

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 SHUN KE LONG HOLDINGS LIMITED

中國順客隆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 974)

**SUPPLEMENTAL ANNOUNCEMENT TO
THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

References are made to the prospectus of China Shun Ke Long Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 28 August 2015 (the “**Prospectus**”) in relation to the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited, the announcement of the Company dated 24 October 2016 (the “**Announcement**”) in relation to the change in use of proceeds, and the annual report of the Group for the year ended 31 December 2023 (the “**2023 Annual Report**”) in relation to the updates regarding use of proceeds. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

CHANGE IN USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting the underwriting commissions and related expenses, amounted to approximately HK\$188.6 million (equivalent to approximately RMB155.0 million). As disclosed in the Announcement, the net proceeds from the Global Offering were intended to be applied by the Company for the following purposes:

- (i) approximately 48.0% of the net proceeds is expected to be used to open new retail outlets;
- (ii) approximately 9.4% of the net proceeds is expected to be used to upgrade existing retail outlets;
- (iii) approximately 18.0% of the net proceeds is expected to be used to repay bank borrowings;
- (iv) approximately 7.2% of the net proceeds is expected to be used for information systems upgrades;

- (v) approximately 8.6% of the net proceeds is expected to be used for upgrading and expanding the existing two distribution centres in Foshan and Zhaoqing; and
- (vi) approximately 8.8% of the net proceeds is expected to be used to fund the Group's general working capital.

As set out under the section headed "USE OF PROCEEDS" in the 2023 Annual Report, the Company had utilised approximately RMB142.5 million (approximately 91.9%) of the net proceeds up to 31 December 2023 in the manner disclosed therein.

As at the date of this announcement, the unutilised net proceeds amounted to approximately RMB12.5 million (the "**Unutilised Net Proceeds**"), which were intended to be applied for upgrading and expanding the existing two distribution centres in Foshan and Zhaoqing. The Board has resolved to redirect the Unutilised Net Proceeds toward upgrading existing retail outlets. An analysis of the proposed change in the use of the Unutilised Net Proceeds is set out as below:

	Revised allocation of the net proceeds as disclosed in the Announcement		Utilisation as at 31 December 2023	Remaining balance of the net proceeds as at 31 December 2023	Revised allocation of the net proceeds as at the date of this announcement	
	RMB million	% of net proceeds			RMB million	RMB million
Opening of new retail outlets	74.4	48.0%	74.4	–	74.4	48.0%
Upgrading existing retail outlets	14.6	9.4%	14.6	–	27.1	17.5%
Repayment of bank borrowings	27.9	18.0%	27.9	–	27.9	18.0%
Information systems upgrades	11.2	7.2%	11.2	–	11.2	7.2%
Upgrading and expanding the existing two distribution centres	13.3	8.6%	0.8	12.5	0.8	0.5%
General working capital	13.6	8.8%	13.6	–	13.6	8.8%
Total	155.0	100%	142.5	12.5	155.0	100%

REASONS FOR CHANGE IN USE OF PROCEEDS

The Company initially planned to allocate approximately 8.6% or RMB13.3 million of the net proceeds towards upgrading and expanding the existing two distribution centres in Foshan and Zhaoqing. The renovation and expansion plans were suspended due to the decrease in the sales of the Group's wholesale distribution resulting from the COVID-19 pandemic. The Board considers that the existing two distribution centres adequately meet current market demand, rendering immediate renovation or expansion unnecessary.

To optimize the net proceeds from the Global Offering, the Board resolved to re-allocate the Unutilised Net Proceeds to upgrade the existing retail outlets. This strategic move aims to enhance the Group's performance, particularly considering that retail outlet operations accounted for approximately 79.8% of the total revenue for the year ended 31 December 2023.

As disclosed in the 2023 Annual Report, consumer habits and business formats of retail sector have undergone significant changes during the post-pandemic era. In response, the Group has upgraded and renovated, and will continue to upgrade and renovate, its existing retail stores, with ongoing efforts to optimize the store environment and enhance the shopping experience, in order to improve the Group's competitiveness and market adaptability. Meanwhile, upgrading the existing retail outlets enhances the Group's image and aligns with its long-term goal of sustainable development.

The Unutilised Net Proceeds are expected to be utilised by 31 December 2026. The expected timeline for using the Unutilised Net Proceeds is based on the Group's existing business plans. It might be subject to changes based on the business needs of the Group and market conditions. In the event of any material change in the intended use of the Unutilised Net Proceeds and the timeline, the Company will make appropriate announcement(s) in due course.

The Board confirmed that there are no material changes in the principal business of the Group as set out in the 2023 Annual Report, and considered that the aforesaid change in the use of the Unutilised Net Proceeds is in the best interest of the Company and its shareholders as a whole. The Board also confirmed that the supplemental information provided in this announcement does not affect any other information contained in the 2023 Annual Report and, save as disclosed above, the contents of the 2023 Annual Report remain unchanged.

By Order of the Board
China Shun Ke Long Holdings Limited
Qiu Minghao
Company Secretary

Hong Kong, 19 June 2024

As at the date of this announcement, the executive Directors are Mr. Wang Rengang and Ms. Wang Hui; the non-executive Director is Ms. Du Jing; and the independent non-executive Directors are Mr. Cheng Hok Kai Frederick, Mr. Gao Jingyuan and Mr. Ng Hoi.