CHINA SHUN KE LONG HOLDINGS LIMITED
中國順客隆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 974)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "Board" and the members of the Board, the "Directors") of China Shun Ke Long Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 with comparative figures for the year ended 31 December 2022 as follows:

HIGHLIGHTS OF ANNUAL RESULTS

	For the year ended 31 December		
	2023	2022	**Change**
	RMB'000	*RMB'000*	
Revenue	**667,409**	638,761	4.5%
Gross Profit	**91,204**	102,207	-10.8%
Loss from Operations	**(22,393)**	(18,697)	19.8%
Loss for the Year	**(26,684)**	(24,933)	7.0%
Loss Attributable to			
Equity Shareholders of the Company	**(26,754)**	(25,000)	7.0%
Loss Per Share ("EPS")			
– Basic and Diluted[1] *(RMB)*	**RMB(0.09)**	RMB(0.09)	

	As at 31 December		
	2023	2022	**Change**
	RMB'000	*RMB'000*	
Total Assets	**365,506**	389,819	-6.2%
Total Liabilities	**215,091**	213,059	1.0%
Net Assets	**150,415**	176,760	-14.9%
Net Financial Position[2]	**20,683**	40,972	-49.5%
Current Ratio[3]	**1.37**	1.49	

Notes:

(1) The calculation of basic and diluted EPS for the years ended 31 December 2023 and 2022 is based on the weighted average number of 290,457,000 ordinary shares in issue during the years.

(2) The balance of net financial position is calculated as the sum of cash and cash equivalents and deposit with a bank minus bank borrowings.

(3) Current Ratio = Current Assets/Current Liabilities.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	5	**667,409**	638,761
Cost of inventories sold		**(576,205)**	(536,554)
Gross profit		**91,204**	102,207
Other operating income	5	**24,416**	24,928
Selling and distribution costs		**(111,945)**	(118,038)
Administrative expenses		**(26,068)**	(27,794)
Finance costs	6	**(4,404)**	(4,641)
Impairment losses recognised in respect of property, plant and equipment		**–**	(403)
Impairment losses reversed (impairment losses recognised) in respect of other receivables		**138**	(1,648)
(Impairment losses recognised) impairment loss reversed in respect of trade receivables		**(629)**	687
Impairment losses recognised in respect of amounts due from related companies		**(168)**	(202)
Loss before tax	7	**(27,456)**	(24,904)
Income tax credit (expense)	8	**772**	(29)
Loss for the year		**(26,684)**	(24,933)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**339**	845
Loss and total comprehensive expense for the year		**(26,345)**	(24,088)
(Loss) profit for the year attributable to:			
Owners of the Company		**(26,754)**	(25,000)
Non-controlling interests		**70**	67
		(26,684)	(24,933)
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(26,415)**	(24,155)
Non-controlling interests		**70**	67
		(26,345)	(24,088)
Loss per share	9		
Basic (RMB)		**(0.09)**	(0.09)
Diluted (RMB)		**(0.09)**	(0.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**28,095**	31,305
Right-of-use assets		**87,204**	82,275
Investment properties		**8,697**	9,024
Deposits paid		**6,304**	9,982
Deferred tax assets		**772**	–
		131,072	132,586
Current assets			
Inventories		**77,762**	111,837
Trade and bills receivables	*11*	**36,971**	28,744
Deposits paid, prepayments and other receivables		**70,741**	67,240
Amounts due from related companies		**277**	440
Cash and cash equivalents		**48,683**	48,972
		234,434	257,233
Current liabilities			
Trade payables	*12*	**78,384**	95,469
Deposits received, receipts in advance, accruals and other payables		**25,900**	28,644
Lease liabilities		**24,336**	23,008
Contract liabilities		**13,622**	17,832
Bank borrowings	*13*	**28,000**	8,000
Tax payable		**23**	23
		170,265	172,976
Net current assets		**64,169**	84,257
Total assets less current liabilities		**195,241**	216,843
Non-current liability			
Lease liabilities		**44,826**	40,083
Net assets		**150,415**	176,760

	Note	**2023**	2022
		RMB'000	*RMB'000*
Capital and reserves			
Share capital	*14*	**2,387**	2,387
Reserves		**146,794**	173,209
Equity attributable to owners of the Company		**149,181**	175,596
Non-controlling interests		**1,234**	1,164
Total equity		**150,415**	176,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL

China Shun Ke Long Holdings Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") was incorporated as an exempted company with limited liability in the Cayman Islands on 18 March 2013 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is located at P.O. Box 31119,Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, the Cayman Islands and its principal place of business in the People's Republic of China (the "PRC") is located at Floor 3, Huale Building, No.60 Hebin North Road, Lecong Town Shunde District, Foshan, Guangdong Province 528315, the PRC.

The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 26 May 2015. The ordinary shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 September 2015.

CCOOP International Holdings Limited, which is a company incorporated in the Cayman Islands and an indirectly wholly-owned subsidiary of CCOOP Group Co., Ltd. ("CCOOP Group"), a company incorporated in the PRC, holds 204,558,317 ordinary shares in aggregate, representing 70.42% of the entire issued share capital of the Company. In the opinion of the directors of the Company, the holding company of the Company is CCOOP Group, the shares of which are listed on the Shenzhen Stock Exchange. Hainan HNA No.2 Trust Management Service Co., Ltd., a company incorporated in the PRC, is the ultimate holding company of the Company. There is a potential change of controlling shareholder of CCOOP Group. For more details, please refer to the section of "EVENTS AFTER THE REPORTING PERIOD" set out in page 28 of this announcement.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the principal subsidiaries of the Group where the primary economic environment is in the PRC. Other than the subsidiaries established in the PRC and Macau which functional currencies are RMB and Macau Pataca ("MOP") respectively, the functional currency of the Company and other subsidiaries is Hong Kong dollars ("HK$"). All values are rounded to the nearest thousand ("RMB'000") unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

In the current year, the Group has applied, the following new and amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board (the "IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies as set out in note 3.

Impact on application of Amendments to IAS 8 – Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The Group previously applied HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis. Upon application of the amendments, the Group has recognised a separate deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities. There was no impact on the consolidated statement of financial position because the related deferred tax balances qualify for offsetting under HKAS 12. There was no impact on the opening retained earnings as at 1 January 2022.

Amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

[1] Effective for annual periods beginning on or after 1 January 2024.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, the application of the amendments to IFRSs will have no material impact on the results and the financial position of the Group.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker ("CODM"), being the chief executive of the Company, that are used to make strategic decisions. The Group has two reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Retail outlet operation (sales of fresh food, non-staple food and household products); and
- Wholesale distribution (sales of fast consumable products and non-staple food)

The management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenue, cost of inventories sold, other operating income, selling and distribution costs, administrative expenses and finance costs directly attributable to each operating segment without allocation of certain other operating income and central administrative costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment revenue and results

For the year ended 31 December 2023

	Retail outlet operation *RMB'000*	Wholesale distribution *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
REVENUE				
From external customers	**532,389**	**135,020**	**–**	**667,409**
From inter-segment	**33,420**	**11,537**	**(44,957)**	**–**
Reportable segment revenue	**565,809**	**146,557**	**(44,957)**	**667,409**
Reportable segment loss	**(25,590)**	**1,954**		**(23,636)**
Other corporate income				**128**
Other corporate expenses				**(3,948)**
Loss before tax				**(27,456)**

For the year ended 31 December 2022

	Retail outlet operation *RMB'000*	Wholesale distribution *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
REVENUE				
From external customers	531,705	107,056	–	638,761
From inter-segment	41,855	14,562	(56,417)	–
Reportable segment revenue	573,560	121,618	(56,417)	638,761
Reportable segment loss	(18,075)	(2,463)		(20,538)
Other corporate income				618
Other corporate expenses				(4,984)
Loss before tax				(24,904)

Segment assets and liabilities

	2023 ***RMB'000***	2022 *RMB'000*
Retail outlet operation	**294,977**	315,127
Wholesale distribution	**66,263**	60,350
Total segment assets	**361,240**	375,477
Other corporate assets *(Note)*	**4,266**	14,342
Group's assets	**365,506**	389,819
Retail outlet operation	**209,945**	204,976
Wholesale distribution	**4,076**	7,266
Total segment liabilities	**214,021**	212,242
Other corporate liabilities *(Note)*	**1,070**	817
Group's liabilities	**215,091**	213,059

Note:

For the purpose of monitoring segment performances and allocating resources between segments:

– All assets are allocated to reportable and operating segments, other than certain property, plant and equipment, certain right-of-use assets, certain deposit paid, prepayments and other receivables and certain cash and cash equivalents.

– All liabilities are allocated to reportable and operating segments, other than certain other payables relating to central administrative costs and certain lease liabilities.

Other segment information

	Retail outlet operation *RMB'000*	**Wholesale distribution** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2023				
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to property, plant and equipment	**5,204**	**46**	**–**	**5,250**
Addition to right-of-use assets	**47,161**	**885**	**116**	**48,162**
Depreciation of property, plant and equipment	**7,689**	**146**	**8**	**7,843**
Depreciation of investment properties	**327**	**–**	**–**	**327**
Depreciation of right-of-use assets	**29,183**	**1,765**	**319**	**31,267**
Obsolete inventories written-off	**728**	**–**	**–**	**728**
Finance cost	**4,307**	**92**	**5**	**4,404**
Loss on disposal of property, plant and equipment	**24**	**–**	**–**	**24**
Property, plant and equipment written-off	**2**	**–**	**–**	**2**
Interest income on bank deposits	**(199)**	**(7)**	**(85)**	**(291)**
Government grant	**(411)**	**–**	**–**	**(411)**
Impairment losses recognised in respect of property, plant and equipment	**–**	**–**	**–**	**–**
Impairment losses in respect of trade receivables	**150**	**479**	**–**	**629**
(Reversal) recognition of impairment losses in respect of other receivables	**22**	**–**	**(160)**	**(138)**
Recognition of impairment losses in respect of amounts due from related companies	**168**	**–**	**–**	**168**

	Retail outlet operation *RMB'000*	Wholesale distribution *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the year ended 31 December 2022				
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to property, plant and equipment	4,813	16	–	4,829
Addition to right-of-use assets	17,272	3,103	–	20,375
Depreciation of property, plant and equipment	8,672	172	287	9,131
Depreciation of investment properties	327	–	–	327
Depreciation of right-of-use assets	36,101	1,209	406	37,716
Obsolete inventories written-off	687	4	–	691
Finance cost	4,529	93	19	4,641
Loss on disposal of property, plant and equipment	165	–	–	165
Property, plant and equipment written-off	108	–	–	108
Interest income on bank deposits	(706)	(12)	(70)	(788)
Government grant	(721)	(5)	(153)	(879)
Impairment losses recognised in respect of property, plant and equipment	–	403	–	403
Reversal of impairment losses in respect of trade receivables	(421)	(266)	–	(687)
Recognition of impairment losses in respect of other receivables	1,087	–	561	1,648
Recognition of impairment losses in respect of amounts due from related companies	202	–	–	202

5. REVENUE AND OTHER OPERATING INCOME

(a) Revenue

Revenue represents revenue arising on sale of goods, net of discounts and sales related taxes, where applicable, rental income and the value of services rendered. An analysis of the Group's revenue for the year is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of goods		
General retail sales under retail outlet operation *(Note)*	**510,824**	504,123
Bulk sales under retail outlet operation	**5,995**	7,012
General wholesales under wholesale distribution	**135,020**	107,056
– Services rendered		
Commission from concessionaire sales under retail outlet operation	**3,004**	3,031
	654,843	621,222
Revenue from other sources		
Rental income from subleasing certain retail areas under retail outlet operation		
– Lease payments that are fixed	**12,566**	17,539
	667,409	638,761

Note: General retail sales included the compensation for reduced selling prices of approximately RMB770,000 and RMB1,200,000 from the local government in the PRC which was classified as revenue during the years ended 31 December 2023 and 2022 respectively. In the opinion of the directors of the Company, it was directly related to the sales of daily necessities food and was related to the ordinary and usual course of the business of the Group. Accordingly, it was classified as revenue of the Group.

Disaggregation of revenue from contracts with customers by timing of recognition

	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point of time	**654,843**	621,222

Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 December 2023 and 2022, all of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of both reporting periods.

(b) Other operating income

	2023	2022
	RMB'000	*RMB'000*
Government grants *(Note i)*	**411**	879
Interest income on bank deposits	**291**	788
Net exchange gains (losses)	**80**	55
Net rental income from investment properties *(Note ii)*		
Lease payments that are fixed	**1,835**	1,755
Promotion income from suppliers	**15,093**	15,282
Gain on lease termination *(Note iii)*	**1,174**	1,402
Others	**5,532**	4,767
	24,416	24,928

Notes:

(i) Various local government grants were granted to the Group in respect of certain research projects during the years ended 31 December 2023 and 2022. There were no unfulfilled conditions or contingencies attached to these government grants.

(ii) An analysis of the Group's net rental income is as follows:

	2023	2022
	RMB'000	*RMB'000*
Gross rental income	**1,911**	1,828
Less: Outgoing incurred for investment properties that generated rental income during the year	**(76)**	(73)
Net rental income	**1,835**	1,755

(iii) During the year ended 31 December 2023, gain on early termination of a lease represented the net difference of approximately RMB1,174,000 comprising an approximately RMB11,966,000 decrease in right-of-use assets and an approximately RMB13,140,000 decrease in lease liabilities.

During the year ended 31 December 2022, gain on early termination of a lease represented the net difference of approximately RMB1,402,000 comprising an approximately RMB11,140,000 decrease in right-of-use assets and an approximately RMB12,542,000 decrease in lease liabilities.

6. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings	**449**	948
Lease liabilities	**3,955**	3,693
	4,404	4,641

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging (crediting):

	2023	2022
	RMB'000	*RMB'000*
Depreciation of investment properties	**327**	327
Depreciation of property, plant and equipment	**7,843**	9,131
Depreciation of right-of-use assets	**31,267**	37,716
Employee benefits expenses (excluding directors' remuneration):		
– Wages and salaries	**52,418**	52,027
– Pension scheme contributions	**8,407**	7,660
– Other benefits	**1,177**	490
	62,002	60,177
Auditor's remuneration	**1,000**	1,000
Obsolete inventories written-off (included in cost of inventories sold)	**728**	691
Property, plant and equipment written-off	**2**	108
Loss on disposals of property, plant and equipment	**24**	165

8. INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credit (expense) in the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
	RMB'000	*RMB'000*
Current – the PRC		
Under provision in prior year	**–**	(6)
Charge for the year	**–**	(23)
	–	(29)
Deferred tax – current year	**772**	–
	772	(29)

The Group is not subject to any income tax under the jurisdiction of the Cayman Islands and the British Virgin Islands (the "BVI") for the years ended 31 December 2023 and 2022.

No provision for Hong Kong Profits Tax has been provided as the Group has no estimated assessable profits arising in Hong Kong for the years ended 31 December 2023 and 2022.

The Group's subsidiaries in the PRC are subject to Enterprise Income Tax at the rate of 25% based on the estimated assessable profits for the years ended 31 December 2023 and 2022.

No tax is payable on the profit for the year arising in PRC since the assessable profit is wholly absorbed by tax losses brought forward. The tax losses carried forward amount to approximately RMB80,497,000.

From 1 January 2019 to 31 December 2023, under relevant PRC Enterprise Income Tax Law, for PRC enterprises that qualifies for small enterprises, annual taxable income below RMB3 million and thin-profit enterprises with an annual taxable income of RMB1 million or less are applicable to the effective tax rate of 5%. Where their annual taxable income exceeds RMB1 million but does not exceed RMB3 million, the RMB1 million portion will be subject to an effective tax rate of 5%, whereas the excess portion will be subject to the effective tax rate of 10%.

The Law of the PRC on Enterprise Income Tax allows enterprises to apply for the certificates of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%. 廣東省順客隆商業連鎖有限公司, a PRC subsidiary of the Group, has been qualified as a HNTE in 2017 and its income tax rate is 15% for the year ended 31 December 2022.

The Group's subsidiaries in Macau are subject to Complementary Tax at a rate of 12% based on estimated assessable profits for the years ended 31 December 2023 and 2022. During the years ended 31 December 2023 and 2022, no Macau Complementary Income Tax has been provided as there were no assessable profits generated.

The income tax credit (expense) for the year can be reconciled to the loss before tax for the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(27,456)**	(24,904)
Tax on loss before tax, calculated at the rates applicable to loss in the tax jurisdictions concerned	**(6,126)**	(5,564)
Tax effect of expenses not deductible for tax purposes	**24**	116
Utilisation of tax losses previously not recognised	**(144)**	(50)
Tax effect of tax losses not recognised	**4,889**	5,182
Tax effect of deductible temporary differences not recognised	**(165)**	(176)
Under-provision in prior years	**–**	6
Income tax on concessionary rate	**750**	515
Income tax (credit) expense	**(772)**	29

9. LOSS PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(26,754)**	(25,000)

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**290,457,000**	290,457,000

The diluted loss per share is the same as the basic loss per share as there are no potential dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022 or at the end of both reporting periods.

10. DIVIDEND

The board of directors does not recommend the payment of final dividend for the years ended 31 December 2023 and 2022.

11. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**37,975**	29,268
Less: allowance for impairment of trade receivables	**(1,237)**	(608)
	36,738	28,660
Bills receivables	**233**	84
	36,971	28,744

As at 31 December 2023, the gross amount of trade and bills receivables arising from contracts with customers amounted to RMB37,557,000 (2022: RMB27,769,000).

All the bills receivables are aged within 90 days (2022: within 90 days).

All of the Group's sales are on cash basis except for the wholesale of goods, bulk sales of merchandise to corporate customers and rental income receivable from tenants. The average credit terms offered to these customers or tenants are generally for a period of 0-180 days from the invoice date. An aged analysis of the trade receivables, net of allowance for impairment of trade receivables, at the end of the respective reporting periods, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**17,833**	12,204
31 to 60 days	**8,086**	11,853
61 to 180 days	**1,575**	2,429
181 to 365 days	**8,503**	1,697
Over 1 year	**741**	477
	36,738	28,660

12. TRADE PAYABLES

The Group normally obtains credit terms of 0-360 days from its suppliers.

An aged analysis of the trade payables at the end of the respective reporting periods, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Current to 30 days	**34,168**	37,504
31 to 60 days	**15,128**	30,275
61 to 180 days	**12,113**	14,250
181 to 365 days	**8,506**	5,274
Over 1 year	**8,469**	8,166
	78,384	95,469

13. BANK BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Secured bank borrowings classified as current liabilities	**28,000**	8,000
Carrying amount of bank borrowings that contain a repayable on demand clause but repayable:*		
Within one year	**28,000**	8,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 December 2023, the bank borrowings were denominated in RMB, bore interest at fixed rate of 3.95% (2022: 4.90%) per annum.

The Group's interest-bearing bank borrowings are secured by:

(i) the pledge of certain buildings of the Group with carrying values of approximately RMB10,985,000 and RMB10,480,000 as at 31 December 2023 and 2022 respectively;

(ii) the pledge of certain right-of-use assets of the Group with carrying values of approximately RMB19,232,000 and RMB19,243,000 as at 31 December 2023 and 2022 respectively;

(iii) the pledge of investment properties of the Group with carrying values of approximately RMB8,697,000 and RMB9,024,000 as at 31 December 2023 and 2022 respectively.

14. SHARE CAPITAL

	2023		2022	
	Number of shares	***RMB'000***	*Number of shares*	*RMB'000*
Ordinary share of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**2,000,000,000**	**15,826**	2,000,000,000	15,826
Issued and fully paid:				
At 1 January and 31 December	**290,457,000**	**2,387**	290,457,000	2,387

15. OPERATING LEASE ARRANGEMENTS

The Group as a lessor

The Group sub-leases certain areas inside their retail outlets and leases out its investment properties. The leases are negotiated for terms ranging from 1 to 10 years. None of the lease includes contingent rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2023	2022
	RMB'000	*RMB'000*
Within one year	**15,767**	17,565

BUSINESS REVIEW

China Shun Ke Long Holdings Limited (the "Company", collectively referred to as the "Group" with its subsidiaries) is an investment holding company, and the Group is a supermarket chain store operator with geographical focus in Guangdong province of the People's Republic of China (the "PRC"). During the year ended 31 December 2023 (the "FY2023" or the "Year"), the Group maintained both retail and wholesale distribution channels.

Retail Outlets

During the FY2023, the Group opened 4 retail outlets and closed 10 retail outlets. As at 31 December 2023, the Group had 60 retail outlets located in Guangdong province of the PRC and 1 retail outlet located in the Macau Special Administrative Region ("Macau") of the PRC, respectively.

The following table sets forth the changes in the number of retail outlets of the Group during the FY2023 and the year ended 31 December 2022 (the "FY2022"):

	For the year ended 31 December	
	2023	2022
At the beginning of the year	**67**	68
Additions	**4**	1
Reductions	**(10)**	(2)
At the end of the year	**61**	67

The following table sets forth the breakdown of the number of retail outlets of the Group by geographical location as at 31 December 2023:

Location	**Number of retail outlets**
Foshan	**49**
Zhaoqing	**6**
Zhuhai	**3**
Guangzhou	**1**
Shenzhen	**1**
Guangdong Province	**60**
Macau	**1**
Total	**61**

General Wholesale

During the FY2023, the Group managed to keep all sole and exclusive distribution rights that it gained prior to the FY2023. The Group maintained sole and exclusive distribution rights for 24 brands covering Foshan and Zhaoqing. The exact coverage of the Group's sole and exclusive distribution rights varied among those 24 brands. Instead of developing the size of general wholesale customer base, the Group put more emphases on gaining more sub-distributors rather than retailers as the Group's customers.

Franchise Operation

The Group has a franchise scheme opened for application by interested parties to franchise retail outlets. The proceeds from selling goods to franchisees of the Group form a part of its wholesale distribution revenue.

The following table sets forth the changes in number of franchise outlets of the Group during the FY2023 and FY2022:

	For the year ended 31 December	
	2023	2022
At the beginning of the year	**823**	625
Additions	**185**	198
At the end of the year	**1,008**	823

RECENT DEVELOPMENTS AND OUTLOOK

During the post-pandemic era, the consumer habits and business formats of the retail sector have changed significantly. Online channels have penetrated into all walks of life and become a standard configuration for retail companies. At the same time, the emergence of community group buying has impacted brick-and-mortar retailers. In 2023, with the recovery of the offline consumption, the vitality of consumption was further unleashed. However, consumer confidence remained weak, and there was a need to further enhance consumers' consumption ability and willingness. The top priority for retail and consumer goods companies now is to manage consumer-oriented operations more efficiently and drive sustainable spending among existing consumers. The traditional supermarket sector has to change its operating models to actively accelerate breakthroughs and adapt to market changes. The key is to undertake transformation and upgrade in direction of being more professional and specialised. Players in the traditional supermarket industry have begun to focus on its internal strengths, fine-tuning its management, opening up the supply chain, and continuing to improve the fundamentals of their outlets.

In face of such a severe situation, the Group prudentially responded and took the following major measures during the Year to stabilise results: (i) the Group continued to expand, and diversify the profit model of, the "Shun Ke Long Fresh Market" stores, concentrating on the growth of the fresh produce business; (ii) the Group upgraded and renovated the stores with limited profitability and opened more 24-hour AI intelligent unmanned stores; (iii) leveraging the advantages of our supply and marketing chain and brand, the Group aimed to expand the number of franchises through brand, product, and management export, enhancing business growth while properly managing risks; (iv) the Group made direct procurement from bases to effectively reduce procurement costs and increase the gross profit margin; (v) to adapt to the market trend, the Group created video accounts on platforms such as Kuaishou and Tiktok for ongoing live streaming, making continuous and effective efforts in online sales to cater to consumers' consumption habits; (vi) the Group continued to expand its online platforms by vigorously developing the its own e-commerce platforms, "SKL Select" and "Yubangxing Mini APP," to integrate online and offline sales; and (vii) the Group paid great attention to hot and promotional windows and activities, such as several e-commerce shopping festivals and events of Middle Autumn Day, National Day, 21% off year-end promotions, and Members Day on Tuesdays.

Despite the current complicated and rigorous operating environment of the retail sector, the Group will continue to focus on the supermarket chain business, expand the size of regional outlets, and explore the consumption potential in Foshan, Zhaoqing and Zhuhai. Grasping the development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area, it will develop into an influential leading supermarket chain store operator in the area. Through reform, transformation, innovation and improvement, the Group will adhere to the marketing strategy of "retail + wholesale + centralized procurement and sale + online and offline integration + community marketing". Based on brick-and-mortar retail, the Group will prioritise "new retail" and develop an omni-channel sales approach covering online and offline, in order to actively expand innovative businesses and stabilise revenue.

In addition to the continuous efforts above, the Group will also strive to complete the following tasks in 2024: (i) leveraging the influence and resources of the All China Federation of Supply and Marketing Cooperatives, the Group will actively adjust its business development direction to seek development opportunities beyond Guangdong Province; (ii) the Group will vigorously develop 24-hour AI intelligent unmanned stores to generate revenue through direct operation or franchising; (iii) the Group will strive to develop "Shun Ke Long Fresh Market" community-based directly-managed stores in the Guangdong-Hong Kong-Macao Greater Bay Area; (iv) the Group will continuously upgrade and renovate old stores, and adjust the category structure to further optimise the store environment and shopping experience, aiming to increase revenue; (v) the Group will tap into the operation of fresh produce specialties and increase efforts to strengthen direct procurement or joint procurement from fresh produce bases to enhance the competitiveness of fresh produce. The goal is to transform the fresh produce business into an important category for attracting and retaining customer flow in brick-and-mortar stores; (vi) the Group will continue to develop marketing of video accounts on platforms like Kuaishou and Tiktok. It will expand its online platforms by vigorously developing its own e-commerce platforms, "SKL Select" and "Yubangxing Mini APP", to integrate online and offline sales, thereby facilitating the growth of results; (vii) leveraging on the Group's complete upstream and downstream supply and marketing system and distribution and warehousing conditions and relying on favourable policies of the Hainan Free Trade Port and Guangdong-Hong Kong-Macao Greater Bay Area, the Group is committed to explore and expand the scale of its international business; and (viii) the Group aims to improve employees' productivity comprehensively by introducing a number of incentives, trainings and performance goals, effectively enhancing their overall quality and performance.

KEY RISKS AND UNCERTAINTIES

The Group's financial position, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks identified by the Group. Save as those shown below, there may be other risks that are not known to the Group or that may not be material now but could turn out to be material in the future.

Fierce Competition in Expanding Retail Outlets Network

Under fierce competition in the retail industry, we are facing various local and foreign competitors. Our future growth and profitability depend in part on our ability to expand our business presence and network in the Greater Bay Area and to implement our expansion plan. Particularly, it is subject to the risks and uncertainties as to our ability to identify suitable sites for new retail outlets, availability of resources and funding for expansion plan, our ability to attract management talents, and our ability to obtain government approvals, among others. If we fail to implement the expansion plan, our results of operations may be adversely affected.

Change in Consumer Preferences

Consumer preferences in the PRC are changing at a rapid pace and are affected by many factors such as economic conditions, disposable income, government policies, family structure, trend, and many other factors. The success of our business depends on our ability to provide products that meet the customer demands. If we fail to accurately forecast and adjust our product mix in time to meet the consumer demands and preferences, our results of operations may be adversely affected.

Thin Profit Margin

As the Group is facing keen competition from other players in the supermarket industry and online retailers, and due to the increase in the operating costs, the profit margin has been squeezed. If there is any occurrence of unfavourable event such as the outbreak of infectious disease e.g., COVID-19, concern over safety of product, price advantage of our competitors etc., our volume of products sold, selling prices or costs of sales may be adversely affected.

Competition from Online Retailing Platform

Online retailing platform has been rising abruptly these years. Based on its inherent attributions such as efficiency, it has been threatening our retail outlets or slowing down our pace of expanding our retail outlets network before we establish our own robust online retailing channels. As such, this further the competition in this supermarket operation industry.

High Staff Turnover Rate

The Group is mainly engaged in the supermarket business, which has a high demand for staff. Shortage of manpower or higher employee turnover rate may adversely affect our business, operating results and expansion plans. In recent years, the turnover rate of younger people working in our business has been on the rise.

FINANCIAL REVIEW

Revenue

For the FY2023, the Group's revenue amounted to approximately RMB667.4 million, representing an increase of approximately RMB28.6 million or 4.5% over the revenue for the FY2022. The increase in revenue was mainly due to the addition of the centralised procurement and sale business during the Year, as well as the increase in overall revenue as a result of the addition of the distribution rights for various brands in wholesale distribution, such as Hot-kid, Yili, C&S, Huafeng Noodle and Red Rice Wine.

For the FY2023, the Group's revenue from retail outlet operation was approximately RMB532.4 million, representing an increase of approximately RMB0.7 million or 0.1% from the FY2022. The increase in revenue was mainly due to the addition of the centralised procurement and sale business during the Year.

For the FY2023, the Group's revenue from wholesale distribution operation was approximately RMB135.0 million, representing an increase of approximately RMB27.9 million or 26.1% from the FY2022. The increase in revenue was mainly due to the addition of distribution rights for a number of brands such as Hot-kid, Yili, C&S, Huafeng Noodle and Red Rice Wine.

Gross Profit Margin

For the FY2023 and FY2022, the Group's gross profit margin was 13.7% and 16.0%, respectively. Such decrease was mainly attributable to the low gross profit margin of the centralised procurement and sale business in the Year, and the decrease in rental income from retail outlets and merchandise parity subsidy.

The following table sets forth the breakdowns of the revenue, cost of inventories sold and gross profit in respect of the two business segments of the Group for the FY2023 and the FY2022:

	For the year ended 31 December	
	2023	2022
	RMB'000,000	*RMB'000,000*
Revenue		
Retail outlet operation	**532.4**	531.7
Wholesale distribution	**135.0**	107.1
Total	**667.4**	638.8
Cost		
Retail outlet operation	**447.6**	435.3
Wholesale distribution	**128.6**	101.3
Total	**576.2**	536.6
Gross profit		
Retail outlet operation	**84.8**	96.4
Wholesale distribution	**6.4**	5.8
Total	**91.2**	102.2
Gross profit margin		
Retail outlet operation	**15.9%**	18.1%
Wholesale distribution	**4.7%**	5.4%
Total	**13.7%**	16.0%

Other Operating Income

For the FY2023, the Group's other operating income was approximately RMB24.4 million, representing a decrease of approximately RMB0.5 million or 2.1% from the FY2022. Such decrease was mainly due to the decrease in promotional income from suppliers, government subsidies, interest income from bank deposits and franchise income.

Selling and Distribution Costs

For the FY2023, the Group's selling and distribution costs were approximately RMB111.9 million, representing a decrease of approximately RMB6.1 million or 5.2% from the FY2022. This decrease was primarily due to lower labour costs, property costs, and utility costs as a result of the closure of certain outlets.

Administrative Expenses

For the FY2023, the Group's administrative expenses were approximately RMB26.1 million, representing a decrease of approximately RMB1.7 million or 6.2% from the FY2022, which was mainly attributable to the year-on-year decrease in labour costs and the year-on-year decrease in taxes and other expenses.

Finance Costs

For the FY2023, the Group's finance costs were approximately RMB4.4 million, representing a decrease of approximately RMB0.2 million or 5.1% from the FY2022. The decrease was mainly due to lower interest expenses on short-term borrowings.

Impairment Losses Recognised in Property, Plant and Equipment and Right-of-use Assets

In the FY2023, the management performed an impairment assessment of property, plant and equipment and right-of-use assets of the Group. Accordingly, no impairment loss has been incurred on the Group's property, plant and equipment, and there was no impairment loss of right-of-use assets. The recoverable amount of a cash generating unit is determined based on a discounted pre-tax cash flow projection, prepared in accordance with the financial budgets approved by management.

Income Tax Credit(Expense)

For the FY2023, the Group's income tax credit amounted to approximately RMB772,000, as compared to the income tax expense of approximately RMB29,000 for the FY2022. The change was mainly due to the fact that with the adoption of the new amendments to IFRSs by the Group, the difference between the deferred income tax assets recognised in the right-of-use assets and the deferred income tax liabilities recognised in the lease liabilities for the FY2023 was offset by the income tax expense.

Net Loss

For the FY2023, the net loss attributable to equity shareholders of the Group amounted to approximately RMB26.8 million, representing an increase in loss of approximately RMB1.8 million or 7% as compared with that of the FY2022. The increase in loss was mainly due to the decrease in overall gross profit amount as a result of the decline in gross profit margins, as well as the decrease in other revenues, such as rental income and income from suppliers.

Total Comprehensive Expense

For the FY2023, the Group's total comprehensive expense attributable to the equity shareholders was approximately RMB26.4 million, representing an increase in loss of approximately RMB2.3 million or 9.5% from the FY2022. The depreciation of RMB against Hong Kong dollars resulted in an exchange gain of approximately RMB0.3 million on translation of the financial statements from the functional currency to the presentation currency in the FY2023, and the exchange gain offset other comprehensive expense.

Capital Expenditures

The Group's capital expenditures mainly relate to additions of its property, plant and equipment and right-of-use assets for the opening of new retail outlets and renovation of existing retail outlets. For the FY2023, the Group spent approximately RMB5.3 million and RMB48.2 million on the acquisition of property, plant and equipment and right-of-use assets, respectively.

Capital Commitments

As at 31 December 2023, the Group had no significant capital commitments (31 December 2022: nil).

Liquidity and Financial Resources

As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB48.7 million (31 December 2022: approximately RMB49.0 million), out of which approximately RMB45.7 million was denominated in RMB and approximately RMB3 million was denominated in HK$ or MOP.

As at 31 December 2023, the Group had net current assets of approximately RMB64.2 million (31 December 2022: approximately RMB84.3 million) and net assets of approximately RMB150.4 million (31 December 2022: approximately RMB176.8 million). As at 31 December 2023, the Group had unutilised banking facilities of approximately RMB62.0 million (31 December 2022: RMB100.0 million).

In order to minimise credit risk, the management of the Group has assigned responsible staff to determinate credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The management considered that risk of default in respect of trade and other receivables is low and thus the identified impairment loss was immaterial.

Significant Investments and Plans for Material Investments or Capital Assets

The Group did not hold any significant investments during the FY2023.

Material Acquisitions and Disposals

The Group did not carry out any material acquisition nor disposal of any subsidiary during the FY2023.

Indebtedness and Pledge of Assets

As at 31 December 2023, the Group had bank borrowings denominated in RMB of approximately RMB28.0 million (31 December 2022: approximately RMB8.0 million) secured by:

(i) the pledge of certain buildings of the Group with carrying amounts of approximately RMB11.0 million at 31 December 2023 (31 December 2022: approximately RMB10.5 million);

(ii) the pledge of certain right-of-use assets of the Group with carrying amounts of approximately RMB19.2 million at 31 December 2023 (31 December 2022: approximately RMB19.2 million);

(iii) the pledge of certain investment properties of the Group with carrying amounts of approximately RMB8.7 million at 31 December 2023 (31 December 2022: approximately RMB9.0 million).

All those bank borrowings were repayable within a year. The interests of those loans were at fixed rate of 3.95% per annum (31 December 2022: at fixed rate of 4.90% per annum).

Key Financial Ratios

The following table sets forth the key financial ratios of the Group for the FY2023 and the FY2022:

	For the year ended 31 December	
	2023	2022
Debtors turnover days	**18.0**	15.3
Inventory turnover days	**60.1**	74.7
Creditors turnover days	**55.1**	59.6
Return on equity	**–17.9%**	–14.2%
Return on total assets	**–7.3%**	–6.4%
Total loans *(RMB'000,000)*	**28.0**	8.0
Total equity *(RMB'000,000)*	**150.4**	176.8
Gearing ratio	**18.6%**	4.5%
Net debt to equity ratio	**Net cash**	Net cash
Current ratio	**1.4x**	1.5x
Quick ratio	**0.9x**	0.8x

Note: Gearing ratio is calculated as total loans divided by total equity.

Foreign Currency Exposure

Majorities of the Group's assets, liabilities and cash flows were denominated in RMB and part of the Group's assets were denominated in HK$. During the FY2023, the depreciation of RMB against HK$ had no impact from translation as the reporting currency of the Group was RMB. Apart from that, the management of the Company viewed that the change in exchange rate for RMB against foreign currencies did not have significant impact on the Group's financial position nor performance given that the functional currency of the Group was RMB. During the FY2023, the Group did not engage in any hedging activities and the Group had no intention to carry out any hedging activities in the near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

Contingent Liabilities

As at 31 December 2023, the Group did not provide any guarantee for any third party and did not have any significant contingent liabilities.

Employees

The Group had a total of 951 employees as at 31 December 2023, of which 942 employees worked in the mainland of the PRC and 9 worked in Hong Kong. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training for staff and bonuses based upon staff performance and profit of the Group. During the FY2023, the Group had not caused any significant impact on its operation due to labour disputes nor had it experienced any difficulty in the recruitment of experienced staff. The Group maintains a good relationship with its employees.

LISTING

The shares of the Company (the "Shares") were successfully listed (the "Listing") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 September 2015 (the "Listing Date") through an offering of Shares (the "Global Offering"). For the details of the Global Offering, please refer to the prospectus issued by the Company (the "Prospectus") on 28 August 2015. In the Global Offering, 75,600,000 Shares were issued at HK$2.88 each and the total gross proceeds received amounted to approximately HK$217.7 million (equivalent to approximately RMB178.9 million).

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and related expenses, amounted to approximately HK$188.6 million (equivalent to approximately RMB155.0 million), was intended to be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Nonetheless, the Board constantly evaluates the prospect of the retail market and the PRC's economic conditions to determine the most efficient and effective method to deploy the Group's resources. With reference to the announcement issued by the Company dated 24 October 2016, the Board considered that if the net proceeds were still allocated as the original manner as stipulated in the Prospectus, it would not be cost effective and in the best interests of the Company and its shareholders (the "Shareholders"). In view of the recent slowdown in economic growth in the PRC, the Company has been slowing down the pace of opening new retail outlets and thus freeing up proceeds originally intended to be used for such purpose. With a view to better use the net proceeds from the Global Offering, the Company has decided to re-allocate parts of the unutilized proceeds to upgrade the existing retail outlets to enhance the Group's competitiveness as one of the major market players in Guangdong province and repay the bank borrowings to reduce the Group's finance costs in the manner as stated below.

	Original allocation of net proceeds		**Revised allocation of the net proceeds**		**Utilization as at 31 December 2023**		**Remaining balance of net proceeds as at 31 December 2023**	
	RMB million	*% of net proceeds*	*RMB million*	*% of net proceeds*	*RMB million*	*% of net proceeds*	*RMB million*	*% of net proceeds*
Opening of new retail outlets	116.9	75.4%	74.4	48.0%	74.4	48.0%	–	0%
Upgrading existing retail outlets	–	0.0%	14.6	9.4%	14.6	9.4%	–	0%
Repayment of bank borrowings	–	0.0%	27.9	18.0%	27.9	18.0%	–	0%
Information systems upgrades	11.2	7.2%	11.2	7.2%	11.2	7.2%	–	0%
Upgrading and expanding the existing two distribution centres	13.3	8.6%	13.3	8.6%	0.8	0.5%	12.5	8.1%
General working capital	13.6	8.8%	13.6	8.8%	13.6	8.8%	–	0%
Total	155.0	100.0%	155.0	100.0%	142.5	91.9%	12.5	8.1%

EVENTS AFTER THE REPORTING PERIOD

On 3 January 2024, CCOOP Group Co., Ltd. ("CCOOP Group"), the controlling shareholder of the Company, signed an investment agreement (the "Investment Agreement") with China Supply and Trade Group Co., Ltd* (中國供銷商貿流通集團有限公司) ("China Supply"), Beijing Zhong He Nong Xin Enterprises Management Limited* (北京中合農信企業管理諮詢有限公司) ("Zhong He Nong Xin") and Zhong He Lian Investments Limited* 中合聯投資有限公司 ("Zhong He Lian", collectively with China Supply and Zhong He Nong Xin, the "Industrial Investors").

New Cooperation Trade Chain Group Co., Ltd. (新合作商貿連鎖集團有限公司) ("New Cooperation"), together with its parties acting in concert currently hold 7.72% equity interests in CCOOP Group, New Cooperation and each of the Industrial Investors are controlled by All China Federation of Supply and Marketing Cooperatives (中華全國供銷合作總社) ("ACFSMC"). New Cooperation and the Industrial Investors are parties acting in concert. Upon completion of the Investment Agreement, the Industrial Investors, New Cooperation and its parties acting in concert together will hold 21.28% equity interest in CCOOP Group.

As China Supply, Zhong He Lian and New Cooperation intend to entrust their voting rights in the shares of CCOOP Group to Zhong He Nong Xin, upon completion of the Investment Agreement, the controlling shareholder of CCOOP Group will be changed to Zhong He Nong Xin and the actual controller of CCOOP Group will be changed to ACFSMC. Assuming there are no other changes to the shareholding structure of the Company, upon completion of the Investment Agreement, CCOOP Group will remain as the controlling shareholder of the Company holding approximately 70.42% of the total issued shares of the Company. Details are set out in the Company's announcements dated 4 January 2024, 19 January 2024, 6 March 2024, 18 March 2024 and 22 March 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework to safeguard the interests of the Shareholders, to enhance corporate value and accountability, and to formulate its business strategies and policies for the development of the Group. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Non-Compliance with Rules 3.10(1), 3.21, 3.25 and 3.27A of the Listing Rules

Following the resignation of Mr. Wang Yilin as an independent non-executive Director on 26 October 2023, the Company is not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board must include at least three independent non-executive directors; (ii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members; (iii) Rule 3.25 of the Listing Rules, which stipulates that the remuneration committee must be chaired by an independent non-executive director and comprise a majority of independent non-executive directors; and (iv) Rule 3.27A of the Listing Rules, which stipulates that the nomination committee must comprise a majority of independent non-executive directors.

To identify suitable candidate(s) to fill the vacancy and comply with the Listing Rules requirements, the Company had actively sought referrals of potential candidates from its Board, senior management, CCOOP Group (the controlling shareholder of the Company) and Hainan HNA No.2 Trust Management Service Co., Ltd. (the then controlling shareholder of CCOOP Group). In addition, the Company broadened its search channels, including but not limited to various industrial associations, other regions within the PRC, and individuals with diverse backgrounds and talents.

The Board is of the view that save as those mentioned above, throughout the year ended 31 December 2023, the Company has complied with all the code provisions as set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code for the year ended 31 December 2023 and they all confirmed that they have fully complied with the required standards as set out in the Model Code.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters. The consolidated financial statements and final results of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee and have been audited by the Group's auditor, Messrs. SHINEWING (HK) CPA Limited. The Audit Committee is of the opinion that the financial statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made. For the FY2023, the Audit Committee considered the Group's risk management and internal control system as adequate and effective.

DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the FY2023.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the Company's website at www.skl.com.cn. The annual report for the year ended 31 December 2023 of the Group containing all the information required by the Listing Rules will also be published on the same websites and dispatched to the Shareholders in due course.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary results announcement.

By order of the Board
China Shun Ke Long Holdings Limited
Shang Duoxu
Chairman and Executive Director

Hong Kong, 27 March 2024

As at the date of this announcement, the executive Directors are Mr. Shang Duoxu and Mr. Han Wei; the non-executive Director is Ms. Wang Hui; and the independent non-executive Directors are Mr. Cheng Hok Kai Frederick and Mr. Ma Ren.

* *For identification only*