



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

INTERIM REPORT
2021-2022

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CORPORATE INFORMATION

(As at the date of this report)

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ms. Chan Lok Yin

AUTHORIZED REPRESENTATIVES

Mr. DAI Jian
Mr. WONG Ka Shing

INDEPENDENT AUDITOR

Linksfield CPA Limited
Registered Public Interest Entity Auditor

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

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

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
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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 (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 the track record period of its initial public offering (“**IPO**”) in early 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, the Group 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, the Group 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, the Group had 13 renovation contracts on hand with a notional or estimated contract value of approximately HK\$248.8 million. As at 30 June 2021, the Group 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, the Group 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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	1,250	1,250

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

MANAGEMENT DISCUSSION AND ANALYSIS

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).

PROSPECT

During the Period, the decrease in the Group's revenue was mainly attributable to poor market conditions due to COVID-19 pandemic. The outbreak of the Covid-19 and the global trade disputes still adversely affect the Group's business. Any further deterioration in the global economy will also increase uncertainties for the Group and adversely affect the Group's short term performance, despite its efforts to manage such risks. The Group will review its current business strategies and assets structure continuously to minimize various risks and cope with uncertainties arising from the Covid-19 interruptions and the global challenging environment. The Group will implement strict cost control and strengthen its competitiveness by enhancing existing segments.

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 2021, 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 2021.
- Ms. ZHAO Li is the spouse of Mr. DAI Jian. Therefore, Ms. ZHAO Li is deemed to be interested in all shares of 3,268,750,000 shares held by Smart Paradise by virtue of Part XV of the SFO.

* English name is for identification only

OTHER INFORMATION

Save as disclosed above, as at 31 December 2021, 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.

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

As at 31 December 2021, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) have interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register of the Company referred to therein:

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

Notes:

- Ms. Zhao Li is the spouse of Mr. Dai Jian and is deemed to be interested in the Shares which are interested by Mr. Dai Jian under the SFO.
- The approximate percentages were calculated based on 5,594,000,000 shares in issue as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, 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.

OTHER INFORMATION

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.

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.

CORPORATE GOVERNANCE

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

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

OTHER INFORMATION

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

Save 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.

By order of the Board
Ma Huijun
Chairman

Hong Kong, 4 April 2023

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		(136,005)	(163,612)
Gross profit		4,327	11,013
Other income		173	4,051
Administrative expenses		(14,189)	(13,929)
Finance costs	4	(26)	(35)
(Loss)/profit before taxation		(9,715)	1,100
Income tax credit	5	64	158
(Loss)/profit for the period	6	(9,651)	1,258
Other comprehensive income for the period		–	–
Total comprehensive (loss)/income for the period		(9,651)	1,258
(Loss)/profit for the period attributable to:			
– Owner of the Company		(9,614)	1,232
– Non-controlling interests		(37)	26
		(9,651)	1,258
Total comprehensive (loss)/income for the period attributable to:			
– Owner of the Company		(9,614)	1,232
– Non-controlling interests		(37)	26
		(9,651)	1,258
(Loss)/earnings per share (HK cents)			
Basic and diluted	8	(0.17)	0.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	1,623	2,484
Right-of-use assets		1,823	1,697
		3,446	4,181
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	15	1,276	1,274
Cash and cash equivalents		50,350	38,092
		215,593	239,657
Current liabilities			
Trade and other payables	11	82,232	97,059
Lease liabilities		974	1,353
		83,206	98,412
Net current assets		132,387	141,245
Total assets less current liabilities		135,833	145,426

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)***As at 31 December 2021*

	Notes	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Non-current liabilities			
Long service payment obligations		530	530
Lease liabilities		154	33
Deferred income tax liabilities		366	429
		1,050	992
Net assets		134,783	144,434
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		134,783	144,434



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

	Attributable to owners of the Company					Non-controlling	
	Share capital	Share Premium	Other reserve	Retained profits	Total	interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 July 2021 (audited)	11,189	77,790	(480)	55,289	143,788	646	144,434
Loss for the period	-	-	-	(9,614)	(9,614)	(37)	(9,651)
Total comprehensive loss for the period	-	-	-	(9,614)	(9,614)	(37)	(9,651)
At 31 December 2021 (unaudited)	11,189	77,790	(480)	45,675	134,174	609	134,783

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 2021*

	Six months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(14,049)	(3,057)
Net cash generated from/(used in) investing activities	27,072	(2,780)
Net cash used in financing activities	(765)	(816)
Net increase/(decrease) in cash and cash equivalents	12,258	(6,653)
Cash and cash equivalents at the beginning of the period	38,092	37,076
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents at the end of the period	50,350	30,423



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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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	94,138	46,194	140,332
Segment profit	2,648	1,627	4,275
Unallocated corporate income			173
Central administration costs			(14,137)
Finance costs			(26)
Loss before taxation			(9,715)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (CONTINUED)

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

4. FINANCE COSTS

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

5. INCOME TAX CREDIT

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

6. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	(150)	(271)
Loan interest income	–	(556)
Other income (Note 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 (Note ii)	(379)	(1,885)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

6. (LOSS)/PROFIT FOR THE PERIOD (CONTINUED)

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 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share	(9,614)	1,232

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*For the six months ended 31 December 2021***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
	39,860	46,890

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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
	58,007	73,094

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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 2021 and 30 June 2021.

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 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 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Performance bonds in favor of its clients	1,250	1,250

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

15. 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).

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term benefits	29	2,797
Post-employment benefits	–	52
	29	2,849

