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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

(All in Hong Kong dollar)

	Six months ended 31 December	
	2021	2020
	HK\$	HK\$
Revenue	140.3 million	174.6 million
Gross profit	4.3 million	11.0 million
Net (loss)/profit	(9.7 million)	1.3 million
Basic (loss)/earnings per share	(0.17 cents)	0.02 cents

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Supply Chain Holdings Limited (the “**Company**”) hereby present the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 December 2021 (the “**Period**”), together with the comparative figures for the corresponding period in 2020.

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

For the six months ended 31 December 2021

	Notes	Six months ended 31 December	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	140,332	174,625
Cost of sales		<u>(136,005)</u>	<u>(163,612)</u>
Gross profit		4,327	11,013
Other income		173	4,051
Administrative expenses		(14,189)	(13,929)
Finance costs	4	<u>(26)</u>	<u>(35)</u>
(Loss)/profit before taxation		(9,715)	1,100
Income tax credit	5	<u>64</u>	<u>158</u>
(Loss)/profit for the period		<u>(9,651)</u>	<u>1,258</u>
Other comprehensive income for the period		<u>–</u>	<u>–</u>
Total comprehensive (loss)/income for the period		<u>(9,651)</u>	<u>1,258</u>
(Loss)/profit for the period attributable to:			
– Owner of the Company		(9,614)	1,232
– Non-controlling interests		<u>(37)</u>	<u>26</u>
		<u>(9,651)</u>	<u>1,258</u>
Total comprehensive (loss)/income for the period attributable to:			
– Owner of the Company		(9,614)	1,232
– Non-controlling interests		<u>(37)</u>	<u>26</u>
		<u>(9,651)</u>	<u>1,258</u>
(Loss)/earnings per share (<i>HK cents</i>)			
Basic and diluted	8	<u>(0.17)</u>	<u>0.02</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		31 December 2021 <i>HK\$'000</i> (Unaudited)	30 June 2021 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	1,623	2,484
Right-of-use assets		<u>1,823</u>	<u>1,697</u>
		<u>3,446</u>	<u>4,181</u>
Current assets			
Trade and other receivables	10	123,066	68,904
Consideration receivables		9,100	9,100
Loan and interest receivables		11,801	11,801
Contract assets		–	63,117
Tax recoverable		–	869
Time deposits with original maturity over three months		20,000	46,500
Pledged bank deposits	14	1,276	1,274
Cash and cash equivalents		<u>50,350</u>	<u>38,092</u>
		<u>215,593</u>	<u>239,657</u>
Current liabilities			
Trade and other payables	11	82,232	97,059
Lease liabilities		<u>974</u>	<u>1,353</u>
		<u>83,206</u>	<u>98,412</u>
Net current assets		<u>132,387</u>	<u>141,245</u>
Total assets less current liabilities		<u>135,833</u>	<u>145,426</u>

	31 December	30 June
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i> (Unaudited)	(Audited)
Non-current liabilities		
Long service payment obligations	530	530
Lease liabilities	154	33
Deferred income tax liabilities	366	429
	<u>1,050</u>	<u>992</u>
Net assets	<u>134,783</u>	<u>144,434</u>
EQUITY		
Share capital	12 11,189	11,189
Reserves	122,985	132,599
Equity attributable to:		
Owners of the Company	134,174	143,788
Non-controlling interests	609	646
Total equity	<u>134,783</u>	<u>144,434</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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 2021 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 2021.

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

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 (2020: 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.

The executive Directors assess the performance based on a measure of profit 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 2021

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

For the six months ended 31 December 2020

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

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 2021 and 2020.

(b) Segment assets and liabilities

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

	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Segment assets		
Building maintenance	52,337	48,513
Renovation	<u>51,920</u>	<u>64,848</u>
Total segment assets	104,257	113,361
Unallocated corporate assets	<u>114,782</u>	<u>130,477</u>
Total assets	<u>219,039</u>	<u>243,838</u>
Segment liabilities		
Building maintenance	32,775	34,477
Renovation	<u>33,848</u>	<u>47,217</u>
Total segment liabilities	66,623	81,694
Unallocated corporate liabilities	<u>17,633</u>	<u>17,710</u>
Total liabilities	<u>84,256</u>	<u>99,404</u>

4. FINANCE COSTS

	Six months ended 31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– Lease liabilities	<u>26</u>	<u>35</u>

5. INCOME TAX CREDIT

	Six months ended 31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
Deferred tax	<u>64</u>	<u>158</u>
	<u>64</u>	<u>158</u>

6. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	(150)	(271)
Loan interest income	–	(556)
Other income (<i>Note i</i>)	(23)	(3,224)
Loss on disposal of property, plant and equipment	52	15
Depreciation of property, plant and equipment	159	348
Depreciation of right-of-use assets	553	549
Reversal of impairment of trade and other receivables (<i>Note ii</i>)	<u>(379)</u>	<u>(1,885)</u>

Notes:

- i. During the six months 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.
- 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 2021 (2020: nil).

8. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share	<u>(9,614)</u>	<u>1,232</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)		
	<u>5,594,000</u>	<u>5,594,000</u>
Basic (loss)/earnings per share (in HK cents)	<u>(0.17)</u>	<u>0.02</u>

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares during the six months ended 31 December 2021 and 2020.

9. PROPERTY, PLANT AND EQUIPMENT

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.

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.

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 2021 HK\$'000 (unaudited)	30 June 2021 HK\$'000 (Audited)
Within 90 days	10,031	6,499
91 to 180 days	5,676	4,455
181 to 365 days	8,547	5,910
1 to 2 years	11,308	9,596
Over 2 years	4,298	20,430
	<u>39,860</u>	<u>46,890</u>

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 2021 HK\$'000 (unaudited)	30 June 2021 HK\$'000 (Audited)
Within 90 days	18,548	36,642
91 to 180 days	11,463	12,794
181 to 365 days	11,792	12,155
1 to 2 years	10,383	9,254
Over 2 years	5,821	2,249
	<u>58,007</u>	<u>73,094</u>

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 2021 (audited) and 31 December 2021 (unaudited)	<u>10,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
Ordinary share of HK\$0.002 each at 30 June 2021 (audited) and 31 December 2021 (unaudited)	<u>5,594,000,000</u>	<u>11,189</u>

13. 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 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 2021 <i>HK\$'000</i> (Unaudited)	30 June 2021 <i>HK\$'000</i> (Audited)
Performance bonds in favor of its clients	<u>1,250</u>	<u>1,250</u>

As at 31 December 2021, 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.

14. PLEDGE OF ASSETS

As at 31 December 2021, the Group had pledged bank deposits of approximately HK\$1.3 million (30 June 2021: 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\$1.4 million (30 June 2021: HK\$0.8 million).

15. 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	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Short-term benefits	29	2,797
Post-employment benefits	—	52
	<u>29</u>	<u>2,849</u>

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 (100%) revenue for the six months period ended 31 December 2021 (the “**Period**”) 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 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 Period was approximately HK\$140.3 million, representing a decrease of approximately HK\$34.3 million or 19.6% when compared to the corresponding period last year of approximately HK\$174.6 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 2021, we had 3 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$1,170.0 million. As at 30 June 2021, we had 2 building maintenance contracts on hand with a notional or estimated contract value of approximately HK\$556.5 million. One of the newly awarded contracts has not commenced during the Period.

Renovation services

As at 31 December 2021, we had 13 renovation contracts on hand with a notional or estimated contract value of approximately HK\$248.8 million. As at 30 June 2021, we had 8 renovation contracts on hand with a notional or estimated contract value of approximately HK\$207.6 million. During the Period, the Group had completed 5 renovation contracts.

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\$578.9 million, The period of contract is 36 months which will be commenced in April 2022.

Renovation services

For renovation services, the Group was awarded 10 contracts with notional or estimated contract value of approximately HK\$26.1 million during the Period. 9 out of the 10 renovation contracts have been commenced during the Period.

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.

FINANCIAL REVIEW

Revenue

Revenue derived from building maintenance services decreased by approximately HK\$16.7 million or 15.1% from approximately HK\$110.8 million for the corresponding period in 2020 to approximately HK\$94.1 million during the Period. The decrease in revenue during the Period was attributable to the revenue recognised under one of the two existing projects which is nearly at the end of the contract. As a result, revenue recognised period is less than those projects during the mid-stage. Also, the new contract was commenced in October 2021 and not during the full Period which result in less revenue recognised.

Revenue derived from renovation services decreased by of approximately HK\$17.7 million or 27.7% from approximately HK\$63.9 million for the period in 2020 to approximately HK\$46.2 million during the Period. The decrease in revenue was mainly caused by the reduction of 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\$4.3 million (2020: HK\$11.0 million) representing a decrease of approximately HK\$6.7 million. Gross profit margin for the Period was approximately 3.1% (2020: 6.3%). The decrease in gross profit margin was caused by the decrease 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\$2.7 million (2020: HK\$8.5 million). The Group's gross profit margin for building maintenance services for the Period was approximately 2.9% (2020: 7.7%). The decline in gross profit margin during the Period was attributable to the current Period project with lower gross profit margin than corresponding period in 2020.

Gross profit attributable to renovation services for the Period amounted to approximately HK\$1.6 million (2020: HK\$2.5 million), representing a decrease of approximately HK\$0.9 million or 36%. Gross profit margin from renovation services during the Period was approximately 3.5%, which was lower than the corresponding period in 2020 of approximately 3.9%. The decrease in gross profit margin was attribute to the current Period renovation projects with lower gross profit margin than corresponding period in 2020.

Other income

During the Period, other income of the Group included bank interest income amounted to approximately HK\$0.2 million.

For the corresponding period in 2020, other income of the Group mainly comprised of 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.

Administrative expenses

Administrative expenses increased by approximately HK\$260,000 or 1.9% from approximately HK\$13.9 million for the corresponding period in 2020 to approximately HK\$14.2 million for the Period. There was no significant change in administrative expenses of the Period compared with the corresponding period in 2020.

Finance costs

Finance costs decreased by approximately HK\$9,000 or 25.7% from approximately HK\$35,000 for the corresponding period in 2020 to approximately HK\$26,000 for the Period.

(Loss)/profit for the Period

The Group recorded loss for the Period of approximately HK\$9.7 million (2020: profit of approximately HK\$1.3 million). The change was mainly attributable to decrease in revenue, gross profit and other income.

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 2021, the Group had total cash and bank balances of approximately HK\$50.4 million (30 June 2021: HK\$38.1 million). As at 31 December 2021, the Group had finance lease of approximately HK\$0.6 million (30 June 2021: HK\$0.4 million). All the cash and bank balances were denominated in Hong Kong dollar. As at 31 December 2021, the share capital and equity attributable to owners of the Company amounted to approximately HK\$11.2 million and HK\$134.2 million respectively (30 June 2021: HK\$11.2 million and HK\$143.8 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 0.8% and 1.0% as at 31 December 2021 and 30 June 2021, respectively. The gearing ratio is maintained in the similar level.

Charge over assets of the Group

As at 31 December 2021, the Group had pledged bank deposits of approximately HK\$1.3 million (30 June 2021: HK\$1.3 million) to banks to secure the banking facilities granted to the Group and is expected to be recovered in its normal operating cycle. 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\$1.4 million (30 June 2021: HK\$0.8 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 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 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Performance bonds in favor of its clients	<u>1,250</u>	<u>1,250</u>

As at 31 December 2021, 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 2021 (30 June 2021: nil).

Employees and remuneration policies

As at 31 December 2021, the Group had approximately 93 employees (30 June 2021: 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 2021 (2020: nil).

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.

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 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.

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 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.

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.

SUSPENSION OF TRADING

Due to the delay in publication of the audited annual results of the Company for the year ended 30 June 2021, trading in the shares of the Company on the Stock Exchange has been suspended since 9:00 a.m. on 4 October 2021. On 21 December 2021, the Company received a letter from the Stock Exchange setting out the resumption guidance, which details were set out in the Company’s announcement dated 24 December 2021. Trading in the shares of the Company remain suspended as at the date of this announcement and the Company is providing information to the Stock Exchange to demonstrate fulfilment of the resumption guidance and aim for resumption in trading of the Company’s shares as soon as possible.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<https://chsc.com.hk>). The interim report for the six months ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 4 April 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Ma Huijun (Chairman), Mr. Dai Jian (Vice Chairman and Chief Executive Officer), Mr. Lai Aizhong and Mr. Wong Ka Shing; and three independent non-executive Directors, namely Mr. Huang Shuhui, Ms. Wang Ying and Mr. Liew Swee Yean.