



CHINA SUPPLY CHAIN HOLDINGS LIMITED
中國供應鏈產業集團有限公司

(formerly known as "Yat Sing Holdings Limited 日成控股有限公司")

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3708

2020

**INTERIM
REPORT**

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Ma Huijun (Chairman)
Mr. Dai Jian
(Vice Chairman and Chief Executive Officer)
Mr. Dai Ming
Mr. Lai Aizhong

NON-EXECUTIVE DIRECTOR

Mr. Zhang Junze

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ross Yu Limjoco
(appointed on 28 February 2021)
Ms. Wong Carol Ka Low
(appointed on 28 February 2021)
Ms. Song Dan
Mr. Huang Shuhui
Mr. Chan Foon (resigned on 18 February 2021)
Mr. Guo Biao (resigned on 17 February 2021)

AUDIT COMMITTEE

Mr. Ross Yu Limjoco (Chairman)
(appointed on 28 February 2021)
Ms. Wong Carol Ka Low
(appointed on 28 February 2021)
Ms. Song Dan
Mr. Chan Foon (Chairman)
(resigned on 18 February 2021)
Mr. Guo Biao (resigned on 17 February 2021)

NOMINATION COMMITTEE

Ms. Ma Huijun (Chairman)
Mr. Ross Yu Limjoco
(appointed on 28 February 2021)
Ms. Wong Carol Ka Low
(appointed on 28 February 2021)
Mr. Chan Foon (resigned on 18 February 2021)
Mr. Guo Biao (resigned on 17 February 2021)

REMUNERATION COMMITTEE

Mr. Ross Yu Limjoco (Chairman)
(appointed on 28 February 2021)
Ms. Wong Carol Ka Low
(appointed on 28 February 2021)
Ms. Song Dan
Mr. Guo Biao (Chairman)
(resigned on 17 February 2021)
Mr. Chan Foon (resigned on 18 February 2021)

COMPANY SECRETARY

Mr. Fung Nam Shan

AUTHORISED REPRESENTATIVES

Mr. Dai Jian
Mr. Fung Nam Shan

INDEPENDENT AUDITORS

Linksfield CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

As to Hong Kong Law
Michael Li & Co.
Loong & Yeung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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PO 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

Flat A, 12/F
Gold Shine Tower
346-348 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Kowloon West Commercial Centre

China Construction Bank (Asia) Corporation Limited
Tsim Sha Tsui Commercial Banking Office

China CITIC Bank International Limited
Des Voeux Road Central Branch

COMPANY WEBSITE

www.yat-sing.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. All revenue for the six months period ended 31 December 2020 (the “Period”) was derived from building maintenance and renovation services.

Revenue for the Period was approximately HK\$174.6 million, representing an decrease of approximately HK\$27.6 million or 13.6% when compared to the same period last year of approximately HK\$202.2 million. It was mainly from the decrease of the revenue of building maintenance services which is due to no new contract of renovation service awarded during the Period and the new awarded contract of building maintenance services commenced in the last quarter of 2020.

Building maintenance services

As at 31 December 2020, we had 2 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$552.4 million. As at 30 June 2020, we had 3 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$553.3 million. During the Period, the Group had completed 1 building maintenance contract.

Renovation services

As at 31 December 2020, we had 4 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\$125.1 million. As at 30 June 2020, we had 4 renovation contracts on hand with a notional or estimated contract value of approximately HK\$125.1 million.

RECENT DEVELOPMENT

Building maintenance services

During the Period, we had been successfully awarded for 1 building maintenance contract with a notional or estimated contract value of approximately HK\$302.2 million, which commenced during the Period.

Renovation services

During the Period, we had no new contract for renovation services.

FUTURE DEVELOPMENT

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

Revenue derived from building maintenance services decreased by approximately HK\$23.7 million or 17.6% from approximately HK\$134.5 million for the same period in 2019 to approximately HK\$110.8 million during the Period. As the new awarded contract of building maintenance services commenced in the last quarter of 2020, revenue of building maintenance services decreased compared with the same period in 2019.

Revenue derived from renovation services showed a decrease of approximately HK\$3.7 million or 5.5% from approximately HK\$67.6 million in the same period in 2019 to approximately HK\$63.9 million during the Period. The decrease in revenue was caused by no new contract awarded during the Period.

Gross profit and gross profit margin

During the Period, the Group's gross profit amounted to approximately HK\$11.0 million (2019: HK\$10.6 million) representing a slight increase of approximately HK\$0.4 million. Gross profit margin for the Period was approximately 6.3% (2019: 5.2%). The increase in gross profit margin was caused by the increase in the gross profit margin for building maintenance and renovation services as mentioned below.

Gross profit attributable to building maintenance services for the Period amounted to approximately HK\$8.5 million (2019: HK\$8.2 million). The Group's gross profit margin for building maintenance services for the Period was approximately 7.7% (2019: 6.1%). The increase in gross profit margin during the Period was attributable to cost control procedures implemented under the current difficult economic environment.

Gross profit attributable to renovation services for the Period amounted to approximately HK\$2.5 million (2019: HK\$2.4 million), representing a slight increase of approximately HK\$0.1 million or 4.2%. It was consistent with no change in combination of contracts on hand during the Period. Gross profit margin from renovation services during the Period was approximately 3.9%, which was slightly higher than the same period in 2019 of approximately 3.6%. The improvement in gross profit margin was attributable to cost control procedures of renovation services.

Other income

During the Period, other income of the Group mainly comprised to the subsidies from the Employment Support Scheme of the Hong Kong Government amounted to approximately HK\$3,211,000, the loan interest income to approximately HK\$556,000 and bank interest income to approximately HK\$271,000. For the same period in 2019, other income of the Group mainly comprised to the net income from the sales of construction materials amounted to HK\$0.3 million, the loan interest income amounted to approximately HK\$0.7 million and other income included bank interest income amounted to approximately HK\$0.5 million.

Administrative expenses

Administrative expenses decreased by approximately HK\$313,000 or 2.2% from approximately HK\$14.2 million for the same period in 2019 to approximately HK\$13.9 million for the Period. There was no significant change in administrative expenses of the Period compared with the same period in 2019.

Finance costs

Finance costs decreased by approximately HK\$29,000 or 45.3% from approximately HK\$64,000 for the same period in 2019 to approximately HK\$35,000 for the Period. The decrease was mainly due to the decrease in the bank borrowings of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Profit for the Period

The Group recorded profit for the Period of approximately HK\$1.3 million (2019: loss of approximately HK\$2.2 million). The change was mainly attributable to the subsidies received from the Employment Support Scheme and reversal of impairment of trade and other receivables.

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 2020, the Group had total cash and bank balances of approximately HK\$30.4 million (30 June 2020: HK\$37.1 million). As at 31 December 2020, the Group had finance lease of approximately HK\$617,000 (30 June 2020: nil). As at 31 December 2020, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.2 million and HK\$151.0 million respectively (30 June 2020: HK\$11.2 million and HK\$149.8 million respectively).

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 1.5% and 0.2% as at 31 December 2020 and 30 June 2020, respectively. The increase in gearing ratio is due to increase in lease liabilities.

Charge over assets of the Group

As at 31 December 2020, the Group had pledged bank deposits of approximately HK\$1.3 million (30 June 2020: HK\$1.4 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\$917,000 (30 June 2020: nil).

Significant investments, acquisitions and disposals

The Group did not enter into any new significant investment during the six months ended 31 December 2020. The Group did not make any material acquisition and disposal of subsidiaries, associates or joint ventures for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 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 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Performance bonds in favor of its clients	1,250	1,250

As at 31 December 2020, HK\$1,250,000 (30 June 2020: 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 2020 (30 June 2020: nil).

Employees and remuneration policies

As at 31 December 2020, the Group had approximately 93 employees (30 June 2020: 93). 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 2020 (2019: nil).

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 2020, 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 2020.

* for identification only

Save as disclosed above, as at 31 December 2020, 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 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.

OTHER INFORMATION (CONTINUED)

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

As at 31 December 2020, 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%
Ms. Zhao Li (Note 1)	Interest of spouse	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 2020.

Save as disclosed above, as at 31 December 2020, 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-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.

OTHER INFORMATION (CONTINUED)

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.

COMPLIANCE WITH LISTING RULES

Reference is made to the announcement of the Company dated 18 February 2021. The Company failed to comply with Rules 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the Corporate Governance Code (the "Corporate Governance Code") set out in Appendix 14 to the Listing Rules resulting from the retirement of two independent non-executive directors with effect from 17 and 18 February 2021, respectively. Following the appointment of Mr. Ross Yu Limjoco and Ms. Wong Carol Ka Low on 28 February 2021, the Board comprises nine directors including four executive directors, one non-executive director and four independent non-executive directors of which one of independent non-executive directors have appropriate professional qualifications or accounting or related financial management expertise. As a result, the Company has complied with the requirements under Rules 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the Corporate Governance Code since the appointment of Mr. Ross Yu Limjoco and Ms. Wong Carol Ka Low came into effect.

CORPORATE GOVERNANCE

Save as disclosed above, the Company has adopted and complied with all code provisions as set out under the Corporate Governance Code during the Period.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the Directors have confirmed that they had complied with the required standard set out in the Model Code 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. The Audit Committee consists of three independent non-executive Directors, namely Mr. Ross Yu Limjoco (chairman of the Audit Committee), Ms. Wong Carol Ka Low and Ms. Song Dan. 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.

By order of the Board

Ma Huijun
Chairman

Hong Kong, 28 February 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Notes	Six months ended 31 December	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	174,625	202,155
Cost of sales		(163,612)	(191,584)
Gross profit		11,013	10,571
Other income		4,051	1,545
Administrative expenses		(13,929)	(14,242)
Finance costs	4	(35)	(64)
Profit/(loss) before taxation		1,100	(2,190)
Income tax credit	5	158	–
Profit/(loss) for the period	6	1,258	(2,190)
Other comprehensive income for the period			
Item that will not be classified subsequently to profit or loss:			
Change in fair value of equity investment at fair value through other comprehensive income		–	2,541
		–	2,541
Total comprehensive income for the period		1,258	351
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		1,232	244
Non-controlling interests		26	107
		1,258	351
Earnings per share (HK cents)			
Basic and diluted	8	0.022	0.004

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	3,287	3,845
Right-of-use assets		2,524	290
Rental deposit		150	150
		5,961	4,285
Current assets			
Tax recoverable		869	1,669
Loan and interest receivables		11,954	12,088
Consideration receivables		10,510	21,400
Trade and other receivables	10	72,348	90,843
Contract assets		84,845	51,880
Time deposits with original maturity over three months		46,500	31,500
Pledged bank deposits	15	1,261	1,435
Bank balances and cash		30,423	37,076
		258,710	247,891
Current liabilities			
Trade and other payables	11	109,948	100,555
Lease liabilities		1,561	276
		111,509	100,831
Net current assets		147,201	147,060
Total assets less current liabilities		153,162	151,345

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

	Notes	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Non-current liabilities			
Long service payment obligations		499	499
Deferred tax liabilities		264	422
Lease liabilities		717	–
		1,480	921
Net assets		151,682	150,424
Capital and reserves			
Share capital	12	11,189	11,189
Reserves		139,848	138,616
Equity attributable to:			
Owners of the Company		151,037	149,805
Non-controlling interests		645	619
Total equity		151,682	150,424

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Attributable to owners of the Company						Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share Premium HK\$'000	Other reserve HK\$'000	Revaluation Reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 July 2019 (audited)	11,189	77,790	(480)	(25)	73,283	161,757	635	162,392
(Loss)/profit for the period	-	-	-	-	(2,287)	(2,287)	97	(2,190)
Other comprehensive income for the period								
Fair value gain on a financial asset	-	-	-	2,531	-	2,531	10	2,541
Total comprehensive income for the period	-	-	-	2,531	(2,287)	244	107	351
At 31 December 2019 (unaudited)	11,189	77,790	(480)	2,506	70,996	162,001	742	162,743
At 1 July 2020 (audited)	11,189	77,790	(480)	-	61,306	149,805	619	150,424
Profit for the period	-	-	-	-	1,232	1,232	26	1,258
Total comprehensive income for the period	-	-	-	-	1,232	1,232	26	1,258
At 31 December 2020 (unaudited)	11,189	77,790	(480)	-	62,538	151,037	645	151,682

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 2020

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(3,057)	263
Net cash used in investing activities	(2,780)	(18,914)
Net cash used in financing activities	(816)	(3,390)
Net decrease in cash and cash equivalents	(6,653)	(22,041)
Cash and cash equivalents at the beginning of the period	37,076	48,172
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents at the end of the period	30,423	26,131

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

1. BASIS OF PREPARATION

The 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 2020 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 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 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 2020.

All HKFRSs effective for the accounting periods commencing from 1 January 2020 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

The Group’s reportable and operating segments, based on information reported to the chairman of the Board, being the chief operating decision maker (the “CODM”) for the purposes of resources allocation and performance assessment focuses on types of goods sold or services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments are as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

3. SEGMENT INFORMATION (CONTINUED)**(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 2020

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	110,760	63,865	174,625
Segment profit	8,525	3,491	12,016
Unallocated corporate income			4,051
Central administration costs			(14,932)
Finance costs			(35)
Profit before taxation			1,100

For the six months ended 31 December 2019

	Building maintenance HK\$'000 (Unaudited)	Renovation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	134,525	67,630	202,155
Segment profit	8,162	2,409	10,571
Unallocated corporate income			1,545
Central administration costs			(14,242)
Finance costs			(64)
Loss before taxation			(2,190)

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 2020 and 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

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 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Segment assets		
Building maintenance	55,746	60,368
Renovation	80,783	69,944
Total segment assets	136,529	130,312
Unallocated corporate assets	128,142	121,864
Total assets	264,671	252,176
Segment liabilities		
Building maintenance	36,134	39,449
Renovation	62,492	51,456
Total segment liabilities	98,626	90,905
Unallocated corporate liabilities	14,363	10,847
Total liabilities	112,989	101,752

4. FINANCE COSTS

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on:		
– Bank borrowings	–	25
– Lease liabilities	35	39
	35	64

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

5. INCOME TAX CREDIT

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
Deferred tax	158	–
	158	–

6. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Bank interest income	(271)	(293)
Loan interest income	(556)	(657)
Other income (note (i))	(3,224)	(595)
Loss on disposal of property, plant and equipment	15	–
Depreciation of property, plant and equipment	348	407
Depreciation of right-of-use assets	549	875
Reversal of impairment of trade and other receivables (note (ii))	(1,885)	–

Notes:

- (i) During the period ended 31 December 2020, other income included subsidies received from the Employment Support Scheme of the Hong Kong Government of approximately HK\$3,211,000. During the period ended 31 December 2019, other income of approximately HK\$595,000 which was mainly represented the net income from the sales of construction materials of HK\$19.1 million (included in other receivables) net of cost of goods sold of approximately HK\$18.8 million and the overstated staff cost of approximately HK\$237,000.
- (ii) 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 2020 (2019: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

8. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share	1,232	244
	Six months ended 31 December	
	2020 (Unaudited)	2019 (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 earnings per share (in HK cents)	0.022	0.004

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the periods ended 31 December 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, the Group acquired property, plant and equipment amounting to approximately HK\$219,000. Property, plant and equipment with a net carrying value of approximately HK\$429,000 were disposed of by the Group during the six months ended 31 December 2020 for cash proceeds of HK\$414,000.

No acquisition or disposal for the six months ended 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

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 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Within 90 days	16,262	42,140
91 to 180 days	4,582	3,177
181 to 365 days	5,788	4,580
1 to 2 years	20,583	23,081
Over 2 years	940	940
	48,155	73,918

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 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Within 90 days	69,336	60,659
91 to 180 days	12,737	4,879
181 to 365 days	10,643	9,187
1 to 2 years	7,974	7,291
Over 2 years	2,250	2,251
	102,940	84,267

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

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 2020 (audited) and 31 December 2020 (unaudited)	10,000,000,000	20,000
Issued and fully paid:		
Ordinary share of HK\$0.002 each at 30 June 2020 (audited) and 31 December 2020 (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 2020 and 30 June 2020.

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 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Performance bonds in favor of its clients	1,250	1,250

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

14. CONTINGENT LIABILITIES (CONTINUED)**(b) Guarantee issued (Continued)**

As at 31 December 2020, HK\$1,250,000 (30 June 2020: 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 2020, the Group had pledged bank deposits of approximately HK\$1,261,000 (30 June 2020: HK\$1,435,000) 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\$917,000 (30 June 2020: nil).

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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term benefits	2,797	4,970
Post-employment benefits	52	67
	2,849	5,037