notional or estimate contract value of approximately HK\$417.4 million, which was commenced in October 2023.

### **Renovation services**

During the Year, the Group had been successfully awarded 11 contracts with a notional or estimate contract value of approximately HK\$135.9 million. 3 out of the 11 renovation contracts have been commenced during the Year.

## **FUTURE DEVELOPMENT**

With the increasing awarded contracts in renovation services, the prospect of the renovation services is optimistic. We will 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.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue derived from building maintenance services increased by approximately HK\$174.9 million or 86.5% from approximately HK\$202.3 million for the year ended 30 June 2022 to approximately HK\$377.2 million during the Year. There was a district term contract (“DTC”) contract commenced during the last quarter of year ended 30 June 2022. As a result, full-year revenue was recognised during the Year. Also, revenue for project at initial stage (last year) is usual. Both factors resulted in increase revenue during the Year.

Revenue derived from renovation services increased by approximately HK\$13.9 million or 14.6% from approximately HK\$95.3 million for the year ended 30 June 2022 to approximately HK\$109.2 million during the Year. The increase in revenue was mainly caused by the increase in contract sum for several significant contracts during the Year.

### **Gross profit and gross profit margin**

During the Year, the Group’s gross profit amounted to approximately HK\$26.7 million (2022: HK\$11.7 million) representing an increase of approximately HK\$15.0 million, which is mainly due to the increase of gross profit margin. Gross profit margin for the Year was approximately 5.5% (2022: 3.9%). 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 Year amounted to approximately HK\$22.1 million (2022: HK\$6.9 million). The Group's gross profit margin for building maintenance services for the Year was approximately 5.9% (2022: 3.4%). The increase in gross profit margin during the Year was attributable to the tight cost control implemented (e.g. other subcontracting fee) over the year. It resulted the increase in gross profit for all the DTC contracts after such expenses.

Gross profit attributable to renovation services for the Year amounted to approximately HK\$5.3 million (2022: HK\$4.3 million), representing an increase of approximately HK\$1.0 million or 23.3%. Gross profit margin from renovation services during the Year was approximately 4.9%, which was slightly higher than the year ended 30 June 2022 of approximately 4.5%.

### **Other income**

During the Year, other income decreased by approximately HK\$1.9 million or 31.2% from approximately HK\$6.0 million for the same period in 2022 to approximately HK\$4.1 million for the Year, which was mainly due to the net effect of increase in government subsidy and decrease in the income from waive of directors' emoluments during the Year.

### **Administrative expenses**

Administrative expenses increased by approximately HK\$7.5 million or 26.5% from approximately HK\$28.3 million for the same period in 2022 to approximately HK\$35.7 million for the Year. The increase was caused by the increase in the operating costs of the Company, including but not limited to, the increase in staff cost, the professional and other related fees.

### **Finance costs**

Finance costs for the Year amounted to approximately HK\$0.3 million (2022: HK\$0.1 million). The increase was mainly due to the increase in the Group's obligations under finance leases.

### **Income tax expenses**

The effective tax rates were approximately -5.6% and +0.7% for the Year and the same period in 2022, respectively. The significant decrease for the Year was mainly represented by the deferred income tax movement.

### **Loss for the Year**

The Group's loss for the Year was approximately HK\$1.3 million (2022: HK\$11.1 million), which was mainly due to overall increase in revenue and increase in gross profit margin for both segments.

## **Liquidity, financial resources and capital structure**

The Group generally finances its operation through cash from operations, bank borrowings and finance leases. As at 30 June 2023, the Group had total cash and bank balances of approximately HK\$83.6 million (2022: HK\$41.8 million). There were no bank borrowings in the Group as at 30 June 2023 and 30 June 2022. The Group had finance lease of approximately HK\$0.02 million and HK\$0.3 million as at 30 June 2023 and 30 June 2022, respectively. All the cash and bank balances was denominated in Hong Kong dollar and Renminbi as at 30 June 2023. As at 30 June 2023, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.2 million and HK\$131.4 million respectively (2022: HK\$11.2 million and HK\$132.7 million respectively).

### **Foreign exchange risk**

The Group's business operations were conducted in Hong Kong. The major 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 Year.

### **Gearing ratio**

Gearing ratio is calculated based on the total debts divided by the total equity. Total debts represented lease liabilities. The gearing ratio was approximately 1.3% and 3.0% as at 30 June 2023 and 30 June 2022, respectively. The decrease in gearing ratio is due to the significant decrease of lease liabilities during the Year.

### **Charge over assets of the Group**

As at 30 June 2023, the Group had pledged bank deposits of approximately HK\$2.5 million (2022: HK\$1.3 million) to a bank to secure bank facilities and performance guarantee in respect of a renovation project issued by the Group and is expected to be recovered in its normal operating cycle. As at 30 June 2023, the Group had motor vehicle under finance lease of a HK\$0.02 million (2022: HK\$0.3 million).

### **Contingent liabilities**

#### ***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. No provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case and with reference to legal advice, historical records and an outflow of economic benefits is not probable.



## Guarantee issued

At the end of the reporting year, the Group had obtained guarantees from a bank in respect of the following:

	<b>30 June 2023 <i>HK\$'000</i></b>	30 June 2022 <i>HK\$'000</i>
Performance bonds in favor of its clients	<u><b>2,449</b></u>	<u>1,250</u>

As at 30 June 2023, HK\$2,449,000 (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.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2023 (2022: nil).

## Employees and remuneration policies

As at 30 June 2023, the Group had approximately 120 employees (2022: 115). The staff related costs included salaries, wages and other staff benefits, contributions and retirement schemes, provisions for long services 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.

## DIVIDENDS

The Board does not recommend the payment of final dividend for the Year (2022: nil).

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

During the Year and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

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 Year, the Company has complied with all the Code Provisions of the CG Code, except as follows:

Code provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company has not held an annual general meeting since 4 December 2020. Accordingly, none of the Directors retired at the annual general meeting nor re-elected by the Shareholders. The Company will hold an annual general meeting at which the Directors will retire and offer themselves for re-election.

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 since 4 December 2020, the aforesaid requirements had not been fulfilled.

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 for the deviation as mentioned above, in the opinion of the Directors, the Company was in compliance with all the relevant code provisions under the CG Code throughout the Year.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

### **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 Year.

### **Securities Transactions by Senior Management and Staff**

The senior management and staff have been individually notified and advised about the Model Code by the Company.

## **AUDIT COMMITTEE**

The Audit Committee was established on 17 December 2014 in compliance with Rule 3.21 of the Listing Rules with written terms of reference in compliance with the CG Code. As at the date of this announcement, our Audit Committee consists of Mr. Wang Xiaojia (chairman), Mr. Zheng Haipeng and Mr. Li Zhining.

The Audit Committee has reviewed the Group’s audited consolidated financial statements for the Year.

## **SCOPE OF WORK OF AUDITOR**

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Linksfeld CPA Limited (“**Linksfeld**”), Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Linksfeld in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Linksfeld on preliminary announcements.

## **RESUMPTION OF TRADING**

Trading in the shares of the Company on the Stock Exchange had been suspended since 4 October 2021. After unremitting efforts of the Board and the management of the Group, the Company successfully satisfied all the resumption guidance of the Stock Exchange and trading of the Company shares has been resumed from 9:00am on 2 June 2023.

## **PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE**

This announcement will be published on the respective websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://chsc.com.hk>). The annual report for the Year containing all the information required by the Listing Rules will be published on the respective websites of the Company and the Stock Exchange and despatched to the Shareholders in due course.

By order of the Board  
**China Supply Chain Holdings Limited**  
**Ma Huijun**  
*Chairman*

Hong Kong, 26 September 2023

*As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Ma Huijun (Chairman), Mr. Dai Jian (Vice Chairman), Mr. Lai Aizhong and Mr. Wong Ka Shing (Chief Executive Officer); and three independent non-executive Directors, namely Mr. Zheng Haipeng, Mr. Wang Xiaojia and Mr. Li Zhining.*